

To: Council in Committee of the Whole

From: Jag Sharma, City Manager,
Office of the City Manager

Report Number: CM-18-01

Date of Report: January 25, 2018

Date of Meeting: January 29, 2018

Subject: Recruitment and Retention of Staff Audit

File: C-3100

1.0 Purpose

The purpose of this report is to present the K.P.M.G. Recruitment and Retention of Staff audit report (Attachment 1).

2.0 Recommendation

It is recommended to City Council:

That Report CM-18-01 dated January 25, 2018 and Attachment 1, being the K.P.M.G. Recruitment and Retention of Staff audit be received for information and that the recommendations and management responses in the K.P.M.G. audit be endorsed as the general basis for implementing improvements to staff recruitment and retention.

3.0 Executive Summary

Not applicable

4.0 Input From Other Sources

The Recruitment and Retention of Staff audit by K.P.M.G. was conducted with the involvement of the appropriate City employees.

5.0 Analysis

On November 28, 2016, Council endorsed the 2017 Audit Plan. The Plan was comprised of six audits, as follows:

- Overtime Follow-up
- IT Function
- Work Order Management

- Cyber Risk and Maturity Assessment
- Recruitment and Retention of Staff
- Administrative Monetary Penalties (A.M.P.)

The Overtime Follow-up, IT Function, Cyber Risk, the A.M.P. (subject of a separate report) and the Recruitment and Retention of Staff audits are complete. The Work Order Management audit is expected to be reported on in the second quarter of 2018.

The Recruitment and Retention of Staff audit contains seven recommendations (five medium risk and two low risk) related to the following inter-related aspects:

1. Reconciliation of keyscan access/identification card system (medium risk)
2. Staff change checklist (medium risk)
3. Development of staff and training (medium risk)
4. Exit interview process (medium risk)
5. Employee satisfaction survey (medium risk)
6. Job evaluation process (low risk)
7. Quality metrics (low risk)

The K.P.M.G. recommendations and the City's management response will be the basis for implementing improvements to staff recruitment and retention.

6.0 Financial Implications

There are no financial implications at this time.

7.0 Relationship to the Oshawa Strategic Plan

This report responds to the goal of Accountable Leadership – Ensure respect, responsiveness and transparency and the theme of our corporate culture demands excellence and respect, which speaks to creating an environment of excellence that attracts and retains the best employees, and understanding and supporting our most important resource – our employees.



Helen Break, Director,
Strategic Initiatives



Visha Sukdeo, Executive Director,
Human Resource Services



Jag Sharma, City Manager,
Office of the City Manager



City of Oshawa

Recruitment and Retention of Staff Review

Overall report rating:

Yellow – Green: Significant assurance with minor improvement opportunities

KPMG LLP

January 2018

This report contains 27 pages

Appendices comprise 14 pages



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Distribution

To (for action):

- Brad Annis, Manager, Compensation, Benefits and HRIS
- Julie Powell, Manager, Organizational Development
- Steve Patterson, Manager, Systems and Security Operations
- Jerry Conlin, Director, Municipal Law Enforcement and Licensing Services

CC (for information):

- Corporate Leadership Team
- Audit Team

Sponsor:

- Visha Sukdeo, Executive Director, Human Resource Services

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Section One

Executive Summary

Conclusion

We have provided a grading of significant assurance with minor improvement opportunities (yellow-green) for the recruitment and retention of staff review. Throughout our audit, we noted the City of Oshawa ("City" or "Corporation") is eager to improve its processes as it relates to recruitment and retention. This is evident through multiple initiatives currently being undertaken at the Corporation including: introducing a performance development program, automating components of processes (where applicable) and the "first mates" program. Our review also revealed areas where the Corporation has an opportunity to enhance its processes including: performing a reconciliation over the Keyscan access/identification card system to de-activate invalid cards; creating role-based profiles to improve efficiencies in the staff change checklist process; providing development and training opportunities for employees at all levels; and consistently performing exit interviews. We also noted a few minor areas where the Corporation may be able to improve retention, increase employee morale and identify trends.

During our analysis of the card issuing process, we noted there is adequate segregation of duties during the activation of a new card as cards cannot be issued without appropriate authorization; however, the Corporation is facing difficulties de-activating cards. From our analysis, we noted variances between active cards in the Keyscan card system and active employees in the PeopleSoft system, whereby there were more active cards in the Keyscan system in comparison to the number of active employees, contractors, volunteers and members of Council at the Corporation. Based on the results of our analysis, management is investigating these discrepancies in order to reduce the risk of unauthorized access to the Corporation. To prevent future discrepancies, management should consider performing regular reconciliations between Keyscan and PeopleSoft.

From our review of the onboarding process, we noted the Corporation has a "First Mates" program which pairs a new hire with a buddy to allow for greater integration and understanding of their new position at the Corporation from day one. As part of the onboarding process hiring managers are required to complete a staff change checklist for every new hire which identifies what IT systems and software, and physical access is needed. Due to the manual nature of this process, all parties involved in the set-up process experience inefficiencies, in addition, the Corporation faces increased risk of inappropriate access. The Corporation should undertake an initiative to standardize access



based on job responsibilities which in turn should minimize the number of follow-ups required during set up.

The Corporation has made efforts to improve the training and development program as an area of improvement raised in the 2010 employee satisfaction survey; however, from our review we noted that corporate and branch training of staff is limited to government mandated legislation (ex. health and safety) and to individuals at the supervisory level and above. The Corporation should consider performing an assessment of the current training program to identify opportunities to involve staff of all levels as training and development is a crucial component to retaining employees and increasing morale. In addition, the Corporation should consider performing regular employee satisfaction surveys in order to gain insight into the current workforce as it is constantly evolving.

During our review we noted improvement opportunities around the exit interview process at the Corporation including performing them more consistently and involving operational level managers after the data is analysed. Exit interviews provide insights into staff turnover and the involvement of operational level management is a key component in order to increase the likelihood of corrective actions being undertaken to improve undesirable work environments.

