

AGLG

AUDIT REPORT
NOVEMBER 2016



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

WITHIN SMALL LOCAL GOVERNMENTS
DISTRICT OF SQUAMISH

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 within the District of Squamish.
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 Squamish'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 Squamish is in a rather unique situation at this time. It's experiencing a period of rapid growth and development, and its geographic location, situated midway between the Lower Mainland and Whistler, is impacting community demographics. The District's close proximity to Metro Vancouver and its attractive natural setting are attracting new residents who are bringing new and different expectations that the District is attempting to respond to and manage.

10. Population growth has also put pressure on the availability of housing and affordability is increasingly becoming an issue. District staff is dealing with increases in workload across departments and there are workload demands and pressures. For these reasons, the District needs to pay close attention to its core human resource management services, as well as to the management of organizational and business risks posed by HR challenges.

11. The District has the advantage of having a small, dedicated Human Resources Unit to provide leadership, coordination and assistance across the organization in ensuring the effectiveness of its human resource practices. Further, the District's Official Community Plan is currently being updated and this represents an ideal opportunity to align strategic human resource planning and management with Council's strategic plan and longer term community goals and objectives.

12. We hope this report will help the District of Squamish enhance its human resource management and advance the public interest through good governance, performance management and decision-making. In addition to the report, we encourage the District to make use of valuable HR resource tools such as the *Local Government Management Association's Human Resources Toolkit for Local Government Organizations* and *Executive Compensation Toolkit*.

13. I want to thank the District of Squamish 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

14. 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. 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. However, these challenges are heightened in the context of smaller governments which have limited resources, capacity issues, and face increasing competition for skilled staff.

15. 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.

16. 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 2011–15 period for data and trend analysis.

WHAT WE FOUND

17. Overall, the District is facing human resources challenges in part due to the rapid growth and development it is currently undergoing. Its Human Resources (HR) unit is small and HR needs are broad, therefore consideration should be given to planning and prioritization of the HR function across the organization so as to maximize effectiveness and impact.

18. We have identified four priorities the District should give consideration to as a small local government experiencing a period of growth and development and with limited human resource capacity:

1. The District should develop a long term integrated workforce plan, including strategic recruitment and retention, succession planning, and examining the use of contracted services and shared service arrangements in order to address risks to the delivery of core services and to mitigate the potential for negative impacts on service levels. Consideration could be given to developing a long range workforce plan in conjunction with the 2017 Five Year Financial Plan.

2. Priority should also be given to immediate recruitment needs and health and safety challenges that pose risks to operational effectiveness.

3. The centralization of core human resource services such as updating job descriptions and evaluations, recruitment, training and performance management programs and processes should be implemented and responsibility for the coordination of these activities should be clearly assigned to the HR unit to ensure consistency and standardization as a short term priority.

4. In addition, the HR Unit's roles and responsibilities should be more clearly defined and gaps in HR administration, policies and procedures, information and data should be addressed over the medium to longer term.

19. In addition, we have outlined a series of items below to assist the District in addressing its HR priorities while managing its key risks.

RECRUITMENT RISKS

20. We examined whether recruitment practices ensure qualified staff are recruited and hired in a timely manner. We found a high volume of recruitment activity in Squamish coupled with recruitment challenges in key positions, in some cases due to a combination of concerns over compensation and a shortage of skilled applicants. The level of growth and development in Squamish, and related affordability issues, has at least partially contributed to these recruitment issues, and this is likely to continue to build in the future as new roads, schools and community amenities come on stream. A strategic focus on human resource planning with emphasis on longer term workforce planning, recruitment and retention, and succession planning can mitigate recruitment risks over the longer term and ensure the sound stewardship of District services.

COMPENSATION RISKS

21. We reviewed compensation processes to assess whether practices ensure employees are paid accurately and fairly. The District is dealing with manual payroll systems and processes and close attention has been paid to ensuring employee salaries and benefits are accurate. However, closer attention could be paid to total compensation for key exempt positions to ensure the District is competitive and core services and infrastructure are adequately managed now and over the longer term. An external review of compensation would assist here.

PERFORMANCE MANAGEMENT RISKS

22. We looked at performance management and whether local government staff is held accountable for results achieved. We found the District's employee performance review program to be generally effective, although greater oversight and consistency of performance appraisal management processes could enhance employee performance and ultimately increase operational effectiveness across the District.

ETHICAL RISKS

23. We reviewed whether the organization promotes ethical behaviour and ensures that staff is operating according to high ethical standards. There was a general level of awareness of conflict of interest among staff, proper handling of a single reported incident of employee conflict of interest and a set of sound policies and procedures in place that contribute to integrity in the workplace.

HEALTH, SAFETY AND LABOUR RELATIONS RISKS

24. We also looked at the workplace with a focus on occupational health and safety, wellness and labour relations, and whether employment disputes, grievances and legal matters were dealt with fairly and effectively. Overall, employees found the District to be a healthy and respectful workplace demonstrated in part by a decreasing trend in the number of grievances, however increased attention should be paid to occupational health and safety to ensure compliance with legislative requirements, in particular, those of WorkSafe BC.

REPORTING RISKS

25. Finally, we assessed human resource reporting processes and whether senior management and Council receive timely, sufficient and accurate HR information for decision making purposes. We found there are opportunities for the District to record, monitor, analyze and report on a set of human resource data. This information should include human resource indicators that can be used to inform more comprehensive workforce planning and that can increase the effectiveness of human resource activities such as recruitment and selection and succession planning.

Exhibit 1 - RECOMMENDATIONS

ROLE OF HR UNIT RECOMMENDATIONS

1. The District of Squamish should maximize the effectiveness of its Human Resources Unit by:

- Clarifying its expectations of the HR unit, including clearly defining its oversight roles and responsibilities; and,
- Ensuring that the HR unit is providing core and strategic services that support the organization's priorities.

HR PLANNING RECOMMENDATIONS

2. The District of Squamish should assign responsibility to its HR unit for the coordination of workforce planning and approval.

3. The District of Squamish should develop a comprehensive strategic human resources plan based on workforce analysis and which considers the use of contracted services and shared service arrangements.

4. The District of Squamish should enhance its staff recruitment, selection and retention practices by:

- Centralizing the coordination and accountability for recruitment and selection processes in the HR unit; and,
- Considering the development of a staff recruitment and retention strategy that includes a mix of recruitment incentives.

5. The District of Squamish should review job descriptions to ensure that they reflect the district's current expectations, needs and requirements. In this process, the District should give priority to administrative support positions.

6. The District of Squamish should formalize its succession planning processes and identify the staff skills that are most critical for the successful delivery of the District's services.

7. The District of Squamish should undertake a compensation review of its exempt staff positions, prioritizing those facing recruitment challenges.

HR MANAGEMENT RECOMMENDATIONS

8. The District of Squamish should enhance staff training and skills upgrading by:

- Centralizing in the HR unit the coordination of staff training and development; and,
- Identifying opportunities for skills upgrading and cross-training of staff.

9. The District of Squamish should centralize in the HR Unit the coordination of employee performance management.

10. The District of Squamish should enhance workplace health by:

- Ensuring safe work procedures are adequately updated and standardized in areas where employee health and safety may be at risk; and,
- Taking steps to ensure that the District is in full compliance with all WorkSafe BC requirements.

11. The District of Squamish should increase employee awareness of its conflict of interest policy and procedures through regular acknowledgement and sign-off and establishing procedures for recording incidents.

HR ADMINISTRATION RECOMMENDATIONS

12. The District of Squamish should address key gaps in its human resources policies and procedures, including the following:

- employee training and development;
- employee performance management and appraisal;
- progressive discipline;
- return to work;
- whistleblower; and,
- formal complaint and conflict resolution processes.

13. The District of Squamish should enhance its administration of human resources by:

- Taking steps to improve the completeness of personnel records;
- Analyzing and considering human resources indicators to assist in organizational planning; and,
- Regularly reporting on key human resources indicators to senior management and Council, including workforce demographics, trends and patterns.

ABOUT THE AUDIT

26. 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.

27. 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

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

AUDIT SCOPE AND APPROACH

29. 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.

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

AUDIT CRITERIA

31. 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.

32. 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.

33. The measurement of the above 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

34. 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.

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

36. We selected Squamish and four other local governments (City of Nelson, 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 different locations and facing various pressures and challenges.

LOCAL GOVERNMENT HUMAN RESOURCES

37. More than two-thirds of B.C. 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.

38. 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.

39. 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.

40. 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.

41. 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.

42. 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.

43. 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.

44. 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.

