

AUDITOR GENERAL

Halifax Regional Municipality



Halifax Water: Management of Hiring Practices Audit

April 2026

April 7, 2026

The following audit of **Halifax Water: Management of Hiring Practices**, completed under section 50(2) of the Halifax Regional Municipality Charter, is hereby submitted to the Audit and Finance Standing Committee of Regional Council.

Respectfully,

Original signed by

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Auditor General
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Audit Overview

[INFOGRAPHIC IMAGE BELOW: This image depicts the overall results of this audit.

- Halifax Water needs to address gaps in processes to help ensure consistent, fair, and equitable hiring.
- Hiring process not consistently followed.
 - 30 Advertised Competitions Tested.
 - Findings:
 - 30 files: no documented hiring rationale.
 - 17 files: minimum qualifications not met for all shortlisted candidates.
 - 3 files: interview scores missing for hired candidates.
 - 10 Appointments Tested.
 - Findings:
 - 2 cases: not properly justified.
 - No evidence of employment equity considerations.
- Process Gaps:
 - Limited procedures covering hiring.
 - Hiring process is not monitored.
- Documentation Issues:
 - Limited documentation of hiring files.
 - Some documents missing due to staff changes.
- 3 Hiring Policies:
 - Support fair and equitable hiring process.
 - 2 have either no monitoring or compliance rules.]

Halifax Water: Management of Hiring Practices Audit

Halifax Water needs to address gaps in processes to help ensure consistent, fair, and equitable hiring

Hiring process not consistently followed



30 Advertised Competitions Tested

Findings

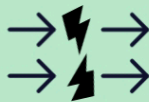
- 30 files: no documented hiring rationale
- 17 files: minimum qualifications not met for all shortlisted candidates
- 3 files: interview scores missing for hired candidates



10 Appointments Tested

Findings

- 2 cases: not properly justified
- No evidence of employment equity considerations



PROCESS GAPS

- Limited procedures covering hiring
- Hiring process is not monitored

DOCUMENTATION ISSUES

- Limited documentation of hiring files
- Some documents missing due to staff changes



3 HIRING POLICIES

- Support fair and equitable hiring process
- 2 have either no monitoring or compliance rules

Halifax Regional Municipality Auditor General

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Audit Results

Gaps in Processes to Support Fair and Consistent Hiring

Halifax Water is not consistently following its hiring policies and processes. Many competition files we tested did not have appropriate rationale or documentation for decisions in the various stages of the hiring process. In addition, we found some decisions to fill positions through the appointments process were not supported. It is important that decisions made throughout the hiring process clearly demonstrate compliance with fair hiring policies.

Insufficient evidence to show hiring process consistently followed

We had concerns in all phases of the recruitment and selection process. Halifax Water's competition files did not always demonstrate a fair hiring process was followed. We examined 30 advertised competitions and found the assessment of candidates was not well documented at the initial screening or interview stages. In some competitions, there was no information as to why some qualified candidates moved forward in the process while others did not. We did find other steps were usually completed, such as the posting authorization, and pre-employment conditional checks.

Sample Results – Recruitment and Selection Process

Hiring Process Steps	Competitions Complied*
Posting authorized	28/30
Initial screening of applicants documented	24/30
Consensus interview scoring completed	22/28
Reference checks completed (pre-employment)	18/21
Professional/ licensing checks completed (pre-employment)	19/22

*Note: Not all steps of the hiring process were required for all 30 files.

We also noted that the hiring rationale was not documented in any of the competitions we tested. In most cases, the candidate's qualifications and interview scores made the selection choice clear, but it was not obvious why seven of the 33 candidates hired were selected.

We found all 30 competition postings had clear qualifications listed, which helps support transparency in the process. Also, all competition postings encouraged applicants to self-

identify. This helps promote employment equity and supports designated groups. However, no job postings informed potential applicants they were allowed to request accommodations in the hiring process. This would have indicated a commitment to accessible hiring.

In reviewing the files, we found no evidence diversity was considered in determining the makeup of the interview panels for any of the competitions. Per Halifax Water's Fair Hiring Policy, interview panel diversity is to be encouraged.