In order to ensure positions are compensated appropriately, the Corporation uses job evaluation tools which aids management in assessing positions to determine if compensation is appropriate based on a number of legislated factors. However, these tools are not fully implemented in all work groups (i.e. CUPE Local 250 - Outside Workers). The Human Resource Services Branch should consider holding an information session for members of the CUPE Local 250 (Outside Workers) union group to explain the process and how it would be beneficial to them along with any potential adverse implications. In addition to competitive compensation, the City of Oshawa is leveraging vacation and flex time to attract and retain talent. Based on seniority an employee at the City of Oshawa can be eligible for up to six weeks of vacation and efforts are being made to improve the current flex time policy in order to have a consolidated approach across the Corporation which is expected to be communicated in Q2 2018.

Lastly, we also noted on an annual basis the Human Resource Services Branch compiles a report card illustrating to the Corporate Leadership Team (CLT) an overview of the work completed by the branch. Although reviewing the outputs of actions annually is one way to evaluate performance, there is greater value in monitoring key performance activities internally more periodically. Management should consider exploring quality metrics with key stakeholders that will better evaluate the recruitment and retention process.

Background

This internal audit is part of the Internal Audit Plan for 2017 for the Corporation.



Effective recruitment processes can improve the performance, fit, and readiness of every person who takes on a new role at the Corporation. Recruiting includes processes around hiring, job evaluation and onboarding of staff. Some of the benefits of an effective recruitment program are: the ability to recruit quickly and respond to business needs, identifying the best staff for the Corporation, increased employee engagement, increases in morale, and decreased costs of staff, keeping in mind fit with organizational goals and design.

Once hired, retaining talent is key to the Corporation's success. There are several processes that surround the retention of staff including development, salary band movements and pay raises, internal opportunities, and job satisfaction surveys.

Objectives

Objective	Description of work undertaken
<p>Objective one</p> <p>Reviewed recruitment processes at the Corporation</p>	<p>We reviewed the current recruitment processes including:</p> <ul style="list-style-type: none"> ● Job design (including job descriptions) and evaluation processes; ● Issuing of job adverts and practices used to advertise openings; ● The use of templates for all new offer letters, contracts or agreement to Corporate policies, and ensuring these are signed and retained on file; ● Staff change checklist process (including access/identification card, IT Security Access, workspace, telephone); ● The use of background checks as appropriate/permitted; ● Collective agreements and potential for increased flexibility in clauses related to the recruitment process; ● Onboarding process once new hires are recruited; and ● The use of performance metrics in the recruitment process that will allow for municipal benchmarking and provide information on capacity. <p>We undertook walkthroughs of the processes and test the design and operating effectiveness of key controls where appropriate.</p>
<p>Objective two</p> <p>Reviewed processes for retaining talent at the Corporation</p>	<p>We examined the current processes for retaining talent including:</p> <ul style="list-style-type: none"> ● Development of staff and training; ● Salary band movements, pay rises and benefits (including flex time and vacation); ● Internal job opportunities and growth including the talent review process; and



Objective	Description of work undertaken
	<ul style="list-style-type: none"> The use of employee satisfaction surveys and the redesigned exit interview process.

Areas of good practice

- ✓ **Performance development program (ACTivate)** – The Corporation is in the process of releasing a new performance development program that will enable employees to set goals and discuss future career aspirations with their manager including growth opportunities.
- ✓ **Salary band movement** – The Corporation has developed query reports in order to identify when an employee is eligible for a salary increase to mitigate the risk of human error.
- ✓ **Job evaluation tool** – The Corporation has in-house tools that aids management in assessing a position in order to determine if compensation is appropriate based on a number of legislated factors.

Areas for development (high and medium priority only)

- **Reconciliation of the Keyscan access/identification card system** – An assessment of the card system was performed to assess if all active access/identification cards are valid. From our analysis we noted a number of discrepancies that require further analysis by management to determine the validity of the cards and whether deactivation is required. **(Recommendation 1)**
- **Staff change checklist** – For every new hire, managers are required to identify what systems they will need access to along with the different building locations and floors. This manual process increases the risk of inappropriate access and increases inefficiencies for all teams involved. **(Recommendation 2)**
- **Development of staff and training** – We noted there is limited training opportunities for staff at all levels which can lead to poor performance, inefficiencies, and higher turnover, all of which negatively impact an organization. **(Recommendation 3)**
- **Exit interview process** – Exit interviews are not consistently being performed and operational level managers are not engaged in the process after the interview has occurred. There is an opportunity to involve operational level managers once the data is analyzed in order to increase the likelihood of improving the work environment. **(Recommendation 4)**
- **Employee satisfaction survey** – The Corporation last performed an employee satisfaction survey in 2010. There is an opportunity for the Corporation to perform



these surveys periodically to gather crucial feedback and gain insight into the current workforce as it is constantly evolving. **(Recommendation 5)**

Recommendations raised

We have raised the following recommendations (high priority represents the most urgent and high risk category):

	High	Medium	Low	Total
Raised	0	5	2	7
Accepted	0	5	2	7

Acknowledgement

We thank the staff involved for their help in completing this review.