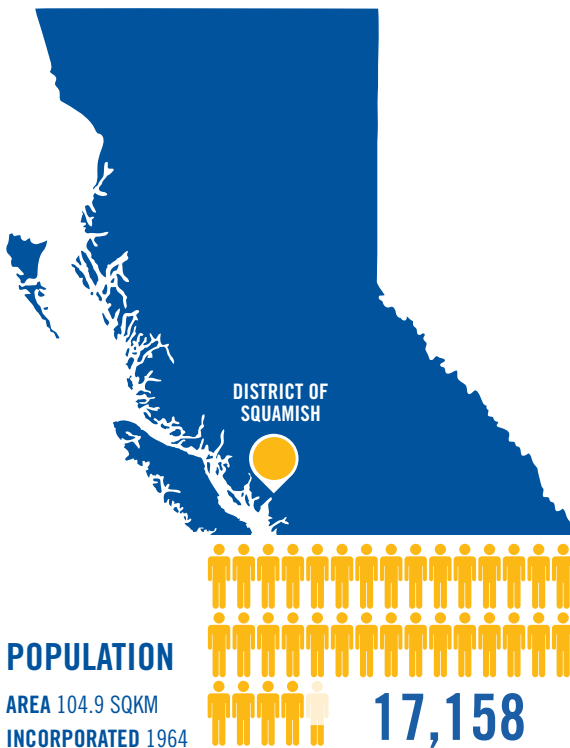
45. Collectively, staff across the organization are responsible for ensuring the local government achieves the goals its council or board establishes. Consistency of practices, collaboration among departments and alignment of human resources planning with business planning can help make sure human resources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

CONTEXT

COMMUNITY PROFILE

46. The District of Squamish is located between Vancouver and Whistler, in the Squamish-Lillooet Regional District, to the north of the Metro Vancouver area, as shown in *Exhibit 2*. Its geographical location leaves the District in a position where it faces competition with larger, neighbouring municipalities for talent.

Exhibit 2 - DISTRICT OF SQUAMISH VISUAL FACTS



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

47. Squamish is oriented in a north/south direction, stretching 26 kilometers along Highway 99 and extending 12.5 kilometers east to west at its widest point. The total land area of the District of Squamish is 104.9 square kilometers. At Howe Sound, Squamish is at sea level and the terrain within the District boundaries rises to elevations of over 900 metres.

48. In 2000, Squamish established itself as the Outdoor Recreational Capital of Canada and has seen growth in the tourism, hospitality, and service sectors. With the major Highway 99 improvements and capacity upgrades completed in conjunction with the Vancouver 2010 Olympic and Paralympic Winter Games, the population and economic growth pressures have increased. More recently, the oceanfront lands in Squamish have been sold which will result in significant development in the downtown neighborhood. This in turn has contributed to an increase in construction-related employment. In addition, employment in the education sector, and related student population, increased with the opening of Quest University in 2007. These developments and changes indicate that the economy of Squamish is becoming more diversified as it moves away from its historical dependence on the resource sector.

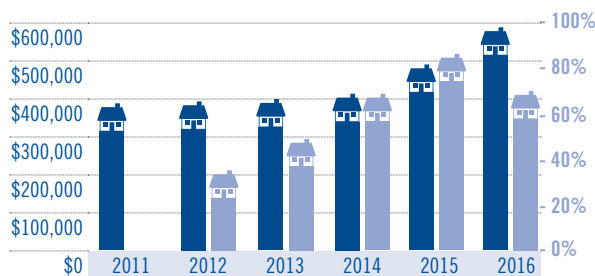
49. In 2011, the District had a population of 17,158, which increased 15% from the 2006 census figure. Since 2011, the District continued to grow, and its population is estimated to have increased another 8% to 18,469 in 2015 according to BC Statistics. District staff estimated a higher growth than that, particularly in the summer time given the area's attractiveness to recreational visitors.

50. On average, the District has a relatively younger population than the rest of BC. In 2011, the median age in Squamish was 36.8 years while the provincial median was 41.9 years. According to Statistics Canada, it is expected that the median age will increase to 44.5 years and the percentage of the population aged 55 years of age or older will increase from 19% in 2006 to 26% by 2031.

51. The District is well-known for tourism and outdoor recreation services. It is also becoming a community facing significant development with increases in density being proposed throughout the community including major neighborhood developments such as the Oceanfront, Waterfront Landing, and Cheekye Fan. Thus, continuing rapid community growth, increasing job opportunities and corresponding demand for more public services is anticipated within 20 years. The District has anticipated that Squamish’s population will reach 26,100 in 2021 and 33,100 in 2031.

52. Housing is a challenge facing the area given the shortage of stock and the rapidly increasing property price. Property prices in the District have increased significantly over the review period, as shown in *Exhibit 3*.

Exhibit 3 - SQUAMISH PROPERTY MARKET 2011-Q1, 2016



Source: Greater Vancouver Real Estate Board Statistical Reports 2013-Q1 2016 Note: sales and listing data up to 2012.

Year-end Benchmark Price Annual sales/Listings (%)

53. The District of Squamish’s ‘core leadership team’ includes the Chief Administrative Officer, two general managers and two senior directors. The District also has a senior leadership team made up of directors and managers across all departments. Squamish has a dedicated Human Resources Unit, within its Human Resources and Public Safety Department.

54. In 2015, the District workforce included 183.88 full-time equivalents (FTE’s), representing a 20 per cent increase since 2011. Squamish’s workforce is represented by two unions: the Canadian Union of Public Employees (CUPE) and the International Association of Fire Fighters (IAFF).

55. *Exhibit 4* provides a financial snapshot of the District’s operations. Revenue increased 48% from 2011 to 2015, though a large amount is from grants, government transfers and other contributions given its growth needs and capital work. Total expenditures increased 25% in the same period.

Exhibit 4- DISTRICT OF SQUAMISH REVENUES AND EXPENDITURES

	2011	2012	2013	2014	2015	% change
Revenue	\$35,855,274	\$53,271,288	\$47,875,994	\$47,754,705	\$53,090,403	48%
Gov’t Transfers & Other Contributions	\$3,257,765	\$2,897,104	\$10,560,304	\$8,176,971	\$3,113,748	-4%
Contributed Assets	\$2,021,671	\$9,869,064	-	-	-	
Revenue after Grants & Contributions	\$30,575,838	\$40,505,120	\$37,315,690	\$39,577,734	\$49,976,655	63%
Expenditure	\$31,309,920	\$31,823,298	\$35,516,162	\$42,382,295	\$39,000,552	25%
Annual Surplus	\$4,545,354	\$21,447,990	\$12,359,832	\$5,372,410	\$14,089,881	210%

Source: District of Squamish Annual Reports

56. Exhibit 5 shows the staffing levels at the District from 2011 to 2015. Overall, the number of fulltime equivalent positions (FTE's) increased by 30.8 or 20%. Both the numbers of CUPE unionized and exempt workers increased during the review period.

Exhibit 5 - STAFFING LEVELS BY WORKFORCE GROUP

	2011	2012	2013	2014	2015	% change
Total FTE's	153.08	160.12	168.20	173.58	183.88	20%
FTE-CUPE	109.26	114.13	121.48	125.89	130.57	20%
FTE-IAFF (firefighting)	6.57	6.56	6.64	6.62	6.58	0%
FTE-Exempt	28.95	31.05	32.59	33.61	36.39	26%
FTE-Library	10.50	10.73	9.89	9.92	10.34	-2%
FTE-Union over time	2.31	2.21	2.41	2.79	0.50	

Note: The 2015 figures are estimates. Total fte's include union overtime full-time equivalency.

Source: District of Squamish Internal Financial Planning Document

57. Exhibit 6 shows the compensation levels, both gross and average by FTE and work groups. Unionized workers overtime pay increased 18% from 2011 to 2015.

Exhibit 6 - EMPLOYEE COMPENSATION 2011–2015

	2011	2012	2013	2014	2015	% change
Gross Earnings-CUPE	\$6,033,668	\$6,337,858	\$7,066,305	\$7,476,949	\$7,657,297	27%
Gross Earnings-IAFF	\$492,340	\$478,005	\$535,728	\$581,651	\$708,694	44%
Gross Earnings-Exempt	\$2,631,412	\$2,979,454	\$3,083,666	\$3,157,838	\$3,480,194	32%
Gross Earnings-Library	\$550,155	\$512,988	\$546,196	\$516,361	\$559,782	2%
Operating Expense-Salaries, Wages & Benefits	\$10,838,471	\$11,267,848	\$12,644,391	\$14,123,755	\$14,995,688	38%
Total CUPE Overtime Pay	\$204,171	\$177,239	\$186,557	\$203,464	\$241,479	18%
FTE-CUPE	\$55,223	\$55,532	\$58,168	\$59,393	\$58,645	6%
FTE-IAFF	\$74,938	\$72,867	\$80,682	\$87,863	\$107,704	44%
FTE-Exempt	\$90,895	\$95,957	\$94,620	\$93,955	\$95,636	5%
FTE-Library	\$52,396	\$47,809	\$55,227	\$52,053	\$54,138	3%

Source: District of Squamish Internal Payroll Reports



FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

The District is experiencing a period of rapid growth and development, and should consider longer range strategic human resource planning in order to effectively address capacity risks and challenges.