Instances of unsupported hiring decisions in advertised competitions

We found gaps and inconsistencies in documenting decisions made during the hiring process. This could undermine the integrity in the hiring process with respect to maintaining fairness, equity, and objectivity.

For 17 of 29 competitions tested, we determined not all short-listed candidates met all minimum qualifications, and no rationale was documented for including unqualified individuals on the short list.

As noted previously, the rationale for hiring was not well documented. This increases the risk of favoritism and bias, and weakens the fairness, transparency, and consistency of the hiring process. Examples of issues noted:

- One union position was posted internally. When no internal candidates came forward an external individual, who failed a previous interview for a different position, was hired without being interviewed.
- In three competitions there were no documented interview scores for the successful candidates.
- In two competitions, the highest-scoring candidates were not selected – no rationale for decisions provided.
- In two competitions, two candidates had the same score – no rationale for decisions documented.

Management said many factors go into choosing the successful candidate, such as team fit, behavioral assessment, and succession planning. This is reasonable. However, decisions should be appropriately documented.

In four instances, including for two director roles, non-union internal-only competitions were run without a documented justification for doing so. For these positions, management told us they felt internal candidates would ultimately be successful. However, using internal-only competitions results in a smaller talent pool and limited consideration of diversity. Any use of internal-only postings should be formally justified.

Hiring competition applications are received through multiple channels, which staff told us creates a concern that not all applications are captured. This increases the risk that

applications may be overlooked or not considered during the screening process. We discuss the lack of monitoring later in the report and this risk should be considered in any new monitoring program implemented related to Recommendation 2. Management has a plan to implement a hiring requisition management tool. However, this will only address internal applicants.

As we note later in this report, documented procedures, better file documentation, and monitoring are all needed for the hiring process.

Appointments not always supported

Hiring through appointment is governed in part by Halifax Water's appointment policy, which indicates when an appointment is appropriate and what is required to authorize its use. It is important to adequately document the proper use of the appointment policy, as appointments are also subject to the fair hiring policy.

We tested 10 appointments and found two were not appropriately justified:

- A non-union term employee was appointed to a permanent position without ever successfully interviewing for the role.
- No written justification for one appointment which appears to not meet the criteria for using an appointment.

Based on the justifications we examined, we also saw no evidence that employment equity was considered in the appointment process, which is a requirement of the appointment policy.

Halifax Water does not track positions filled by appointment to help readily demonstrate fair hirings have taken place, making any compliance monitoring more difficult.

Recommendation 1

Halifax Water should develop and implement a process to track appointments and document details for each appointment to demonstrate compliance with the appointment and fair hiring policies.

Management Response

Halifax Water accepts this recommendation. Staff will develop a Standard Operating Procedure (SOP) and update supporting policies to document the process and implement tracking of appointments.

Hiring processes not monitored

Halifax Water does not adequately monitor its hiring processes. Management explained that they rely on informal check ins during the competition process but do not review closed files for compliance with requirements. We expected Halifax Water's People & Culture group to formally monitor hiring activities and documentation to ensure policies are consistently followed, and to help minimize the risk of bias and discriminatory practices.

Recommendation 2

Halifax Water should develop and implement a process to formally monitor all hiring activities to ensure they are fair, consistent, and comply with relevant policies and procedures.

Management Response

Halifax Water accepts this recommendation. Staff will develop a Standard Operating Procedure (SOP) and update supporting policies.

File documentation issues

We found limited documentation when testing the hiring competition files, which required us to request additional information for all 30 competition files tested. Missing information included key items such as the hiring authorization form, job postings, screening records, resumes, interview guides (including scoring), and conditional checks.

For five of the 30 files, management told us they could not retrieve information because some staff were no longer employed by Halifax Water, or on leave. We received all information requested for the remaining 25 files.

It is important for Halifax Water to demonstrate its compliance with hiring policies by retaining appropriate records.

Recommendation 3

Halifax Water should develop and implement a process to maintain competition files that adequately detail all supporting information and decisions.

Management Response

Halifax Water accepts this recommendation. Staff will develop Standard Operating Procedure (SOP) and update supporting policies to document the process.

Hiring Practices Need Improvement

Halifax Water needs clearer and more transparent processes to guide fair hiring. Fair hiring is important for many reasons, including:

- to ensure transparency in the hiring process,
- to avoid discriminatory practices and to reduce bias,
- to support diversity and inclusion goals in an organization, and
- to help ensure the best candidates are hired.