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Section Two

Recommendations

This section summarizes the recommendations that we have identified from our work. We have given each of our observations a risk rating as follows:

Priority rating for recommendations raised		
<p>High – (Priority One): Issues arising referring to important matters that are fundamental and material to the system of internal control. The matters observed might cause a system objective not to be met or leave a risk unmitigated and need to be addressed as a matter of urgency.</p>	<p>Medium – (Priority Two): Issues arising referring mainly to issues that have an important effect on the controls but do not require immediate action. A system objective may still be met in full or in part or a risk adequately mitigated, the weakness represents a deficiency in the system.</p>	<p>Low – (Priority Three): Issues arising that would, if corrected, improve internal control in general but are not vital to the overall system of internal control. These recommendations are of leading practice as opposed to weaknesses that prevent systems objectives being met.</p>

#	Risk	Recommendation	Management response, executive and deadline
1	Med	<p>Reconciliation of the Keyscan access/identification card system</p> <p>As part of our review, we leveraged data from the card system, Keyscan, to assess if all active access/identification cards are valid; whereby, valid is defined as cards that are either associated with an active employee, contractor, volunteer or member of Council. From our analysis we noted a number of instances where management needs to perform further analysis to determine the validity of the discrepancies identified and assess if deactivation is required. Per managements’ preliminary review some instances have a reasonable explanation (such as summer students, member of Council and Library and McLaughlin Art Gallery staff); however, there are other instances that are considered not to be aligned</p>	<p>Management agrees with the recommendation.</p> <p>a) Changes are already underway to modify the Keyscan database. MLELS will be working with ITS to link Keyscan with other internal databases with staff information. Once these steps are complete, the database will undergo a general clean-up. Finally, an updated policy/procedure will be created for the use of Keyscan.</p>



#	Risk	Recommendation	Management response, executive and deadline
		<p>with leading practice (such as blank access/identification cards and temporary cards issued to volunteers and those who forgot their access/identification card).</p> <p>Based on our analysis, management is currently working to deactivate all invalid cards to reduce the risk of unauthorized access to the Corporation. In addition to this step, we recommend the following:</p> <ul style="list-style-type: none"> a) Management should consider revising policies and procedures related to the issuance of access/identification cards to be aligned with leading practices. This would include collecting all relevant information prior to card issuance (i.e. name; employment status – employee, contractor, volunteer; employee ID; title) and identifying instances where issuing an access card is inappropriate. b) Perform regular reconciliations between the Keyscan system to the PeopleSoft database to identify cards that require deactivation and deactivate any card that has not been used in the past year. 	<p>b) Management is developing an IT solution and tools to assist with card reconciliations on a go forward basis.</p> <p>Owner: Jerry Conlin, Director of Municipal Law Enforcement and Licensing Services</p> <p>Due date: Q4 2018</p>
2	Med	<p>Staff change checklist</p> <p>During our review of the staff change checklist, we noted the following:</p> <ul style="list-style-type: none"> • Hiring managers are required to complete a staff change checklist for every new hire which includes details regarding set up of physical access, system requirements and workspace. Since the Corporation does not have role-based profiles based on job responsibilities, managers need to be able to identify what systems a new employee will need access to along with the different building locations and floors every time. Due to the manual nature of this process, there is a risk that inappropriate access may be granted 	<p>Management agrees with the recommendation.</p> <ul style="list-style-type: none"> a) Management will undertake an initiative to standardize system access, where possible, i.e. based on i) Department, ii) Branch, and iii) roles. Human Resources will work with ITS to develop an appropriate process whereby standardization of



#	Risk	Recommendation	Management response, executive and deadline
		<p>resulting in unauthorized use and increased inefficiencies (e.g. multiple follow ups to clarify access requirements).</p> <ul style="list-style-type: none"> ● In addition, we noted 4/10 staff change checklists reviewed were not submitted within a timely manner (i.e. ten business days prior to a new hires first day). We also noted instances where the staff change checklist was submitted after a new hire's first day. <p>We recommend that:</p> <ol style="list-style-type: none"> a) The Corporation should consider undertaking an initiative to standardize access based on job responsibilities. This project should be undertaken with the cooperation of each branch with priority given to the creation of job responsibilities that employ a large number of individuals or experience higher turnover. b) The Human Resource Services Branch along with the IT Services (ITS) Branch should re-emphasize the importance of completing the staff change checklist in a timely manner. 	<p>system access rights will be considered as part of Position Description creation and updates.</p> <p>b) Management will re-emphasize the importance of completing the staff change checklist in a timely manner.</p> <p>Owner: Dave Mawby, Director of Information Technology Services and Visha Sukdeo, Executive Director of Human Resource Services</p> <p>Due date: Q2 2019 and Q1 2018 respectively</p>
3	Med	<p>Development of staff and training</p> <p>As part of our review, we examined the training program implemented by the Human Resource Services Branch. We noted that corporate and branch training is limited to government mandated legislation (ex. health and safety) and to individuals at the supervisory level and above. Although the Corporation has made great efforts to improve the training program following the 2010 employee satisfaction survey, these efforts have not yet reached staff of all levels or maximized internal growth opportunities.</p> <p>Employees who feel they cannot develop within their organization or fulfil their career goals are generally more likely to leave. This can be costly as rehiring costs (including recruiting, hiring, initial training and</p>	<p>Management agrees with the recommendation.</p> <ol style="list-style-type: none"> a) Management will perform a review of current training offerings and opportunities, including Corporate and Branch training budgets, with all Departments. b) Management will investigate opportunities for cross training and consider developing a formal policy or program.



#	Risk	Recommendation	Management response, executive and deadline
		<p>overtime work to cover a vacant position) can be significant.</p> <p>We recommend the following</p> <ul style="list-style-type: none"> a) The Corporation should perform an assessment of the current training program to identify opportunities to involve staff of all levels. Part of this assessment should include an evaluation of position levels at the Corporation in order to assign targeted training dollars per level. Typically an organization that is of comparable size to the City of Oshawa, invests anywhere from 2% to 5% of salary into the training budget. In 2016 the Corporation spent 1.23% of salary on training and development. b) Consider offering employees the opportunity to cross train (as deemed appropriate based on position type), whereby employees would learn new roles and responsibilities separate from their current position in areas where they have shown interest. This is common practice within businesses as it enables growth opportunities and retention of staff while increasing employee morale; however, cross training does not necessarily led to compensation changes or a promise of a new position. 	<p>Management will also consider collective bargaining implications.</p> <p>Owner: Visha Sukdeo, Executive Director of Human Resource Services</p> <p>Due date: Q3 2018 and Q4 2019 respectively</p>
4	Med	<p>Exit interview process</p> <p>During our review, we noted that exit interviews are not consistently performed and identified trends are not reported to CLT or managers at the operational level. The performance of exit interviews and identifying patterns is considered to be leading practice when an employee leaves an organization as it provides management with insight into staff turnover and opportunities to improve the Corporation. In addition, the involvement of operational level managers after data is collected is a key component in order to increase the likelihood of</p>	<p>Management agrees with the recommendation.</p> <p>Management will undertake to perform exit interviews more consistently. As noted, the direct involvement of managers at such interviews may result in fewer employees agreeing to attend and/or</p>