58. The purpose of our audit was to identify strengths and challenges of human resource practices within smaller 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.

59. Our findings are based on a review of the District'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

60. The District of Squamish has a small dedicated Human Resources (HR) unit and the level of human resource activities and needs across the organization are high. In response to the audit findings and recommendations in this report, the Unit should consider prioritizing its activities and approach.

61. The District is experiencing a period of rapid growth and development, and should consider longer range strategic human resource planning in order to effectively address capacity risks and challenges. At this time, workforce planning in Squamish is limited to annual planning linked to the budget cycle.

62. The District should assess its longer term HR needs based on an organizational review of staffing and workload drivers and forecasted demand for services. To support this, the HR Unit should focus on coordinating the development of long term, strategic, integrated workforce planning as well as strengthening its oversight of core HR services in order to introduce a greater level of consistency in activities and practices.

63. Recruitment and selection processes were inconsistent and missing key information, and require greater oversight by the HR Unit, and documentation processes should be strengthened. Further, the District should consider a recruitment and retention strategy as part of its recruitment efforts.

64. While processes are in place to ensure job descriptions are reviewed and updated as needed, the District should consider reviewing administrative support job descriptions and qualifications to ensure they are meeting organizational needs and expectations.

65. Succession planning is ongoing although a more comprehensive plan that covers all critical roles and skill sets should be developed to mitigate risks posed by unplanned departures of key staff.

66. Policies and procedures are in place to support core human resource services, although there are opportunities to strengthen practices around compensation reviews, training and development, and performance management.

67. Occupational health and safety, wellness and labour relations, and employment disputes, grievances and legal matters appear to have been dealt with fairly and effectively, although the District should take steps to ensure mandated occupational health and safety requirements are fully complied with.

68. Employee policies and procedures are comprehensive although there are several key gaps in policy that the District should address in order to enhance its human resource management practices.

69. The District should consider identifying a set of human resource performance measures for reporting to senior management and Council and for use for decision making purposes.

The HR unit's work plan should emphasize comprehensive workforce planning where capacity is tied to forecasted growth and demand, succession planning, compensation review needs and recruitment and retention.

This information should include human resource indicators that can be used to inform more comprehensive human resource planning and that can 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.

ROLE OF HUMAN RESOURCES UNIT

70. 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. Squamish 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. 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. We also expect to see the HR Unit taking responsibility for policies and procedures and for the tracking and reporting of HR data and information that can be used to enhance decision making.

71. Squamish has two full time equivalent staff positions (FTE's) in its HR Unit that are dedicated to human resources management. District staff acknowledges that the HR Unit does not have the capacity to provide the range of strategic, operational and transactional services needed across the organization. The HR unit's capacity has varied over the years, from a high of 2.1 FTE's in 2009 to a low of 1.6 in 2015. A 2014 core service review of the District's human resources function recommended a complement of 2.6 FTE's. More recently, the responsibility for benefits administration and disability management was transferred to the HR Unit which is estimated to add about .5 FTE's of work to the unit.

72. The District employs experienced human resources professionals who are able to lead bargaining processes with unions representing District staff. They also provide advice and guidance to departments on their human resources activities. The HR unit also participates in recruitment and selection processes for key positions such as the Chief Administrative Officer and Director of Engineering.

73. The HR unit has a work plan linked to Squamish Council's strategic focus on customer service. The work plan emphasizes greater consistency in procedures such as job description analysis and stronger documentation practices. It also addresses gaps in policies, procedures and practices.

74. The work plan is a good starting point for the HR unit and the activities outlined in it should improve core human resources services and enhance the HR unit's accountability and effectiveness. However, the work plan does not address the HR unit's role in managing issues related to occupational health and safety, human resources information and data needs, or specific recruitment challenges.

75. There are opportunities for the District to improve the HR unit's work plan by more clearly defining its oversight role and moving toward centralizing and coordinating core human resources services. The District also has an opportunity to clarify its expectations of the HR unit and the services it provides across the organization. Squamish could clearly state the HR unit's role as consultants that provide support and expertise to line managers carrying out transactional human resources functions in a decentralized environment.

76. The HR unit's work plan should emphasize comprehensive workforce planning where capacity is tied to forecasted growth and demand, succession planning, compensation review needs and recruitment and retention.

Recommendation 1

77. The District of Squamish should maximize the effectiveness of its Human Resources Unit by:

- clarifying its expectations of the HR Unit, including clearly defining its oversight roles and responsibilities; and,
- ensuring that the HR Unit is providing core and strategic services that support the organization's priorities.

HUMAN RESOURCE PLANNING

78. 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. 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

79. Workforce planning is an important activity which can help to ensure that the local government's service levels will be achieved and that risks to the effective delivery of critical services such as drinking water and waste water, and the development of key infrastructure including lands and roads are minimized. In Squamish, we expect to see human resource planning that is both long term and strategic, from three to five years in duration, as well as short term and operationally focused to address immediate needs.

80. In addition, we expect to see workforce planning tied to the local government's strategic or corporate objectives set forth in its business plan. The 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 risks and challenges, needs and priorities. We expect Squamish's HR plan to consider the key functions of workforce planning, recruitment, selection, retention and compensation.

81. Overall, workforce planning in Squamish is decentralized and has a short-term operational focus extending from one annual budget to the next. The District does not have an integrated long-term strategic human resources plan across the organization. However, Squamish does have an HR Unit, which could take on responsibility for coordinating an organization-wide approach to longer-range planning.

82. Workforce planning is currently carried out in operational silos by department heads in response to their ability to meet current or future anticipated service levels. It is a robust process involving gap analysis, financial impacts, links to strategic objectives and service level justification. The process is largely driven by real time demand factors, other external forces, staff attrition, community expectations and proposed service level changes.

83. The District's workforce planning process is lengthy, not integrated, tied to the annual budget cycle and not necessarily responsive to current needs. If staff identifies a gap that may create risks to service delivery, they prepare a service level change request as part of the annual five year financial planning process. Any such request is reviewed and approved by senior management and Council. The process can take many months before hiring takes place and the limited planning

Overall, workforce planning in Squamish is decentralized and has a short-term operational focus extending from one annual budget to the next.

cycle inhibits a proactive and coherent approach to formulating a longer term human resources strategy.

84. Workforce planning can be creative. For example, where a developer requests an expedited planning approval process and is willing to pay for it, the District will enter into a short-term contract with an external planner to meet the need. Workforce planning is a predictive process, as the District undertakes seasonal hiring each year across different departments.

85. Squamish’s Human Resources Manager is not involved in the preparation, review or approval of changes to staffing levels. We were advised however that subsequent to the recent re-organization, the senior director is now involved in the staffing review process. The HR unit does not play an oversight or clearinghouse role and aggregate human resources data is not routinely collected or tracked by the District. As a result, it is difficult for Squamish to obtain human resources information that may be useful for strategic and operational decision-making, such as workforce characteristics, the size of the workforce, annual changes and termination and turnover rates and patterns.

86. To strengthen the District’s workforce planning process and increase collaboration, the HR unit should be part of the review and approval process. Further, the unit should ensure all approved staffing changes are aggregated and form a comprehensive staffing plan across the organization. Finally, the HR unit should serve as a clearing house for all staffing requests with the goal of maximizing District resources.

Recommendation 2

87. The District of Squamish should assign responsibility to its HR unit for the coordination of workforce planning and approval.

CAPACITY

88. There is a general view across the organization that many departments are understaffed with not enough people to complete the current workload. While the increase in the size of the District’s workforce has exceeded the pace of population growth over the 2011–15 period, as shown in *Exhibit 7*, the increase in staffing has not kept pace with workloads and, based on our review, some departments are currently facing capacity challenges. Further, we were advised that workload demands, management overtime and the pressure to get things done impact the ability of staff to focus strategically.

