Oshawa®

Public Report

To:	Finance Committee
From:	Jag Sharma, City Manager, Office of the City Manager
Report Number:	FIN-16-50
Date of Report:	June 17, 2016
Date of Meeting:	June 23, 2016
Subject:	Payroll and Overtime Audit
File:	C-3100

1.0   Purpose

The purpose of this report is to transmit the KPMG Audit Report for Payroll and Overtime.

2.0   Recommendation

That the Finance Committee recommend to City Council:

That Report FIN-16-50 dated June 17, 2016 and Attachment No. 1, being the KPMG audit report for payroll and overtime, be received for information.

3.0   Executive Summary

Not applicable.

4.0   Input From Other Sources

The payroll and overtime audit by KPMG was conducted with the involvement of the appropriate City employees.

5.0   Analysis

On June 29, 2015, Council received for information the 2015 Audit Plan. Three audits were part of the Plan, as follows:

- Accounts receivable and cash handling
- Accounts payable and purchasing compliance
- Payroll and overtime

All three of these audits are now complete, with the submission of the KPMG Payroll and Overtime Audit with findings and recommendations.

The audit report includes six recommendations – two are medium risk and four are low risk. One medium risk relates to the absence of a City-wide overtime tracking policy. The recommendation is to develop such a policy that will ensure consistency in the tracking of overtime between departments. The second medium risk speaks to the apparent increase in overtime over the past three years, noting there are various reasons why overtime occurs albeit within the confines of the approved budget. The recommendation is to undertake a more in-depth study and assessment of resource needs and current working practices, including the hours of work, to identify ways to minimize overtime. It is proposed that Human Resource Services, in consultation with the Department Heads, develop a project plan and budget for a more in-depth study for Council's consideration as part of the 2017 budget process. It is this in-depth study that will allow staff to better address the questions that Council has asked about the use and cost of overtime at the City.

Two of the four low risks identified relate to the segregation of duties in payroll and the review of duplicate direct deposit accounts. Management has already responded to and completed the recommendations related to these two risks. The third low risk relates to the development of an overtime tracking system to ensure consistency across the corporation, which will be undertaken in association with the HRIS Phase 2 process. The last low risk speaks to the need to standardize a process to record the City assets/property held by each employee to ensure the timely return of such property upon voluntary termination.

6.0   Financial Implications

There are no financial implications.

7.0   Relationship to the Oshawa Strategic Plan

This report responds to the Council-approved principle of financial stewardship, which underlies the Oshawa Strategic Plan. It also responds to the goals of Economic Prosperity – Ensure economic growth and a sound financial future, and Accountable Leadership – Ensure respect, responsiveness and transparency.

Helen Break, Director, Strategic Initiatives,
Office of the City Manager

Jacqueline Long
Executive Director, Human Resource Services

Stephanie Sinnott
Executive Director, Finance Services/Treasurer

Jag Sharma, City Manager,
Office of the City Manager

KPMG

cutting through complexity ™

If this information is required in an accessible format, please contact Service Oshawa. Telephone: 905-436-3311; email: service@oshawa.ca.

Internal Audit of Payroll and Overtime

Overall report rating
Significant assurance with improvement opportunities

City of Oshawa

May 2016

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Appendices

Status of Report

Discussion draft issued	**26 January 2016**
Management responses received	**6 May 2016**
Final report issued	**9 May 2016**
Presented to Finance Committee	**23 June 2016**

Distribution

To (for action):

- Jay Martin – Manager, Financial Services and Financial Systems
- Pat Morrison – Supervisor, Payroll and Accounts Payable
- Brad Annis - Manager, Compensation, Benefits and HRIS

cc (for information):

- Jackie Long – Executive Director of HR
- Stephanie Sinnott – Executive Director, Finance Services/Treasurer

Sponsor

- Jackie Long – Executive Director of HR

Conclusion

We have provided a grading of **significant assurance with minor improvement opportunities (amber-green)** for the Payroll and Overtime Internal Audit. This audit involved two separate but inter-related areas around the processing of payroll, and the collection and reporting of overtime data. While no significant weaknesses were found, there are opportunities to enhance the processes, controls and reporting of overtime being worked across the City to ensure this is better understood and monitored. Risks could increase around overtime if actions are not taken in the short and medium term. This audit has not been able to identify if there are problems with overtime at the City. A more in-depth exercise from an independent body should be considered to understand the data around overtime, why overtime is being incurred and how it could be reduced where it is beneficial to do so. The audit did not cover benchmarking of overtime data to other municipalities, and the data provided around overtime did not allow for systematic analysis to be undertaken in this review due to concerns over data quality.