#	Risk	Recommendation	Management response, executive and deadline
		<p>corrective actions being undertaken to improve undesirable work environments.</p> <p>We recommend Human Resource Consultants perform exit interviews more consistently. It is important to note that employees are more likely to provide honest feedback if management is not present during the discussion. The results of the interviews should be analysed at the branch and Corporation level in order to provide operational managers and CLT insight into employee turnover. Lastly, based on the overall trends, the Corporation should develop action plans to improve retention.</p>	<p>give honest feedback. Employees will, however, be given the choice to have management attend the interview.</p> <p>A review of the Exit Interview Policy will be conducted.</p> <p>Owner: Visha Sukdeo, Executive Director of Human Resource Services Due date: Q4 2018</p>
5	Med	<p>Employee satisfaction survey</p> <p>Conducting an employee satisfaction survey allows an organization to gather crucial feedback related to overall employee well-being; engagement; workplace climate; and a holistic view of the organization from the employee's perspective. Per our discussion with management, we noted the City of Oshawa conducted an employee satisfaction survey in 2010.</p> <p>We recommend the Corporation perform a periodic employee satisfaction survey in order to adapt to the ever changing work environment and labour force. This is crucial as the Corporation's workforce continues to transition with a forecasted retirement of 22% of the current staff within the next five years. Additionally a survey would be advantageous to the Corporation in order to gain insight into the current workforce as the values and needs illustrated in the 2010 employee satisfaction survey may not be an accurate reflection of the current time.</p>	<p>Management agrees with the recommendation.</p> <p>Management will develop an approach to conducting periodic employee satisfaction surveys and seek resources (i.e. budget for 2019 Budget cycle) to perform such a survey in 2019.</p> <p>Owner: Visha Sukdeo, Executive Director of Human Resource Services Due date: Q2 2018</p>
6	Low	<p>Job evaluation process</p> <p>The Corporation has job evaluation tools that aid management in assessing a position to determine if compensation is appropriate based on a number of legislated factors (including skill, effort, major responsibilities, complexity, working conditions,</p>	<p>Management agrees with the recommendation.</p> <p>Management will hold an information session for members of CUPE Local</p>



#	Risk	Recommendation	Management response, executive and deadline
		<p>education and experience requirements). These tools are fully implemented in all work groups with the exception of CUPE Local 250 (Outside Workers).</p> <p>We recommend the Human Resource Services Branch consider holding an information session for members of the CUPE Local 250 (Outside Workers) Union group to explain the process to them. This will allow the employees of the Union to be educated in order to make an informed decision.</p>	<p>250 on the job evaluation process.</p> <p>Owner: Visha Sukdeo, Executive Director of Human Resource Services</p> <p>Due date: Q2 2018</p>
7	Low	<p>Quality metrics</p> <p>Through discussion with management, we noted that key performance metrics are not in place and monitored as they relate to recruitment and retention processes. Annually the HR Branch compiles a Human Resource Services Annual Report for CLT with the intention to provide an overview of the work completed by the HR Branch on behalf of the Corporation. Although reviewing the outputs of actions annually is one way to evaluate performance, there is greater value in monitoring key performance activities internally more periodically (i.e. quarterly) as this may lead management to identify root causes behind not meeting key performance metrics and patterns promptly and allow action plans to be implemented in a more timely manner.</p> <p>Across the industry we noted there is a greater focus around developing outcome and quality measures, as opposed to reviewing input and output measures solely. We recommend management explore quality metrics (ex. time to hire, turnover rate, sick time taken, etc.) which can be used within the HR Branch to assess recruitment and retention activities for internal purposes. These performance metrics should allow the HR Branch to better evaluate the current recruitment and retention process against municipal benchmarking and identifying capacity issues.</p>	<p>Management agrees with the recommendation.</p> <p>Management will conduct a review of key performance metrics for Human Resource Services.</p> <p>Owner: Visha Sukdeo, Executive Director of Human Resource Services</p> <p>Due date: Q2 2018</p>



Appendices

Appendix A: Summary of work and assurances

In line with the objectives of the audit, we have assessed the processes and controls in place around the recruitment and onboarding processes. The following Appendix demonstrates the relevant processes we have identified and the key controls in place to mitigate risks. We have commented on the design of these controls in the right-hand column. Where controls have been deemed to be designed effectively, we have gone on to test their operating effectiveness in Appendix B.

Recruitment process

As part of our fieldwork, we walked through the recruitment process to fill a vacant position.