Exhibit 7 - DISTRICT OF SQUAMISH POPULATION & FTE GROWTH

	2011	2012	2013	2014	2015	change
Population*	17,158	17,998	18,160	18,509	18,469	8%
Total	153	160	168	174	184	20%
FTEs**						

*2012–2015 figures are BC Stat estimates

**2015 figure is an estimate

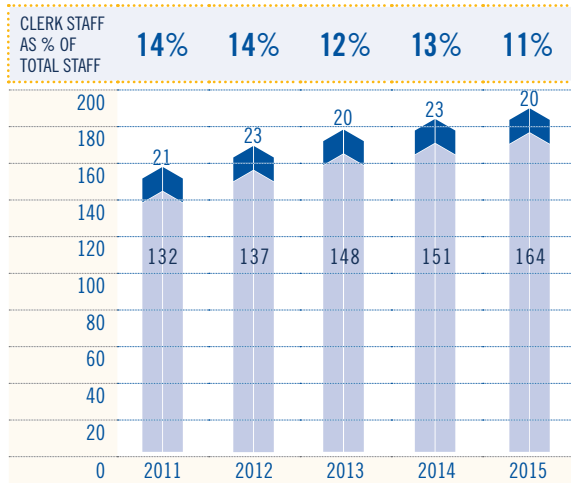
Source: District of Squamish Development Services staff.

89. However, in the absence of centralized workforce planning, there is no systematic process in place to ensure there are an appropriate number of employees with required skills when needed. Specific examples that we were advised of where capacity challenges exist within the District include administrative support positions, Development Services, Engineering Services and Bylaw Enforcement.

ADMINISTRATIVE SUPPORT

90. As shown in *Exhibit 8*, the recruitment of clerical staff across the District has not kept pace with increases in technical and professional staff and the ratio has decreased from 14% in 2011 to 11% in 2015. We were advised that this has resulted in operational issues such as higher paid staff performing lower paid administrative duties, and customer service issues where permitting approval times have been lengthened by several weeks in some cases. A strategic review of administrative support staff roles across the organization could help inform whether the District has the appropriate number of clerical staff.

Exhibit 8 - CLERICAL AND NON-CLERICAL STAFFING LEVELS



Source: FTE & Clerk totals provided by the District of Squamish.

Clerical fte Non-Clerical fte

DEVELOPMENT SERVICES

91. Development Services is responsible for land use planning, zoning and development regulation and control through permitting and inspection activities. From 2012 to 2015, the volume and value of building permits increased by 38% and 167% respectively, and the volume of development applications and business licenses increased by 286% and 13% respectively as shown in *Exhibit 9*.

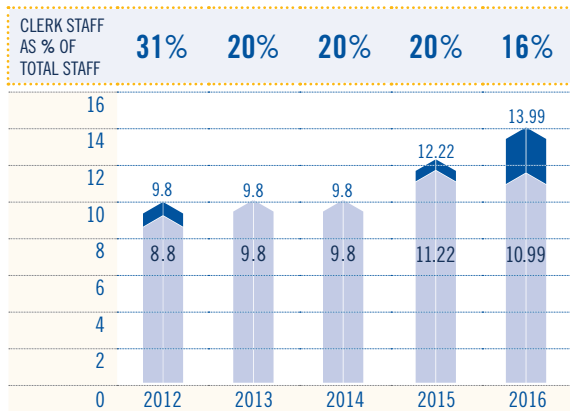
Exhibit 9 – DEVELOPMENT SERVICES WORKLOAD

Year	Building Permits (#)	Business Licenses (#)	Development Applications (#)
2012	Approx. 161	235	29
2013	171	247	45
2014	171	303	74
2015	222	388	112

Source: District of Squamish Development Services staff.

92. During the same period, 2011-15, Development Services staffing increased by 43%, from 9.8 FTE's to 13.99 FTE's including contractors as shown in *Exhibit 10*. However, Development Services administrative staffing has not kept pace with technical staff and contractors as shown in *Exhibit 10*. A strategic review of Development Services may assist in determining both technical and administrative service levels and responsibilities. In addition, a strategic review of Development Services could consider business process analysis as described in *Exhibit 11*.

Exhibit 10 – DEVELOPMENT SERVICES STAFFING LEVELS



Source: District of Squamish Five Year Plan 2013-2017 and 2014-2018, with additional details provided by the District of Squamish.

Contractor Staff Development Service Staff

Exhibit 11 – BUSINESS PROCESS ANALYSIS—A GOOD PRACTICE FOR WORKFORCE PLANNING

Workforce planning should consider workflow management and analysis and business process improvement.

Business process analysis is a re-thinking of the collection of inputs, activities and outputs involved in the delivery of a program, service or operation. It includes a review of roles and responsibilities, documentation of processes, information needs and the consideration of impacts and risks which may result from transforming the process. The overall goal is to enhance productivity and improve performance.

We were advised that Development Services has begun tracking their workload to better estimate their staffing requirements, however currently the department does not have workflow management software to more accurately forecast workload and capacity over a multi-year period.

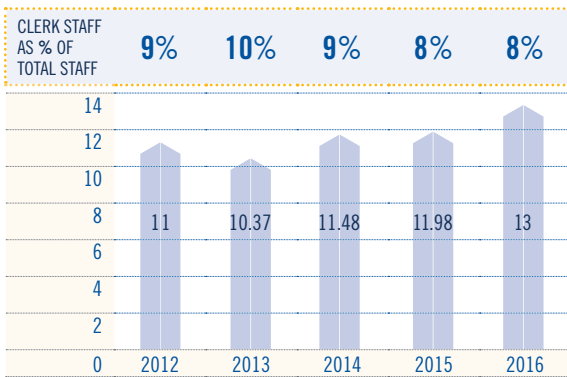
We were also advised Operations has initiated a business process improvement program intended to increase efficiencies. The program is based on AECOM benchmarking. For example, the District has reduced the number of annual water main flushes and remains in compliance with regulations.*

* AECOM is an international professional and technical services firm.

ENGINEERING SERVICES

93. Engineering Services include planning, design, construction, operations and maintenance of public works water and wastewater utilities, roads and transportation and facilities. The Engineering Services workload is also impacted by the volume and value of land use applications and building permits. As shown in *Exhibit 12*, Engineering Department FTE’s decreased during the period 2012–13 and have increased annually since then, however administrative support capacity has declined over the 2012–16 period.

Exhibit 12 – ENGINEERING SERVICES STAFFING LEVELS



Source: District of Squamish Five Year Plan 2013-2017 and 2014-2018, with additional details provided by the District of Squamish.

Total Engineering Staff

BYLAW ENFORCEMENT AND ANIMAL CONTROL

94. The mandate of Bylaws and Enforcement is to enforce the District’s bylaws primarily through public education with the goal of voluntary compliance across the community. Bylaw Enforcement and Animal Control is an area where staffing levels have remained constant over the five year review period at approximately 4.5 FTE’s however, we were advised the nature of the work has increased in complexity, and investigative work and enforcement takes longer and is more labour intensive than in the past. For example, Bylaw Enforcement Officers are increasingly called upon to address homelessness, substance abuse and mental illness disputes, and altercations involving neighbors.

95. Given its capacity challenges across the organization, the District should consider comprehensive strategic human resource planning based on an analysis of its workforce. Strategic human resource planning involves the identification and analysis of risks, and the development of workforce strategies designed to address those risks.

The volume of recruitment activity in Squamish has been significant over the 2011–15 review period. The District conducted 198 recruitment processes averaging close to 40 per year.

96. For the District, such strategies could include:

- Organizational restructuring
- Staff attraction and retention initiatives
- Innovative or non-traditional recruitment
- Cross-training and sharing of staff resources across departments
- More timely and responsive staffing approvals
- Development of a skills inventory to record information such as technical and transferable skills and help address both temporary vacancies and longer term succession planning

97. Finally, as part of workforce planning, the District should consider a contractor strategy and potentially engage the Regional District and other local governments along the Sea-to-Sky corridor in discussions around shared service arrangements or pooling of resources.

Recommendation 3

98. The District of Squamish should develop a comprehensive strategic human resources plan based on workforce analysis and which considers the use of contracted services and shared service arrangements.

RECRUITMENT AND SELECTION

99. Sound recruitment and selection policies and processes help to ensure properly qualified employees are identified, screened, assessed and hired. Recruitment can also shape strategies to attract and retain employees.

100. The selection of qualified staff is critical to operational effectiveness. We expect Squamish to have fair, open and transparent selection processes followed along with consistent procedures. Job descriptions should be updated to reflect current duties, requirements and qualifications. Criteria used to select candidates should be established and documented. We also expect to see the results

of the selection process adequately documented and retained in the event of appeals or grievances. Further, all new employees should be provided a letter of employment which outlines their working relationship with the employer.

101. In BC, local governments have exempt staff positions as well as union positions. For Canadian Union of Public Employees (CUPE) positions, seniority is typically a higher 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 Squamish, recruitment and selection is largely decentralized, and there is no single point of accountability for ensuring recruitment policy and procedures are followed. The HR unit provides advice and guidance as well as tools and templates, and the District has a recruitment policy which provides guidance to employees engaged in staff recruitment. However each department is responsible for their own recruitment and selection which may or may not involve the HR unit. This has resulted in quality and consistency issues.