We found established payroll processes in place, however segregation of duties of some functions could be improved. Phase 1 of the Human Resources Information System (HRIS) implementation is targeted to be completed by May, 2016 which will address some of the payroll issues.

Processes to track and monitor overtime consists of mostly manual processes and controls with limited consistency between departments for those covered in this review. Some areas track overtime manually on spreadsheets while other areas use the Maintenance Management System (MMS) system. The existence of a corporate-wide overtime tracking policy and related procedures would help to clarify roles and responsibilities and bring consistency to processes. In the longer term, consideration should also be given to developing a system to track overtime electronically.

In recent years a number of circumstances may have caused an increase in overtime. Reasons include recruitment of staff, gaps in processes related to succession and workforce planning, challenges in work planning and coverage, set schedules of staff, levels of development activity and capacity constraints. We also noted that job positions are being left vacant (a practice referred to as "gapping"), which in some cases can lead to increased costs when overtime is incurred, although the City uses overtime as a tool but within the confines of the budget. A more in-depth assessment across the City would assist in analyzing the data to a greater degree and identify whether there is an issue. There could also be an opportunity to identify whether appropriate staffing models are in place and undertake an assessment of some staff's working hours would allow increased flexibility and minimize overtime where appropriate.

We noted that effective controls were in place for the processing of payroll amendments and new hire information inputted and updated in PeopleSoft. Increases in pay were also authorized appropriately and employees were paid new rates. Payroll processes were found to be mostly manual, which could result in segregation of duty concerns including the inability to provide independent review and approval. Our walkthrough of processes found that there are individuals who currently have the potential to set up new hires, input or change banking information and process pay functions. This combination of access can increase the risk of incorrect setup of employees or the processing of payments. Appropriate segregation of these functions are planned for Phase 1 of the HRIS implementation, to be implemented in May 2016. When implemented the upgrade will provide enhanced controls and allow for appropriate segregation of duties.

Background

Payroll processes are critical to the City in terms of ensuring staff receiving accurate remuneration for their work. A T4, is also called a Statement of Remuneration Paid and is an information slip that is prepared and issued by the City of Oshawa to the Canada Revenue Agency (CRA). There are key controls required to ensure that pay is accurately calculated and processed and that there are appropriate controls in place for adding new employees to the payroll, making changes to their status and removing them in a timely manner when they leave the City. Staff pay for 2014 totaled $68.4m.

Hourly employees' time is entered on the financial side in MMS system (which allows more cost-based details to be entered) and for remaining employees it is entered into Time and Labour.

Processes for authorizing, managing and monitoring of overtime are important to ensure that staff workloads are planned appropriately and that costs are controlled. This audit is a snapshot in time and overtime costs are impacted by a number of variables such as extreme weather. From analysis undertaken by the City, Overtime paid for 2014 and 2015 totaled $3.1m in each year.

The City has been taking steps to review overtime in line with leading practice, and given the recent increase in costs and the financial constraints the City finds itself under. Consideration is being given to the working practices and workforce planning being undertaken, particularly where some City employees' work is seasonal in nature where overtime may be higher in certain months.

Overtime can be split out into the following elements:
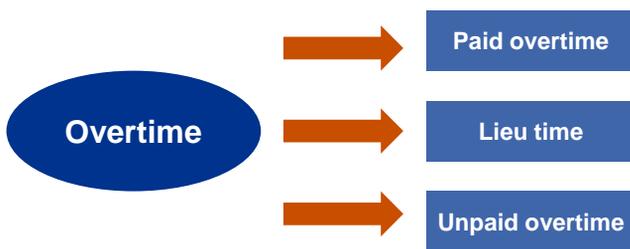
Some staff are entitled to paid overtime where they work over and above their contracted hours. Some staff choose to take this as lieu time, where they receive time off in compensation for the overtime worked. There is also an exempt group where overtime is not allowed to be claimed (generally above a management level).

Further in-depth analysis is needed as the data that was provided for this audit was not possible to summarize in a consistent way and concerns were raised over data quality. The data and information needed to do this includes:

• Overtime hours worked by department;

• Overtime paid by department;

• Unpaid overtime worked by department (where someone works overtime but is not entitled to overtime); and

• Lieu time worked by staff by department.