Process	Control	KPMG comments on design
A need is identified to hire a new employee by a hiring manager.		
The hiring manager reaches out to the applicable Human Resource Consultant to obtain a copy of the most recent job summary for review.	<ul style="list-style-type: none"> • All job summaries are retained in the Corporation's recruitment tracking software (Luceo). • All job summaries are reviewed by the hiring branch prior to posting a job advert to ensure all necessary changes are made. 	<ul style="list-style-type: none"> ✓ Each Human Resource Consultant has different assigned work groups that they support which allows for continuity.
Once the changes are identified, they are given to the applicable Human		



Process	Control	KPMG comments on design
Resource Consultant to update the job summary.		
Minor changes to the job summary are updated by the Human Resource Consultant.	All revised job summaries are saved in the Corporation’s recruitment tracking software (Luceo).	<ul style="list-style-type: none"> ✓ 10/10 job summaries reviewed were revised prior to posting the job advert.
Material changes to the job summary triggers the need to perform a job evaluation (with the exception of CUPE Local 250).	<ul style="list-style-type: none"> • An assessment of the new job summary is performed to determine an appropriate compensation based on the new job requirements. • The Job Evaluation Committee must agree on the results from the job evaluation process prior to finalizing. 	<ul style="list-style-type: none"> ✓ The Corporation uses tools to perform and standardize the job evaluation process. ✓ A Job Evaluation Committee exists to mitigate the risk of misinterpretation. <ul style="list-style-type: none"> • CUPE Local 250 (Outside Workers) do not have a job evaluation tool (Recommendation 6).
After the job summary is revised, the hiring branch completes a requisition form.	<ul style="list-style-type: none"> • Request for a new hire is made through a standardized online requisition form. • Requisition forms must have all required approvals prior to posting a job advert. 	<ul style="list-style-type: none"> ✓ 10/10 new hires reviewed had a completed requisition form. ✓ Luceo prompts approvers to provide electronic sign-off in sequential order. ✓ The approval process varies based on the type of new hire and provides greater oversight where needed.
The job advert is posted.		<ul style="list-style-type: none"> ✓ Job adverts are typically posted internally and



Process	Control	KPMG comments on design
		externally to maximize exposure and be aligned with Union agreements.
↓	↓	↓
Candidates are selected for the interview process.	<ul style="list-style-type: none"> • Candidates will only be scheduled for an interview once the hiring manager has provided the applicable Human Resource Consultant with interview questions. • Interview questions and testing materials are reviewed and finalized by the applicable Human Resource Consultant prior to the interview. 	<ul style="list-style-type: none"> ✓ There are numerous resources provided by the Corporation to hiring managers to aid in the development of interview questions and testing materials.
↓	↓	↓
Based on the job criteria a successful candidate is selected by the hiring panel and an offer letter is issued.	Standardized offer letters, contracts and agreement to Corporate policies are used to ensure consistency across the Corporation.	<ul style="list-style-type: none"> ✓ 10/10 new hires reviewed had a standardized offer letter and signed agreement to Corporate policies retained in their employee file with minor difference depending on the position.



Onboarding process.

As part of our fieldwork, we walked through the onboarding process of a new employee.

Process	Control	KPMG comments on design
<p>Once a successful candidate is selected, a background (if applicable) and reference check is performed.</p>	<ul style="list-style-type: none"> Human Resource Consultants have a list of all positions that require a background check. Evidence of background and reference checks performed are retained within the employee file. 	<ul style="list-style-type: none"> ✓ 10/10 new hires reviewed retained evidence of background and reference checks within their employee file (where applicable).
<p>Prior to a new hires first day a staff change checklist is completed. Part of the checklist identifies what system and physical access is required.</p>	<ul style="list-style-type: none"> There is an instructional guide available to managers illustrating how to complete a staff change checklist. Per the staff change checklist process, the form should be submitted ten business days prior to a new hires first day. 	<ul style="list-style-type: none"> For every new hire managers are required to identify what systems they will need access to along with the different building locations and floors. (Recommendation 2) 4/10 staff change checklists reviewed were not completed in a timely manner. (Recommendation 2)