103. The volume of recruitment activity in Squamish has been significant over the 2011–15 review period. The District conducted 198 recruitment processes averaging close to 40 per year.

104. The volume of recruitment applications can vary depending on the position. In some cases, well over 100 applications were received for a position. In another case, the District had to pay for training of the candidate as they could not hire an applicant with the required certification for the position.

105. Based on our review of a sample of five selection processes including union and exempt staff, important elements of the process, including candidate scoring, ranking and seniority were incomplete in four of the five competitions.

Reference checks were not documented in the fifth sample we reviewed. Inadequate documentation creates a lack of transparency and clarity which may cause people to question the validity of the process. In addition, the HR unit did not always have complete records of selection processes. Letters of offer were, however, available in all instances.

106. Given its volume of hiring, the District should consider having the HR unit take on a greater oversight and coordination role. This could:

- enhance consistency across the District;
- provide a set of protocols for hiring managers to follow; and,
- ensure that recruitment documentation is adequate and that appropriate records are maintained.

107. Further, as part of long term HR planning, the District should consider developing a recruitment and retention strategy which includes a review of the total compensation package. This may take on increasing importance as Squamish faces affordability issues. For example, compensation associated with engineering positions is not considered to be competitive and housing affordability is an issue where the District has to recruit from out of town.

Recommendation 4

108. The District of Squamish should enhance its staff recruitment, selection and retention practices by:

- centralizing the coordination and accountability for recruitment and selection processes in the HR unit; and,
- considering the development of a staff recruitment and retention strategy that includes a mix of recruitment incentives.

JOB DESCRIPTIONS AND QUALIFICATIONS

109. Job descriptions are an essential element of the recruitment and selection process. The right job description helps in selecting the right person, clearly outlines expectations of the position, and ensures employees are held accountable for the requirements of the position. We expect to see every position in the District with an approved job description which documents the activities of the position, knowledge, skills and abilities to competently perform those activities, and other special requirements as needed.

110. We further expect to see Squamish's job descriptions reviewed and updated regularly or as required to reflect any significant changes in the duties of the position, to align the position with strategic direction of the organization and, ultimately, to ensure the best suited candidates are recruited and selected. Current job descriptions also support the development of a skills inventory and succession planning.

111. We were advised that all employees across the District have a job description. Some job descriptions are new, having been developed for a newly created position. Some have been updated while others have not. The CUPE Collective Agreement requires the employer to notify the union on all changes in CUPE member job descriptions, although based on our review, this may not have consistently occurred and a more uniform standard approach should be implemented. We were subsequently advised by the District that steps have been taken to address this issue and, as well, revision dates are now included on posted job descriptions.

112. We were advised that clerical job descriptions are reviewed with every vacancy and duties and responsibilities are updated to reflect increasing specialization and complexity. Additionally, increasing specialization has impacted the level of general clerical staff across the District putting policy and bylaw documentation and record keeping at risk, which in turn has legal ramifications.

The District has emphasized staff development for some time and has done a good job of successfully promoting from within.

Further, there is no administrative float capacity and, as a result, senior staff perform their own clerical work. Overall, the District may need to undertake a detailed analysis of administrative support roles and job descriptions to ensure its statutory requirements and operational needs are met.

Recommendation 5

113. The District of Squamish should review job descriptions to ensure that they reflect the district’s current expectations, needs and requirements. In this process, the District should give priority to administrative support positions.

SUCCESSION PLANNING

114. Succession planning is a leading practice that can serve to reduce risks to the safe, effective and efficient delivery of services to citizens. Succession planning is also one of the benefits of a sound staff training and development system. We expect to see succession planning, if it is to be effective, carried out in a very deliberate and systematic way.

115. In Squamish, we expect to see a succession planning strategy in place for all mission critical positions and skills, those that are critical to the effective functioning of the organization and which are typically difficult to recruit for. These strategies should address 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.

116. Succession planning in Squamish is of particular significance given its housing supply and affordability challenges and, overall, the District has emphasized staff development for some time and has done a good job of successfully promoting from within. However, succession planning in Squamish is decentralized and some departments are better positioned to manage unplanned turnover in key positions than others.

117. A number of critical roles and skill sets have been clearly defined and cross training and backup are the typical contingency plan to address unplanned vacancies in these key positions. However, not all critical positions or skills have been addressed, and, given the specialized skill requirements of some positions, succession planning may have to involve external recruitment which adds to operational risk. An overarching succession or contingency plan covering all critical roles/functions should be a focal point for the District.

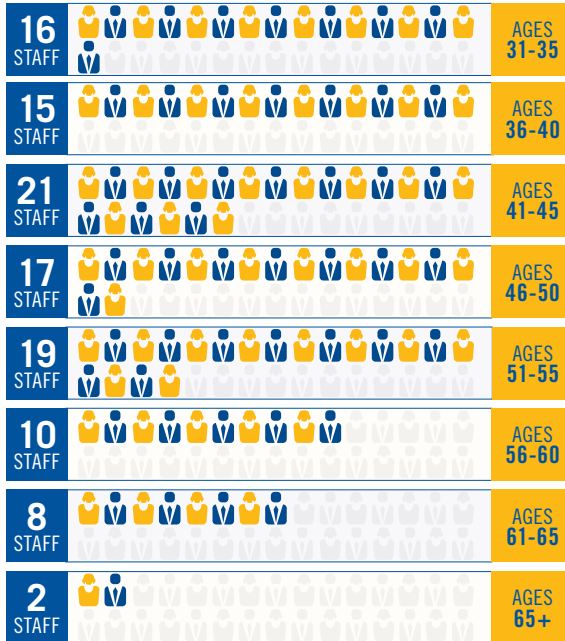
118. Succession planning is also significant in Squamish owing to the aging workforce and pending retirement patterns. As shown in *Exhibit 13*, of the 28 exempt staff members, 25% are aged 51–65.

Exhibit 13– EXEMPT STAFF AGE



119. Further, 33% of the 120 union members are aged 51–70 as shown in *Exhibit 14*.

Exhibit 14- UNION MEMBERS AGE



120. Squamish should examine, identify and chart critical staff skills—particularly in areas such as accounting, building inspections, and water and waste water operations—and develop strategies to address both planned and unplanned vacancies.

Recommendation 6

121. The District of Squamish should formalize its succession planning processes and identify the staff skills that are most critical for the successful delivery of the District’s services.

EMPLOYMENT CONTRACTS

122. Employment contracts for exempt staff are useful tools which provide certainty to both the employer and employee. They also mitigate potential disputes and allow for predictability of costs. We expect Squamish to have signed employment contracts which set out duties and compensation benefits and which clearly delineate a variety of working conditions. For these reasons, local governments should always enter into signed employment agreements with all exempt staff.

123. In Squamish, all exempt staff has an employment contract or agreement. We were advised the agreement template is regularly vetted through legal counsel as a measure intended to mitigate risks to the District. Further, the employment agreement template was recently reviewed by the District’s legal services in order to ensure it adequately addresses risks to the District.

124. The District’s employment agreements contain clauses addressing duties and responsibilities, compensation, hours of work, leave entitlements, education and training, confidentiality, probationary periods, termination and severance, as well as severability.

125. However, Squamish’s employment agreements do not contain a clause clearly outlining a process to resolve disputes between the employer and employee. A process for dispute resolution can eliminate ambiguity and inconsistency and minimize financial risks. The District should consider developing a policy for this.

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 is not competitive. We expect Squamish to have a compensation policy along with regular compensation reviews. Compensation reviews are useful in determining an affordable and balanced approach to total compensation.

127. Squamish has a compensation policy addressing annual salary increases for exempt staff. Its most recent organizational compensation review for exempt staff was conducted six years ago by a qualified consultant. Leading practice suggests a comprehensive review should be done every three to five years.

128. The District told us that Squamish's current range of compensation for exempt staff may not adequately reflect the experience, technical skills and knowledge required of some positions. This may hamper retention and recruitment for certain senior technical positions where compensation is not considered to be competitive.

129. Given recent growth in size and scope of the District and its location, the District should consider an organization-wide compensation review for exempt staff carried out by an external qualified professional in order to gain an independent perspective. The District should give priority to reviewing compensation for key positions where it faces recruitment challenges.

130. The Local Government Management Association of BC (LGMA) has produced an Executive Compensation Toolkit that can provide guidance on the range of direct and indirect compensation that could be considered.

Recommendation 7

131. The District of Squamish should undertake a compensation review of its exempt staff positions, prioritizing those facing recruitment challenges.

HUMAN RESOURCE MANAGEMENT

132. 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. Human resource management involves a number of key functions and practices which support an effective workplace and are essential to employee and organizational success. 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

133. Sound orientation can help to ensure newly hired employees get off to a good start. We expect to see all new employees provided 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.