Objectives

Objective	Description of work undertaken
Objective one Design and operating effectiveness of payroll	Reviewed the following key processes and controls in place for payroll, including: • Setting up new hires, processing amendments and terminations from the payroll system; • Efficiency of current transactional processing; • Segregation of duties for key processes; • Exception reporting on changes to pay and other key variances; and • Budget reporting on staff costs.

Objective	Description of work undertaken
Objective two Design and operating effectiveness of overtime processes and controls	Used the previous analysis by the City and undertook other data analytic procedures on overtime across the City to highlight hotspots for overtime and areas for focused testing. The areas for focused testing included Building Services, Park Services and some central support functions (which included Finance, HR and IT). We considered: • Reasons for overtime and time in lieu being accrued (including unpaid overtime where this was recorded); • Whether the staffing model and staffing levels required further review; and • Policies governing overtime and time in lieu.

Areas of good practice

✓ **Payroll Process:** There is strong compliance around payroll amendments, updated new hire information in the PeopleSoft System and pay increases are appropriately authorized.

✓ **Overtime Process:** Human Resources, IT, Finance and Building Services track overtime and time in lieu on manual spreadsheets within each area. Parks use MMS to track overtime.

✓ **Overtime Approval:** There are good process controls in place to ensure overtime is appropriately requested and approved within each of the five in-scope areas.

Areas for development

• Overtime is not consistently tracked across different areas of the City as there is no corporate-wide overtime tracking policy. An over-arching policy for tracking overtime will allow for easier tracking and analysis of overtime (**Recommendation One**). An electronic system should be considered for development as part of the HRIS project (**Recommendation Four**).

• We have noted a number of reasons why overtime is being incurred including issues relating to recruitment, workload and lost staff. Further work is needed to investigate the apparent increases in overtime which should be undertaken by an independent body to ensure objectivity (**Recommendation Two**).

• We also noted a number of low priority findings which included: a significant number of controls and processes that are manual which can lead to segregation of duties conflicts, a lack of review around Duplicate Direct Deposits, and the termination checklist is not always completed and returned to HR. The Phase 1 upgrade would enhance controls and reduce paper usage and storage costs (**Recommendation Three, Five and Six**).

Recommendations raised

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

	High	Medium	Low	Total
Raised	0	2	4	**6**
Accepted	0	2	4	**6**

Acknowledgment

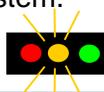We thank the staff involved for their help in completing this review.

Recommendations

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

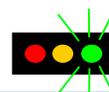| Priority rating for recommendations raised		
High – (Priority One): Issues arising referring to important matters that are fundamental and material to the system of internal control. The matters observed might cause a system objective not to be met or leave a risk unmitigated and need to be addressed as a matter of urgency.	**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.	**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.

#	Risk	Recommendation	Management response, executive and deadline
1	● (medium)	**Development of a City-Wide Overtime Tracking Policy** We noted that overtime is tracked using different spreadsheets and methods for the five departments in the scope of this review. This is because there is no overarching policy for tracking of overtime. Unpaid overtime is not tracked for some areas and reasons for overtime are also not routinely documented on an individual basis for some areas. Where a job is held vacant, there is no routine way in which the implications of this are assessed to ensure it will not be more costly in terms of overtime or cause staffing pressures. We recommend that an overtime tracking policy should be developed that incorporates: o Guidelines and responsibilities; o How overtime and lieu time should be tracked, including recording the reason for overtime; o Approval and payment of overtime; o Measures for minimizing overtime; o Compliance and enforcement of the policy; o Approval and update of the policy; and o Council Reporting as necessary through existing mechanisms The City may also benefit from formalizing its assessment of jobs held vacant for staff, considering the benefits as well as costs and impact on service.	Management agrees with the recommendation. A corporate-wide policy will be developed for implementation and launch in 2017, with procedures developed departmentally. The policy and procedures, which will be developed based on internal stakeholder engagement, alignment with current overtime policies and collective agreements, and review of established leading practices, will focus on: • guidelines and responsibilities • approval and payment of overtime • compliance and enforcement • development of interim process/tool to track, approve, and payout overtime • guidelines and resources to help managers minimize overtime and assess impact of leaving positions vacant (gapping) Owner: Brad Annis - Manager, Compensation, Benefits and HRIS Due date: June 30, 2017