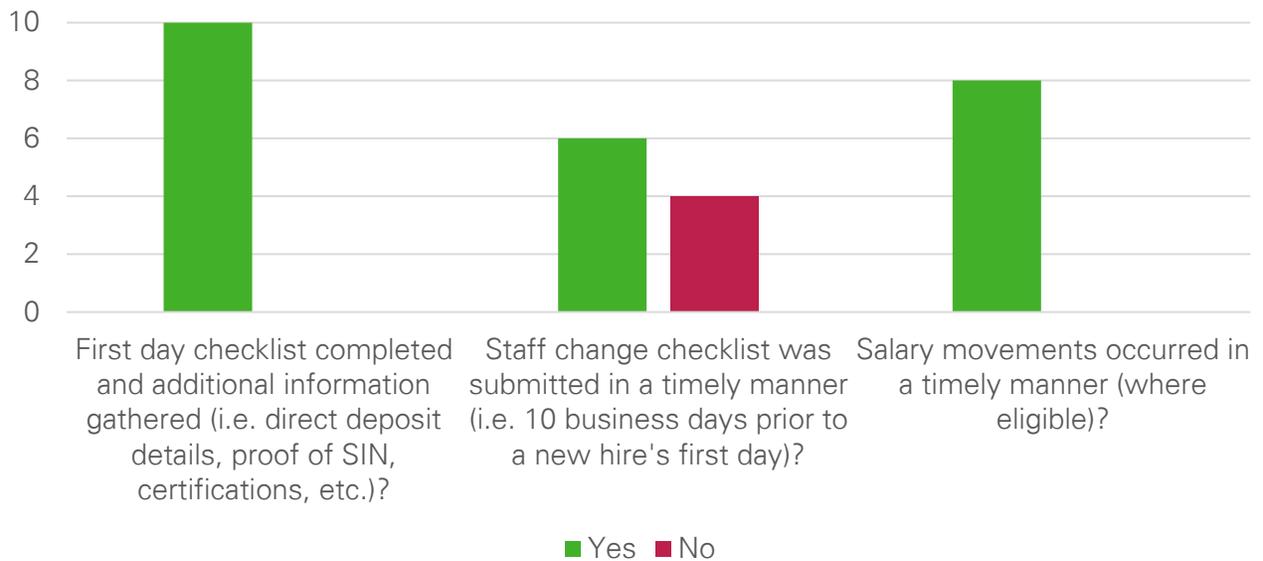
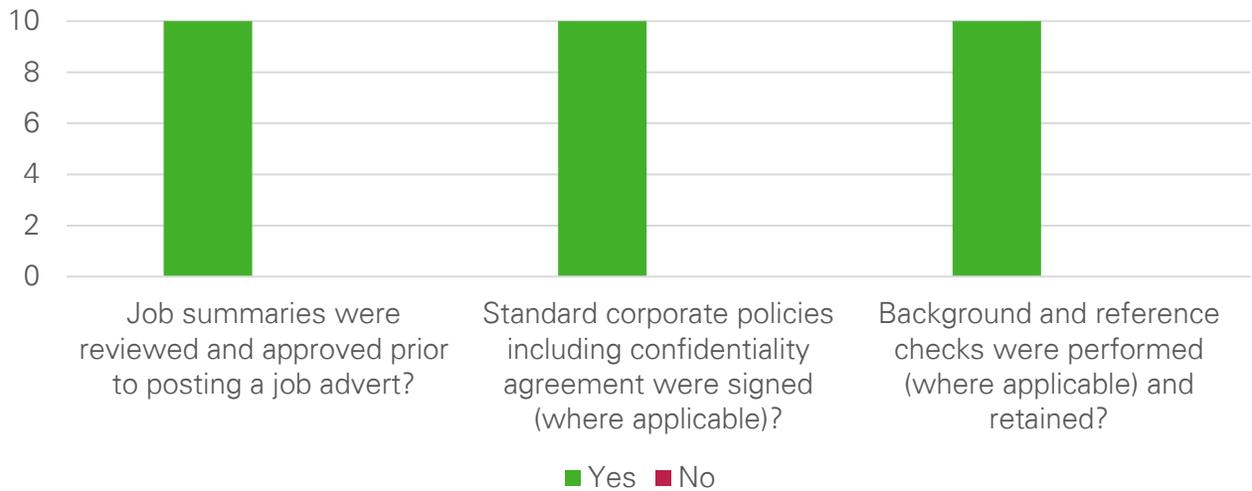
Process	Control	KPMG comments on design
<p>Upon a new hires first day additional information is gathered and first day training is administered by the branch.</p>	<ul style="list-style-type: none"> • Human Resource Assistants use a first day checklist to ensure all additional information is collected. • Additional information (e.g. direct deposit details, proof of SIN, certifications and etc.) are retained within the employee file. 	<p>✓ The Human Resource Services Branch has developed a First Mates program to aid new hires in becoming familiarized with the Corporation and their position.</p>



Appendix B: Summary of testing results

We summarize below the results of the testing we have performed over the controls in place. A sample size of 10 was selected.

Recruitment and onboarding process





Findings

We obtained a listing of all new hires that occurred from January 1, 2017 to August 31, 2017. As there is more than one hire per week we selected a sample of ten new hires in the current year in order to conduct further detailed testing.

- ✓ 10/10 new hires had a reviewed and approved job summary prior to posting a job advert.
- ✓ 10/10 new hires had a signed confidentiality agreement along with standard corporate policies (i.e. Computer Use Policy; Respect in the Workplace - Harassment and Violence Policy; Code of Conduct; Accessible Customer Services; and Integrated Accessibility Standards Regulation), where required.
- ✓ 10/10 new hires had a completed background and reference check, where applicable. During our review, we noted this information was retained in their employee file.
- ✓ 10/10 new hires had a completed first day checklist which identifies the additional information that must be gathered on an employee's first day (ex. direct deposit details, proof of SIN, certifications, etc.) and we noted the additional information was retained in their employee file.
- 4/10 staff change checklist were not submitted within a timely manner (**Recommendation 2**).

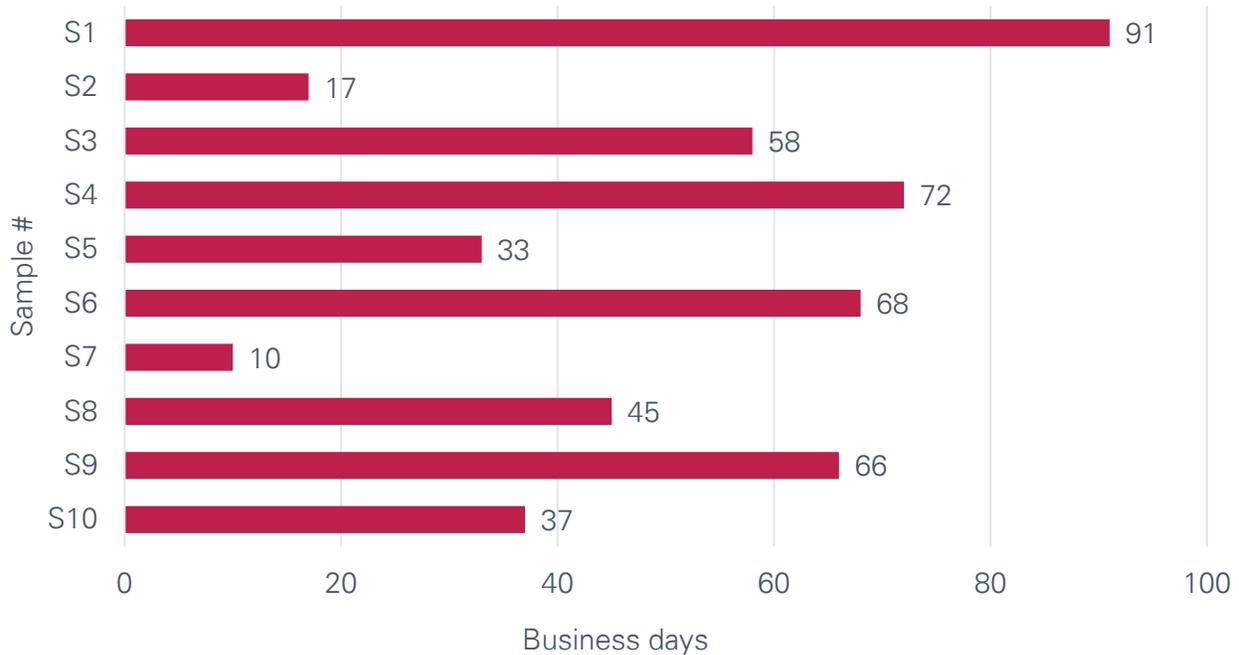
In addition, we obtained a listing of all employees in fiscal year 2016 that would be eligible for a salary movement. As the activity operates on a weekly basis we selected a sample of eight employees in order to conduct further detailed testing.