There are some gaps in Halifax Water’s hiring policies and supporting procedures are needed. As noted earlier we found instances where the organization made hiring decisions that were not adequately supported.

Hiring policies have some gaps; lack supporting procedures

Halifax Water has three policies to support its hiring process:

- Fair Hiring Policy
- Non-union Appointment Policy
- Diversity, Equity and Inclusion Policy

These policies address fairness, equity, and confidentiality. However, we expected all policies to also cover monitoring and compliance aspects, as their absence increases the risk of unfair hiring due to limited oversight and accountability.

Hiring Policies: Monitoring and Compliance Aspects

Policies	Includes Monitoring Requirement	Consequences for Non-Compliance
Fair Hiring Policy	X	X
Non-union Appointment Policy	✓	X
Diversity, Equity and Inclusion Policy	✓	✓

We also found People & Culture does not have sufficient procedures to support the consistent application of the policies, among staff and across competitions. We expected documented procedures for each of the different stages of the recruitment and selection process. People & Culture provided us with a 2016 standard operating procedure dealing with aspects of the recruitment and selection process, such as planning, posting, interviewing, and assessing candidates. It does not cover appointments, diversity and

inclusion, interview panel composition, conflict of interest, and bias mitigation. In any event, there was no evidence this was used.

Staff also told us they follow the “Successful Applicant Checklist” as a reference, although we noted this is primarily a tool for onboarding successful applicants and provides limited guidance for the recruitment and selection process.

Management explained that People & Culture staff, in addition to professional experience they brought to Halifax Water, also have informal on-the-job training which covers all stages of hiring. They also explained that hiring managers are informed of the process during the competition. However, our file testing found inconsistency in all stages of the hiring processes, clearly showing the process could be better managed with the use of documented procedures.

Recommendation 4

Halifax Water should develop and implement additional procedures that adequately support the application of its hiring policies and process tools.

Management Response

Halifax Water accepts this recommendation. Staff will develop additional procedures and an associated implementation plan to ensure the application of the fair hiring practice is supported.

Some hiring process tools available

People & Culture have hiring tools meant to support fair and consistent recruitment. These include:

- Hiring Action Form
- Job posting templates
- Interview guide templates
- Seniority lists
- Reference check templates
- Standardized tests
- Predictive Index (PI) psychometric testing
- Post-offer employment tests

However, as previously reported more procedural guidance is needed to help with consistency in the recruitment and selection process, and for the use of some of the available tools. For example, interview guides are not consistently applied when scoring

candidates, and it is sometimes not clear under which circumstances candidate testing should take place.

Hiring training needs improvement

Halifax Water told us they held unconscious bias training sessions from 2022 to 2024. The training is also available online. The recognition of biases is important due to their potential impact on fair hiring. We tested 20 employees involved in hiring (hiring managers and People & Culture staff) to see if they took the training. Two People & Culture staff involved in hiring had not taken the training.

While it is positive most staff have unconscious bias training, management told us they do not provide training that covers its Fair Hiring, Non-union Appointment, and DEI policies. We noted new employees are given a list of policies to review. However, these policies are not listed as required reading.

Recommendation 5

Halifax Water should develop and offer more comprehensive company specific hiring training for employees involved in the hiring process.

Management Response

Halifax Water accepts this recommendation. Staff will develop a training offering for hiring panel members with defined frequencies.

Other Matters

No conflict-of-interest declarations for hiring panels

We noted that no conflict-of-interest declarations are required for competition interview panels. It is important to highlight the expectation that no conflicts exist in the individual hirings. While our work was not specifically designed to detect nepotism in hiring, it did not indicate any concerns related to this issue. Although Halifax Water policies deal with conflicts of interest, we believe interview panelists should attest that they are conflict free in relation to the specific competitions they are involved with.

Recommendation 6

Halifax Water should develop and implement a process to obtain signed conflict of interest declarations for each Halifax Water employee involved in each hiring.

Management Response

Halifax Water accepts this recommendation. Staff will develop processes for members of the hiring panel to ensure there are no conflicts of interest by competition.