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#	Risk	Recommendation	Management response, executive and deadline
2	● (medium)	**Use and Management of Overtime** Paid overtime appears to have increased over the past three years across the City from the areas in the scope of this review. We explored reasons why overtime occurs with the departments incorporated in this review (see Appendix C for more detail). In summary: • Recruitment is more difficult in some areas, where specialist skills are needed meaning there are not staff available to cover absences or increases in activity. • Key staff are being lost due to retirement and while succession planning is now in place for the broader leadership team (Commissioner/Director roles) it takes time to ensure staff have the necessary skills and experience. • Staff on leave are returning and catching up on work as there may not have been an ability to provide appropriate cover while they were absent. • All collective agreements have set working hours (e.g. 7am to 3pm) meaning work scheduled outside of those hours is classed as overtime. • Capacity constraints in HR may be limiting the ability to support recruitment in the departments and ensure necessary support to departments. • "Gapping" may cause some overtime to be incurred. This is not always an issue as it may mean better utilization of staff, but has to weighed up with the costs and potential impact on staff morale. Too much overtime can lead to burnout, lower staff satisfaction and even occupational injuries. In addition costs may be higher than if additional staff are recruited. We recommend the following: • A more in-depth study and assessment should be undertaken across the City to consider resource needs and current working practices. This may also specifically consider in-house services versus outsourcing. This study should be undertaken by an independent body in order to objectively identify any changes required. • An assessment should be undertaken of working hours of staff to identify ways to minimize overtime. This will need to be considered as part of the collective bargaining process for some staff.	Management agrees with the recommendation. Resources would need to be added to enable the assessment across the organization. This undertaking must be considered within the context of the current transformative demographic shift underway in the Oshawa Public Service. This assessment would require consultation with each Branch to determine, at minimum: • Current work patterns and identification of impact of seasonal or peak work times; • Identification of constraints resulting from currently restrictive hours of work; • Research and review of various staffing models and levels within the municipal sector to identify ways to improve flexibility, efficiency and cost effectiveness. • Potential use of more progressive work place practices Human Resource Services will work with the Department Heads to develop the project plan, Human Resource Services will develop the project plan and determine resource needs to present to Council as part of 2017 budget deliberations. It is important to note that the current CUPE 250 and 251 collective agreements expire December 31, 2017 and December 31, 2016, respectively, and therefore the outcome of this analysis may not be available to inform negotiations. Owner: Jackie Long - Executive Director of Human Resources Due date: December 2018 Dependency is council approval of budget for project.