- ✓ 8/8 employees received their salary movement within a timely manner (i.e. within two weeks of eligibility), where applicable.



Appendix C: Data analytics

Recruitment timeline: number of business days to fill a position



Observations

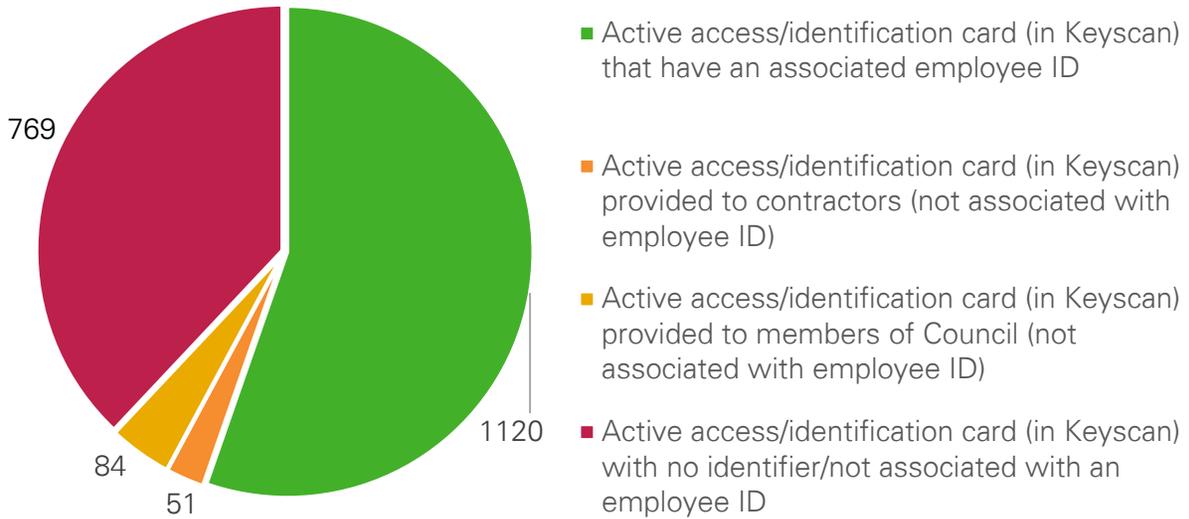
Using the ten new hire samples we selected in our detailed testing, we performed a further analysis in order to determine the number of business days it takes to fill a vacant position from time of requisition commencement to when an offer letter is issued. Based on our ten samples, we noted on average it takes 50 business day to fill a position; however, prior to a requisition being commenced the hiring branch reviews the job summary and the HR Branch updates the summary and performs a job evaluation, as necessary. These additional steps also increase the overall time required for the recruitment process.

By tracking quality metrics such as time to fill, the HR Branch may be able to identify underlying root causes to shorten the recruitment process and better evaluate the retention process against municipal benchmarking and identifying capacity issues. **(Recommendation 7)**

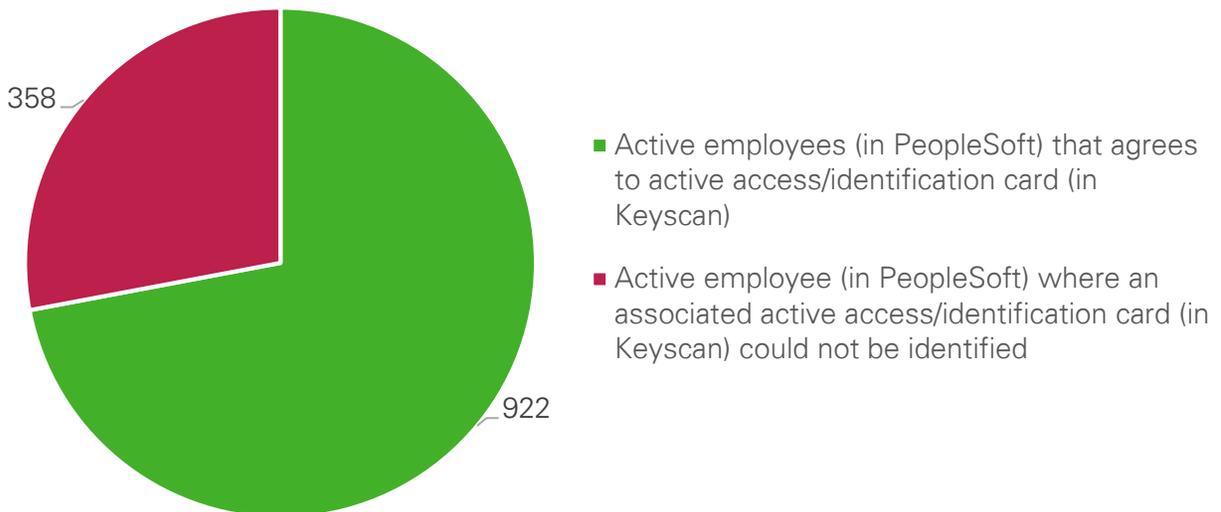


Active access/identification cards

Active cards in Keyscan



Active employees in PeopleSoft





Observations

As part of our review, we obtained a listing of all active access/identification card from the Keyscan card system as at September 1, 2017 in order to assess if all active cards relate to either an active employee, contractor, volunteer, or member of Council. From our analysis of the data received from the Keyscan system, we noted there were 2,024 active cards; however, only 1,255 cards had an associated employee ID or an identifier indicating whether the card related to a contractor or member of Council; resulting in, 769 cards not categorized into the above classifications.