134. The purpose of training and development activities is to maximize the 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.

135. We expect to see training and development activities in Squamish 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.

136. To increase the overall effectiveness of training and development, we also expect to see training objectives that support business objectives and that are tied to the employee's development plan. There should be an organizational wide training plan and an established training budget updated annually, and the results of training and certification should be measured and documented in a central location. Finally, the budget allocation should be analyzed at year end to inform future allocations.

ORIENTATION

137. In Squamish, employee orientation has been both a central and departmental responsibility although we were advised that the central role has been more limited in recent years due to a lack of capacity.

138. The District has an employee handbook, which provides a range of information to newly hired employees. The handbook was introduced during the period covered by the audit and is a useful resource for both new and existing employees.

139. Individual departments provide on-the-job orientation to new employees. This varies by department based on capacity and the nature of the department operations and job duties.

TRAINING AND DEVELOPMENT

140. Overall, the District manages its staff training and development on an informal, ad hoc basis. Documentation of training and development requests, approvals, training objectives and outcomes, and certification is decentralized and lacks consistency.

141. Squamish has a leadership development program intended to support succession planning. Individual departments carry out most of the District's training and development. To support this activity, each department receive an annual training budget based on need. Staff told us that the District applies to scholarship programs such as those offered by the BC Board of Examiners for local government employees.

142. As *Exhibit 15* indicates, Squamish's annual expenditures on employee training ranged from 0.4 per cent to 0.7 per cent of the District's total expenditures and from 1.2 per cent to two per cent of salaries, wages and benefits.

143. To reduce inconsistency across the organization, the District's oversight of training requirements and documentation of training plans and records should be formalized and centralized in the HR unit. This would reduce training-related risks to employee and public health and safety and help to accurately forecast training budgets, close skills gaps and ensure that operational needs are adequately addressed.

Exhibit 15 – DISTRICT OF SQUAMISH TRAINING EXPENDITURES 2011–2015

	2011	2012	2013	2014	2015	2011-2015 % change
Training Expenditure	\$175,174	\$228,992	\$197,452	\$165,553	\$263,308	50%
Annual % Change		31%	-14%	-16%	59%	
City Total Expenditure	\$31,309,920	\$31,823,298	\$35,516,162	\$42,382,295	\$39,000,552	average
Training as % of Total Expenditure	0.6%	0.7%	0.6%	0.4%	0.7%	0.6%
Total Salaries, Wage & Benefits	\$10,838,471	\$11,267,848	\$12,644,391	\$14,123,755	\$14,955,688	average
Training as % of Total Salaries, Wage & Benefits	1.6%	2.0%	1.6%	1.2%	1.8%	1.6%

Source: District of Squamish Annual Reports

The performance of District staff is managed effectively and staff members are held accountable.

144. Further, Squamish has opportunities to upgrade skill levels in some areas such as administrative support staff, and consider increased cross-training and sharing of staff across departments. The District's senior leadership team is a good forum for such discussions between managers.

Recommendation 8

145. The District of Squamish should enhance staff training and skills upgrading by:

- centralizing in the HR unit the coordination of staff training and development; and,
- identifying opportunities for skills upgrading and cross-training of staff.

PERFORMANCE MANAGEMENT

146. We expect Squamish 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 in formal written form. As a leading practice, employee coaching and mentoring programs could be established to encourage development and support succession planning.

147. Overall, the performance of District staff is managed effectively and staff members are held accountable. The District implemented an employee development review program in 2010. This program links employee performance expectations, performance assessment results and future development and training needs. It includes procedures and templates for unionized workers, exempt supervisors and management staff.

148. However, Squamish has no written policy supporting the program and employee performance appraisal is not consistently implemented across the organization, as each department is responsible for managing staff development and performance.

149. Steps could be taken to establish performance appraisal protocols and standardize performance management in order to increase its value to all staff. For example, the process should link employee performance goals to Squamish's strategic goals and individual performance goals should be stated in measurable terms. The storage of employee reviews should be centralized in the HR unit to support consistency and structure and ensure privacy and confidentiality of sensitive employee information.

Recommendation 9

150. The District of Squamish should centralize in the HR unit the coordination of employee performance management.

HEALTH AND SAFETY, ETHICAL CONDUCT AND LABOUR RELATIONS

151. 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.

152. We expect Squamish to be aware of and in compliance with its occupational health and safety (OHS) obligations as well as all legislative and regulatory requirements it is responsible for. WorkSafe BC has specific OHS requirements for employers of different size workforces and the CUPE Collective Agreement typically stipulates the requirement for an OHS Committee made up of equal numbers of management and union members.

The District encourages and supports occupational health and safety through a range of formal and informal activities.

153. We expect to see the District taking reasonable steps to support a harassment-free workplace and to have policies and procedures in place to report and investigate complaints of this nature. As a leading practice, the organization should support workplace diversity and inclusiveness and ensure that 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 in place to support workplace integrity.

154. Joint Labour-Management Committees should be in place and should be 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

155. Overall, the District encourages and supports occupational health and safety through a range of formal and informal activities. A joint OHS Committee meets monthly, and an OHS Policy is in place. Further, worksite specific committees are in place, workplace and equipment inspections are routinely carried out, and incidents are logged and inspected although this is not centralized. Instruction and supervision is provided to employees along with a Health and Safety Handbook.

156. We were advised that all mandatory OHS training and certification is current across the District. However, there is a general acknowledgement that not all required mandatory OHS records and statistics are adequately maintained. The OHS Committee should ensure that training and certification documentation is compliant with WorkSafe BC requirements.

157. Further, while safe work procedures have been developed there could be greater consistency and standardization. For example, each department may have developed its own

safe work procedures on handling sharp objects or in dealing with chemical hazards. This creates the risk that specific safe work procedures may not be adequate and may not be updated on a timely basis, and may result in duplication of work. The OHS Committee should review work procedures where employee health and safety is at risk and ensure they are adequately updated and standardized.

158. The HR unit has oversight responsibility for the District's occupational health and safety and, in collaboration with the Occupational Health and Safety Committee, the HR unit should ensure the District is in compliance with WorkSafe BC requirements for workplaces with over 50 employees. Through the BC Municipal Safety Association, the District can audit its OHS program and receive a Certificate of Recognition (COR). This Certificate will help reduce their WorkSafe BC premiums and potentially allow them to direct their savings to improving the OHS program.

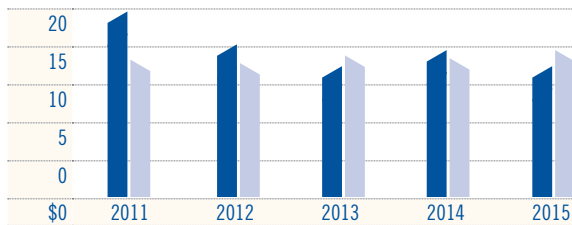
ATTENDANCE MANAGEMENT

159. Employee attendance is an important element of human resource management. Significant attendance issues are costly to the organization and impact the effective and efficient delivery of operations, programs and services. Absenteeism in general is on the rise based on Conference Board of Canada data, and according to Statistics Canada, the reasons for it include an aging workforce, increasing work-related stress and more liberal leave policies.

160. The District has a detailed attendance management policy which outlines employer and employee responsibilities, procedures, documentation and conditions for sick leave and other types of employee leave. Reporting of leave is manual, leave records are entered into the payroll system, and the District tracks workplace leave by type, in hours, and costs.

161. As shown in *Exhibit 16*, the District’s unplanned employee leave, which includes sick leave and leave of absence, experienced a declining trend during 2011 to 2015, and in 2015, it was close to the national average for public sector in the recent three years (2013–2015).

Exhibit 16 – AVERAGE UNPLANNED LEAVE (INCLUDING SICK LEAVE AND LEAVE OF ABSENCE)



Source: * from District of Squamish Internal Report, ** from Stats Canada

■ District Annual Avg. Absent days / fte*
 ■ National Annual Avg. Absent days / fte in public sector**

162. While unplanned leave decreased during the review period, the District’s sick leave increased significantly as shown in *Exhibit 17*. The total sick leave hours includes both short and long term sick leave. The District examined reasons for the increasing trend and considered long-term sick leave a key factor.

Exhibit 17 – SICK LEAVE HOURS

	2011	2012	2013	2014	2015	% change
Sick Leave Hrs	7,069	6,957	9,026	11,754	12,883	82%

Source: District of Squamish Internal Absenteeism Report

163. As *Exhibit 18* shows, WorkSafe BC leave hours varied significantly during the 2011–2015 period, while the number of annual workplace accidents remained stable at approximately 25 between 2012 and 2015.