Access to hiring files not restricted to involved parties

We found access to hiring files was not restricted to only those staff responsible for recruiting. We identified seven People & Culture employees who had access to the electronic recruitment folder that did not require it for their job. Management removed access of those individuals during the audit. Hiring files include sensitive information on applicants. This information should be secured and only available to those who require the information for their role.

Background

People & Culture is a department within Halifax Water responsible for employee recruitment and selection activities. Their objective is “to create a thriving and inclusive workplace culture by fostering strong leadership and collaborative talent management and enhancing every step of employees' career journey.” They provide advice to departments with respect to the appointment process. In 2023, People & Culture restructured and assigned HR Business Partners to labour-relations, while Talent Acquisition staff focus on recruitment and selection only.

At Halifax Water, the recruitment and selection activities are the processes meant to “identify the best qualified people for the position as part of the organization's retention strategy”.

People & Culture has three hiring policies: fair hiring, diversity equity and inclusion, non-union appointment. Unionized positions must follow the hiring process outlined in their collective agreements when it conflicts with the fair hiring policy.

About the Audit

We completed a performance audit of hiring practices. Our role is to express an independent audit opinion of this area. The audit scope was limited to recruitment and selection processes. It does not include workforce planning, compensation, retention, and onboarding.

It should also be noted that our audit was not designed to assess the performance of the individuals hired, whether through a competition or an appointment. The results are based only on our testing of Halifax Water's hiring practices.

The objective of the audit was to determine if Halifax Water has consistent, fair, and equitable hiring practices that help establish a diverse and skilled workforce.

We developed the criteria for this audit. These were discussed with, and accepted as appropriate by, Human Resources management. Criteria used were:

- Policies and processes should adequately address and support fair, equitable and confidential hiring practices.
- Recruitment and selection activities should comply with hiring policies and procedures.
- Key personnel should have adequate training and tools to comply with hiring policies and procedures.
- Hiring practices should be monitored to ensure consistency in the hiring process.

Our audit period was January 1, 2023 – June 30, 2025. Information from outside the audit period was considered as necessary.

Our audit approach included: interviews with management and key personnel in People & Culture, and other departments as necessary; examination of recruitment files and other documentation on a sample basis; and review of internal policies, procedures, and programs.

This audit was conducted in accordance with the Canadian Standard on Assurance Engagements (CSAE) 3001 Direct Engagements published by the Chartered Professional Accountants of Canada.

We apply CPA Canada's Canadian Standard on Quality Management 1. Our staff comply with the independence and ethical requirements of the Chartered Professional Accountants of Nova Scotia Code of Conduct.

Appendix 1 – Recommendations and Management Responses

Recommendation 1

Halifax Water should develop and implement a process to track appointments and document details for each appointment to demonstrate compliance with the appointment and fair hiring policies.

Management Response

Halifax Water accepts this recommendation. Staff will develop a Standard Operating Procedure (SOP) and update supporting policies to document the process and implement tracking of appointments.

Recommendation 2

Halifax Water should develop and implement a process to formally monitor all hiring activities to ensure they are fair, consistent, and comply with relevant policies and procedures.

Management Response

Halifax Water accepts this recommendation. Staff will develop a Standard Operating Procedure (SOP) and update supporting policies.

Recommendation 3

Halifax Water should develop and implement a process to maintain competition files that adequately detail all supporting information and decisions.

Management Response

Halifax Water accepts this recommendation. Staff will develop Standard Operating Procedure (SOP) and update supporting policies to document the process.

Recommendation 4

Halifax Water should develop and implement additional procedures that adequately support the application of its hiring policies and process tools.

Management Response

Halifax Water accepts this recommendation. Staff will develop additional procedures and an associated implementation plan to ensure the application of the fair hiring practice is supported.

Recommendation 5

Halifax Water should develop and offer more comprehensive company specific hiring training for employees involved in the hiring process.

Management Response

Halifax Water accepts this recommendation. Staff will develop a training offering for hiring panel members with defined frequencies.

Recommendation 6

Halifax Water should develop and implement a process to obtain signed conflict of interest declarations for each Halifax Water employee involved in each hiring.

Management Response

Halifax Water accepts this recommendation. Staff will develop processes for members of the hiring panel to ensure there are no conflicts of interest by competition.

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