Furthermore we performed an analysis in order to validate whether employees with an active status in PeopleSoft had an associated active access/identification card in the Keyscan system. From our initial observation, we noted PeopleSoft had 1,280 active employees as at September 1, 2017 which is slightly more than the active cards with associated employee IDs in Keyscan (1,120). From our validation, we noted only 922 active employees had an associated access/identification card in Keyscan, resulting in 358 active employees in the PeopleSoft database where an associated card could not be identified in Keyscan which is unusual as all staff are required to have an access/identification card.

Based on the results, management is investigating these discrepancies in order to reduce the risk of unauthorized access to the Corporation. Per management's preliminary review some instances have reasonable explanation (such as summer students, Library and McLaughlin Art Gallery staff); however, there are other instances that are more concerning (such as blank access/identification cards and temporary cards issued to volunteers and those who forgot their access/identification card). Further investigation will be performed by management into each instance to assess the validity of the card and to determine whether deactivation is required.

We recommend the Corporation revise the policies and procedures related to the issuance of access/identification cards to be aligned with leading practice. In addition, regular reconciliations between the card system, Keyscan, and the Peoplesoft database should be performed to reduce future discrepancies. **(Recommendation 1)**



Corporate and Branch training and development

Fiscal Year	Allocated training budget	Total cost of training	Total cost of salary	Training as a % of salary costs (budget)	Training as a % of salary costs (actual)
FY 2014	\$451,400	\$395,682	\$44,664,470	1.01%	0.89%
FY 2015	\$635,200	\$562,814	\$47,887,174	1.33%	1.18%
FY 2016	\$642,380	\$554,458	\$45,088,897	1.42%	1.23%

Observations

In order to assess the total cost of training in relation to the Corporation's salary expense (whereby salary expense includes regular pay, overtime, statutory holiday pay) we obtained a listing of total salary paid in FY 2014, FY 2015 and FY 2016 and budget and actual training (at both Corporate and Branch level) dollars spent in the respective years. Based on our analysis we noted in FY 2014 the budget and actual training dollars spent was 1.01% and 0.89% (respective) of total salary cost; 1.33% and 1.18% in FY 2015; and 1.42% and 1.23% in FY 2016. Generally at the Corporate and Branch level 88% of the allocated budget is spent on actual training for employees which includes both mandatory and optional training programs.

Although actual training dollars spent in FY 2015 and FY 2016 has increased it is not comparable to other municipal organizations of similar size. Typically an organization that is of comparable size to the City of Oshawa, invests anywhere from 2% to 5% of salary into the training and development budget. We recommend the Corporation re-evaluate its approach to training as employees who feel they cannot develop within their organization as more likely to leave which in turn increase turnover and negatively impacts an organization. **(Recommendation 3)**



Appendix D: Staff involvement and documents reviewed

We undertook interviews from September 2017 to October 2017 with key stakeholders to inform this work, including:

Name	Title
Visha Sukdeo	Executive Director, Human Resource Services
Jerry Conlin	Director, Municipal Law Enforcement and Licensing Services
Brad Annis	Manager, Compensation, Benefits and HRIS
Julie Powell	Manager, Organizational Development
Steve Patterson	Manager, Systems and Security Operations
Alex Levisen	Manager, Administration & Finance (OSCC)
Julie Van Seggelen	Human Resources Consultant
Kathleen Vincent	Human Resources Consultant
Sara Ingram	Human Resources Consultant
Lisa Brant	Organizational Development Consultant
Trish Bartkiw	Human Resources Clerk
Robin McDonnell	Human Resources Assistant
Crystal Tragert	Network Administrator

We received the following documentation over the course of fieldwork:

- Creating effective screener questions guide
- Developing interview material guide
- Developing testing material and other selection methods guide
- Onboarding guide
- Position justification briefing document
- Employee onboarding program
- Emerging leaders program
- Employer of choice briefing document



- Talent management update briefing document
- Proposed management and leadership training and development programs (TEAMs and LEADs)
- Proposed management and leadership training and development programs (TEAMs and LEADs) - follow up report
- Five year course curriculum for TEAMs and LEADs
- Talent management – overview of program with budget allocation
- Talent management road map and presentation
- TEAMs and LEADs program summary
- Learning commitment briefing document
- Recruitment and selection policy
- Frontline manager’s toolkit – recruitment and selection.
- 2017 recruitment tracker
- Human Resource Service Annual Report Card from 2012 to 2016
- 2011 budget follow up - strategic Human Resource framework phased implementation
- Organizational review and mandates of the standing committees of council
- 2017 budget request for recruiting resources
- 2017 seminars and training schedules budget
- Education reimbursement and financial assistance program – regular employees
- Education and training allowance – executive and legislative office members
- Education reimbursement and financial assistance application
- Educational Assistance Agreement
- Course evaluation form
- Candidate selection flowchart
- Interview preparation flowchart
- Onboarding flowchart
- Harvard ManageMentor – overview notes
- Talent review – “9 box grid”



- “Readiness Grid” overview
- “Readiness Grid” template – branch heads
- 2016 turnover report
- Vacancy details by branch – January 1, 2016 to September 8, 2017
- Union agreements
- Job evaluation tool – exempt and non-union
- Job evaluation tool – CUPE Local 251
- Benefit index summary – September 2017
- Benefit plan comparison
- 2017 benefit premium rates
- Claim details by category for all specified billing divisions
- Current posting and ad list (2008 to 2017)
- Total payroll and training cost (2014 to 2016)