Exhibit 18 – OCCUPATIONAL HEALTH AND SAFETY STATISTICS

	2011	2012	2013	2014	2015	% change
Worksafe Leave Hrs	729	180	144	1,064	47	-94%
Accidents	18	26	27	27	25	39%

Source: District of Squamish Internal Absenteeism Report and WorkSafe BC Accident Log

Recommendation 10

164. The District of Squamish should enhance workplace health by:

- ▶ ensuring safe work procedures are adequately updated and standardized in areas where employee health and safety may be at risk; and,
- ▶ taking steps to ensure that the District is in full compliance with all WorkSafe BC requirements.

ETHICAL CONDUCT

165. The District has an Employee Ethical Conduct Policy that includes a Code of Conduct and provisions covering conflict of interest and confidentiality. Our review indicates that there is an adequate level of awareness of ethical standards in Squamish, although employees should be reminded of conflict of interest requirements regularly, such as annually or bi-annually.

166. This is particularly important in the case of senior staff, as risks associated with conflict of interest rise as the level of responsibility increases. In addition, while conflicts of interest are considered rare, procedures should be established to ensure that incidents are centrally logged.

Recommendation 11

167. The District of Squamish should increase employee awareness of its conflict of interest policy and procedures through regular acknowledgement and sign-off and establishing procedures for recording incidents.

LABOUR RELATIONS

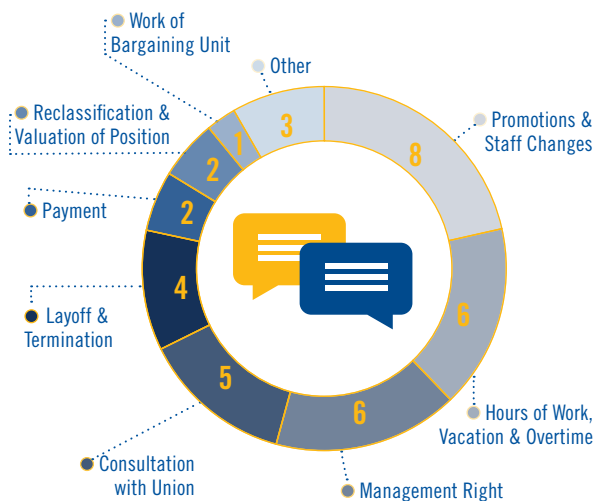
168. In Squamish, labour relations are governed by collective agreements with CUPE and the International Association of Fire Fighters (IAFF). Joint labour-management committees meet monthly to interpret these agreements and deal with any emerging issues. District staff told us that both committees operate effectively, with meetings held routinely, minutes recorded and issues tracked and followed up on.

The District has employee policies designed to foster a healthy and respectful workplace, including a wellness initiative.

169. The CUPE agreement specifies the role of seniority in the workplace and the District maintains an up to date seniority list, posts it and shares it with the union quarterly. The agreement also outlines grievance procedures and the District maintains grievance records.

170. As Exhibit 19 shows, the District dealt with 37 grievances (36 CUPE, one IAFF) over the period covered by the audit. Thirty-three of these were filed in 2011 and 2012, with only four filed in 2013 through 2015. This may indicate an improved and more cooperative labour-management relationship in recent years.

Exhibit 19 – GRIEVANCES BY CATEGORY 2011–2015



Source: District of Squamish Grievance Log

171. The District has employee policies designed to foster a healthy and respectful workplace, including a wellness initiative. Squamish holds events to recognize and reward employee efforts and staff told us that they generally consider the District a positive and respectful workplace.

HUMAN RESOURCE ADMINISTRATION

172. Our audit objective involved an assessment of whether human resources planning and management activities are supported by sound human resources administration. Audit criteria included employee policies and procedures that are comprehensive and that set forth organizational standards for all employees, as well as 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

173. 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 with respect to how employees are managed and treated. They also assist in ensuring compliance with legislation and regulations respecting health and safety.

174. We expect to see effective HR policies and procedures in Squamish 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 management, staff compensation and overtime, reimbursement of fees and expenses, training and development, performance management, termination, discipline, and disputes mechanisms and complaint resolution.

175. 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 CUPE Collective Agreements which govern working relationships between management and union employees.

Squamish does not have a dedicated human resources information system and staff told us that its payroll systems and processes are outdated and do not fully meet the District's needs.

176. Squamish has a set of HR policies and procedures and they are accessible on the District's intranet site. In addition to the website, the District has developed an Employee Handbook which outlines several key policies including confidentiality, conflict of interest and code of conduct, attendance management, respectful workplace, and health and safety. We were advised the handbook is provided to newly hired employees.

177. The District's HR policies and procedures are relatively comprehensive, and are a mix of both Council approved policies and CAO approved policies. There are however, several key policies missing which can impact the effective and efficient provision of human resource management.

Recommendation 12

178. The District of Squamish should address key gaps in its human resources policies and procedures, including the following:

- ▶ employee training and development;
- ▶ employee performance management and appraisal;
- ▶ progressive discipline;
- ▶ return to work;
- ▶ whistleblower; and,
- ▶ formal complaint and conflict resolution processes.

HUMAN RESOURCES INFORMATION AND DATA

179. A Human Resources Information System (HRIS) 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 Squamish that captures key HR data such as time and attendance, payroll, benefits administration, recruitment, training and HR management.

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

181. 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

182. Squamish does not have a dedicated human resources information system and staff told us that its payroll systems and processes are outdated and do not fully meet the District's needs. Timecards are prepared manually and the tracking of employee benefits is labour intensive. The District told us that an organization-wide systems upgrade starting with the finance department is scheduled to begin within the year which should enable the District to track and report a suite of human resources information.

183. There is no gatekeeper role for the HR unit where staffing changes are managed by the HR unit and information on employee status is passed from the HR unit to Finance. The HR unit has an *Authorization to Hire* extract containing useful information on new hires. However, there are challenges in gathering basic HR information such as average age of the workforce, years of service, size of workforce, increases in its size, management to staff ratios, time to hire and information on turnover patterns and trends, and reasons for termination.

184. The HR unit also has a hiring checklist which acts as a guide for managers and helps to ensure consistency in HR practices, from planning through onboarding, across the organization. However, the tool is not widely used resulting in inconsistent practice, incomplete information and gaps in the documentation of personnel records. To address this, the HR unit should work closely with managers to ensure the checklist is used appropriately and personnel records are properly completed. A Hiring Checklist is described in more detail in *Exhibit 20*.

Exhibit 20 – HIRING CHECKLIST—A GOOD PRACTICE FOR COLLECTING HR INFORMATION

A hiring checklist allows the organization to systemize the process for hiring new employees. This can be particularly useful where the employee recruitment and selection process is decentralized. A checklist considers the 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 facilitate the capture of standard HR information.

The HR Department can centrally maintain the checklists and can periodically review a sample of them as a quality control measure, and provide feedback to hiring managers and others involved in the hiring process. In addition, checklists can be used at orientation and termination as a means of gathering useful HR information.

185. Both the HR unit and Squamish's Finance Department rely heavily on staff in other departments to provide them with timely and accurate information on changes in employee status, such as information relating to payroll. As a result, the District's information on salaries has not always been accurate.

186. In the absence of a centralized process and system controls, manual controls such as a review of the bi-weekly pay list and an annual audit of the payroll are required as detective controls to ensure salaries and benefits are accurate and in compliance with the Collective Agreement provisions. For example, a sample bi-weekly pay list we obtained contained a number of errors related to employee status which impacted hours, pay rates, vacation payouts and payments in lieu of benefits. These errors were identified and resolved by staff prior to payroll release and we were advised that, overall, there is a high level of confidence in payroll controls.

187. We were advised that HR reporting to Council members is limited to Service Level Change requests which impact annual financial plans, issues management and significant recruitment.

Recommendation 13

188. The District of Squamish should enhance its administration of human resources by:

- taking steps to improve the completeness of personnel records;
- analyzing and considering human resources indicators to assist in organizational planning; and,
- regularly reporting on key human resources indicators to senior management and Council, including workforce demographics, trends and patterns.



SUMMARY OF LOCAL GOVERNMENT COMMENTS



November 16, 2016

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

Mr. Gordon Ruth,

Re: Proposed Final Audit Report for the District of Squamish

On behalf of the District of Squamish, thank you for the opportunity to provide comments on your Proposed Final Audit Report "*Managing the Inherent Risks of Limited Human Resources within Small Local Governments*".

We are pleased that the Audit process is nearing its completion and are looking forward to implementing our action plan to improve and build on the Human Resources policies, processes, and activities within the District of Squamish.

