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A municipal auditor general's report has found no rationale, no business case, no bidding process and no written contract for a sewage-treatment plant built in the centre of Sechelt.

Report vindicates concerns of Sechelt's citizens

**Rogue council:
Document also
illustrates why
municipal auditor
general's office
was established**



Daphne
Bramham

Sechelt citizens' long-standing concerns about the district's controversial \$24.9-million waste water treatment plant were vindicated Tuesday by a municipal auditor general's report.

That report concluded taxpayers were exposed to "unnecessary risks" because the district had no conflict-of-interest and procurement policies, no evident planning or management procedures and an over-riding lack of transparency.

Left unanswered are questions about why the council decided to build a non-traditional (and more expensive) sewage-treatment plant in the Sunshine Coast community of 9,291 and why it decided to build it in the centre of town rather than at a site near the then-mayor's home.

Those questions, the report said, were beyond the scope of the audit. But what the auditors dissected was a highly dysfunctional administration and an increasingly alienated community. (Unsurprisingly, incumbent mayor John Henderson and all but two councillors were defeated in last November's election.)

From February 2012 until March 2013, Henderson's council passed 26 resolutions related to the sewage plant at 12 meetings.

All of those meetings were closed and none of the minutes and resolutions were made public until March 2013.

There were separate closed meetings with prospective bidders before the request for proposal. The auditors say there is no documentation from those meetings to indicate that all bidders received the same information.

"This is particularly troublesome, as such practices undermine the integrity of the procurement process," the auditors wrote. Left hanging is the question of whether the bidding process was fair.

Beyond that, auditors couldn't find any evidence of a business case supporting council's decision to significantly broaden the project's scope and add \$8 million to the cost.

"By the time a document approximating a business case was created, the district had already been committed to proceeding with the project for several months and had spent \$117,000 on it, including hiring a project manager, an engineering consultant, a project co-ordinator and several other consultants for smaller pieces of the work."

There was a council-appointed project steering committee, but council only approved the committee's terms of reference as its work was winding down. With no oversight, the committee hired a co-ordinator without going through a competitive process and awarded an unauthorized \$12,500 contract.

The committee also kept council and the public in the dark. There were no regular reports to council and the minutes of the committee's meetings weren't available for almost a year.

Finance staff was never asked to review or validate the steering committee's cost estimates for the project or the large discrepancy between the project's cost estimate and the bids.

Not surprisingly, over the 15 months that all this was going on, the district had four chief administrative officers, and 22 other staff members either left

or were fired. The auditors were aware of conflict-of-interest allegations that former mayor John Henderson participated in the discussions and votes to move the waste water treatment plant downtown and away from the site close to his home.

However, the report says "a determination of conflict of interest of a local government official is governed by the Community Charter." Still, the report suggests that the employees' code of conduct passed by the district in May 2014 could be a basis for a policy that covers both elected officials and staff.

The auditors also looked at a \$625,000 road-paving project that went ahead even though it wasn't identified in the Official Community Plan, previous five-year capital plans or recommended in the 2012 capital plan. The project accounted for eight per cent of the district's capital allotments for the year and was done with no community consultation.

The auditors found no rationale for the project, no business case, no bidding process and no written contract. The only explanation given by district staff was that projects were often initiated in response to federal and provincial grants.

The report concludes with eight recommendations and Sechelt's proposed timeline for implementing them.

The municipal auditor general's office has had a lot of criticism lately that culminated with the firing of Basia Ruta. But this report not only vindicates Sechelt citizens who knew something was amiss at the district hall, it reminds us why the municipal auditor's office was established.

Municipal governments — even smaller ones like Sechelt's — have hundreds of millions of dollars in capital assets. Every year, they spend millions more maintaining, improving or replacing those assets. Some are ill-prepared to make those decisions and fail to properly protect the interests of their citizens.

By making an example of those failures, it may not only improve things in Sechelt, but in other municipalities as well.

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