The District of Squamish is committed to having effective, fair, and contemporary Human Resource practices that assist and support Council and Staff in the operation of the District. We appreciate the Auditor General's recognition of those areas where our practices and policies are well established and for the identification of areas where we can improve our practices. Our leadership team have proposed a comprehensive plan to address the recommendations that will be implemented over the next few years.

In conclusion, we found the AGLG staff were professional and courteous and that the proposed final audit report is fair.

Sincerely,



Patricia Heintzman, Mayor
District of Squamish

CITY OF SQUAMISH ACTION PLAN

AGLG RECOMENDATIONS	STEPS TAKEN	RESOURCES NEEDED	RESPONSIBLE	TARGET DATE
ROLE OF HR UNIT				
<p>1. The District of Squamish should maximize the effectiveness of its Human Resources Unit by:</p> <p><i>a.</i> clarifying its expectations of the unit, including clearly defining its oversight roles and responsibilities; and,</p> <p><i>b.</i> ensuring that the unit is providing core and strategic services that support the organization's priorities.</p>	<p>1. Review current roles and responsibilities and align with Audit recommendations;</p> <p><i>a.</i> Differentiate the Strategic, Operational, and Transactional HR services provided and by whom within the HR unit; and</p> <p><i>b.</i> Develop a mandate outlining the expectations, oversight roles, and responsibilities, approved by the CAO, shared with Council, and communicated to management team.</p>	<p>Consultation with Core Leadership Team and Department Heads</p>	<p>senior Director HR & Public safety/CAO</p>	<p>1st quarter 2017</p>
HR PLANNING				
<p>2. The District of Squamish should assign responsibility to its HR Unit for the coordination of workforce planning and approval.</p> <p>3. The District of Squamish should develop a comprehensive strategic human resources plan based on workforce analysis and which considers the use of contracted services and shared service arrangements.</p>	<p>2. Responsibility assigned to HR.</p> <p>3. Develop a project plan that outlines steps and tasks necessary to prepare and implement a comprehensive strategic HR plan that includes succession planning, business continuity, and workforce analysis.</p>	<p>HR Unit</p> <p>Consultant</p> <p>Core Leadership Team</p> <p>Department Heads</p> <p>Unions</p>	<p>senior Director HR & public safety</p>	<p>Recommendation 2 & 3: Ongoing with initial approval and implementation late 2018</p>
<p>4. The District of Squamish should enhance its staff recruitment, selection and retention practices by:</p> <p><i>a.</i> centralizing the coordination and accountability for recruitment and selection processes in the HR unit; and,</p> <p><i>b.</i> considering the development of a staff recruitment and retention strategy that includes a mix of recruitment incentives.</p>	<p>4. a. Processes are being developed to improve the related recruitment and selection processes including centralization within HR.</p> <p><i>b.</i> Recruitment and retention incentives / strategies within local government and unionized workforces are limited. Some currently exist including opportunities for increased vacation allotments based on previous local government experience.</p>	<p>HR Administrative resources are required to complete this recommendation.</p>	<p>HR Advisor</p>	<p>2nd quarter 2017</p>

AGLG RECOMENDATIONS	STEPS TAKEN	RESOURCES NEEDED	RESPONSIBLE	TARGET DATE
<p>5. The District of Squamish should review job descriptions to ensure that they reflect the district's current expectations, needs and requirements. In this process, the District should give priority to administrative support positions.</p>	<p>5. Processes are underway to update Job Descriptions as vacancies occur. Plans include further revision to the Job Description template with an update for all Job Descriptions.</p>	<p>Dedicated HR generalist resources required to ensure consistency with project.</p>	<p>HR Assistant</p>	<p>Ongoing through 2017</p>
<p>6. The District of Squamish should formalize its succession planning processes and identify the staff skills that are most critical for the successful delivery of the District's services.</p>	<p>6. This forms part of the Strategic HR workforce plan as outlined in recommendation # 2.</p>	<p>Consultant services in conjunction with HR staff.</p>	<p>Senior Director HR & Public Safety</p>	<p>2018</p>
<p>7. The District of Squamish should undertake a compensation review of its exempt staff positions, prioritizing those facing recruitment challenges.</p>	<p>7. A compensation review was completed in 2016 by BCIT Consulting Students. Further work requires additional discussion and consideration by Council.</p>	<p>Consultant</p>	<p>Senior Director HR & Public Safety/CAO</p>	<p>2017/2018</p>
<p>HR MANAGEMENT</p>				
<p>8. The District of Squamish should enhance staff training and skills upgrading by:</p> <p><i>a.</i> centralizing in the HR unit the coordination of staff training and development; and,</p> <p><i>b.</i> identifying opportunities for skills upgrading and cross-training of staff</p>	<p>8. a. Determine scope of training being provided to staff outside of that provided by HR and identify what is best coordinated by HR. Develop selection and tracking process for required and supplementary training to ensure staff meet certification requirements and continue to build skills.</p> <p>b. Strengthen Employee Development Review process to identify skill development opportunities. Work with the Union and Department Heads to develop a cross-training program.</p>	<p>A comprehensive HRIS is required to meet this recommendation. One is coming with the District's Technology Transformation Project, but not expected to be implemented until 2018 at the earliest.</p> <p>HR Administrative resources are required to develop and maintain necessary systems and processes.</p> <p>HRIS and staff time to administer</p>	<p>HR Assistant</p> <p>HR Advisor</p>	<p>2017/2018</p>

AGLG RECOMENDATIONS	STEPS TAKEN	RESOURCES NEEDED	RESPONSIBLE	TARGET DATE
<p>9. The District of Squamish should centralize in the HR unit the coordination of employee performance management.</p>	<p>9. The process currently is initiated and coordinated through HR. Improvements are possible with regards to processing, filing, and actioning the completed reviews.</p>	<p>HRIS and staff time to administer and/or an electronic performance appraisal process</p>	<p>HR Advisor</p>	<p>2017/2018</p>
<p>10. The District of Squamish should enhance workplace health by:</p> <p><i>a.</i> ensuring safe work procedures are adequately updated and standardized in areas where employee health and safety may be at risk; and,</p> <p><i>b.</i> taking steps to ensure that the district is in full compliance with all WorkSafe BC requirements.</p>	<p>10. OHS responsibilities are being centralized and strengthened in HR. A significant part of the HR coordinator’s responsibilities will be implementing the District’s Safety Program with the long-term goal of achieving COR Certification.</p>	<p>Staff time in both HR and throughout the district.</p>	<p>HR Coordinator</p>	<p>2017/2018</p>
<p>11. The District of Squamish should increase employee awareness of its conflict of interest policy and procedures through regular acknowledgement and sign-off and establishing procedures for recording incidents.</p>	<p>11. Establish an annual review process for key policies, including the conflict of interest policy, the respectful workplace policy, and the IT policy.</p>	<p>HR Administration Department Head support</p>	<p>HR Advisor</p>	<p>2nd quarter 2017 and then ongoing.</p>

AGLG RECOMENDATIONS	STEPS TAKEN	RESOURCES NEEDED	RESPONSIBLE	TARGET DATE
 HR ADMINISTRATION				
<p>12. The District of Squamish should address key gaps in its human resources policies and procedures, including the following:</p> <ul style="list-style-type: none"> <i>a.</i> employee training and development; <i>b.</i> employee performance management and appraisal; <i>c.</i> progressive discipline; <i>d.</i> return to work; <i>e.</i> whistleblower; and, <i>f.</i> formal complaint and conflict resolution processes. 	<p>12. Work has begun on the development of these noted policies and others. The District has a policy review process led by Legislative Services so adding the noted policies to this established process will ensure gaps are filled.</p>	<p>Staff capacity to develop and implement the policies.</p> <p>Legal and other content experts when applicable.</p> <p>Bargaining groups representatives for consultation.</p>	<p>senior Director HR & public safety</p>	<p>Ongoing</p>
<p>13. The District of Squamish should enhance its administration of human resources by:</p> <ul style="list-style-type: none"> <i>a.</i> taking steps to improve the completeness of personnel records; <i>b.</i> analyzing and considering human resources indicators to assist in organizational planning; and, <i>c.</i> regularly reporting on key human resources indicators to senior management and Council, including workforce demographics, trends and patterns. 	<p>13. a. Undertake a comprehensive project to update personnel records including:</p> <ul style="list-style-type: none"> i) Categorizing; ii) Consolidating; and iii) Centralizing all personnel records. <p><i>b.</i> Establish regular reporting metrics and timelines.</p> <p><i>c.</i> Determine a regular reporting schedule to Council on metrics and other key HR aspects (annually or semi-annually)</p>	<p>HR Administrative support is essential for all three areas.</p> <p>HRIS</p>	<p>senior Director HR & public safety</p>	<p>Underway with completion targeted for Q4 2017.</p>

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