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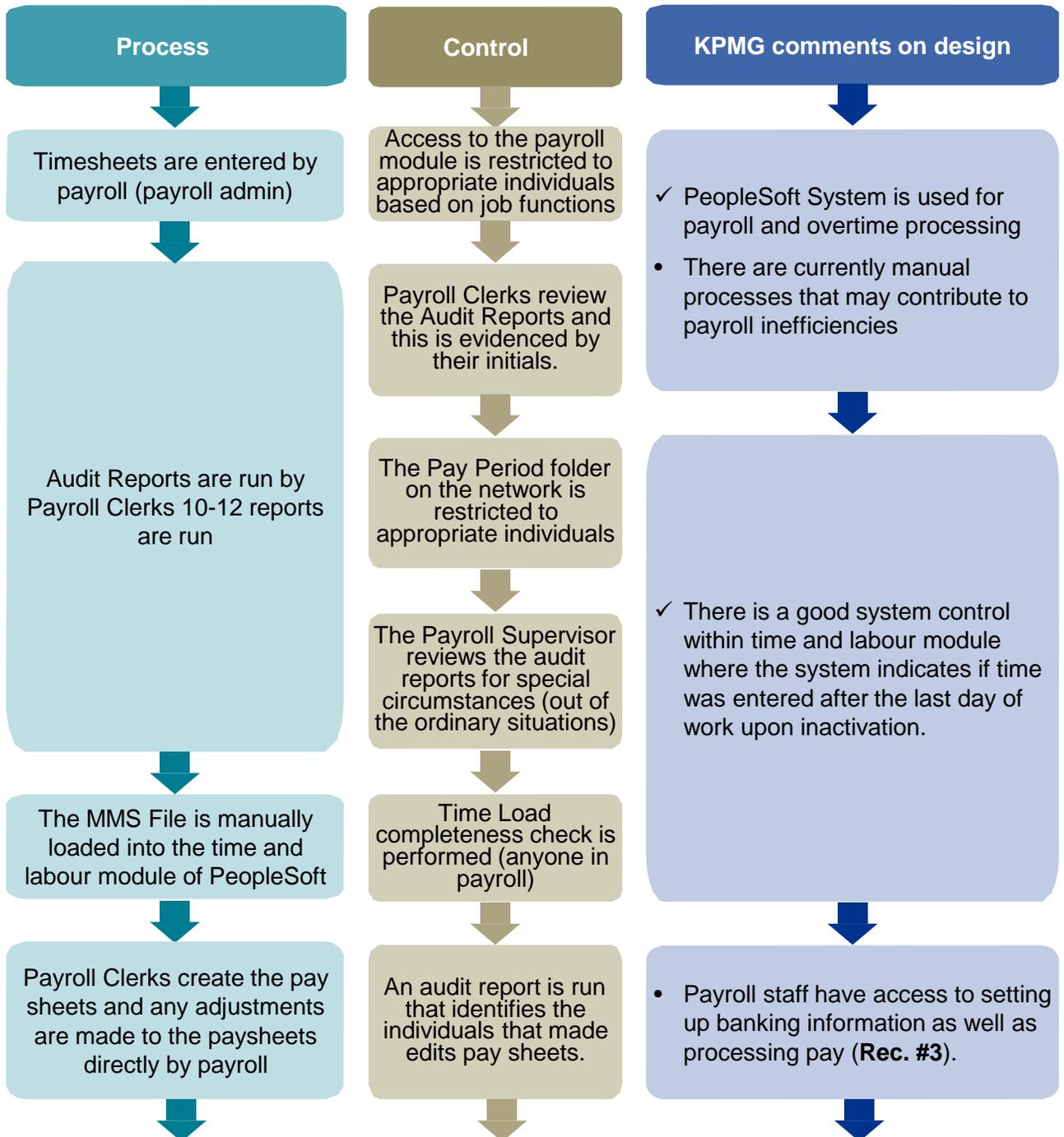| #	Risk	Recommendation	Management response, executive and deadline
3	● (low)	**Segregation of Duties in Payroll** Currently, there are four individuals in Payroll that have access to setting up new hires, banking information as well as process pay. This increases the risk that an employee can potentially create a non-existent employee and issue themselves a pay cheque. As a compensating control, there is an audit report that is printed that identifies changes that have been made to banking information, however, this audit report is reviewed by the payroll staff too so there is not the necessary segregation of duties. We understand this risk will be addressed as part of Phase 1 of the HRIS implementation which is targeted to be completed by May, 2016. Until this time, we recommend that the audit report that identifies changes made to banking information should be reviewed by someone who does not have access to change banking information for appropriateness. Management may also wish to consider reviewing staff set up on payroll from previous periods to ensure they are valid staff members.	Management agrees with the recommendation. The segregation of duties between Payroll and Human Resources for employee set-up as part of HRIS Phase 1 will be completed by May 2016. As a compensating control the Manager, Financial Services & Financial Systems Development, who is not involved in payroll operational activities will run and review the banking information for duplications and cross-referencing effective immediately. Owner: Jay Martin - Manager, Financial Services & Financial Systems Development (Note: This is co-owned by HR and Finance) Due date: April 30, 2016 (completed)
4	● (low)	**Development of an overtime tracking system** At present overtime is being captured inconsistently and using various methods including spreadsheets and systems. We recommend that consideration be given to an overtime system as part of the HRIS implementation which is ongoing over coming years. This tracking system should consist of the following capabilities: o A System that captures, tracks and reports overtime, unpaid overtime and lieu time; o Automating overtime calculations for managers to approve overtime and allowances; o Ability to track reasons for overtime; and o Overtime tracked should be rolled up on a corporate level so that future forecasts can be created and compared to actual overtime.	Management agrees with the recommendation. HRIS Phase 2 includes a comprehensive review/assessment of time capture and scheduling requirements. This will provide an opportunity to evaluate solutions tracking, processing and reporting of overtime. Owner: Brad Annis - Manager, Compensation, Benefits and HRIS Due date: June 30, 2018

#	Risk	Recommendation	Management response, executive and deadline
5	● (low)	**Duplicate Direct Deposit Account Review** Currently there is no one that performs a review of the direct deposit for duplicate direct deposit accounts which can increase the risk of a payment being made twice. We were informed that there is a report called the Cheque Deposit Listing that lists bank account information however, this report is currently being printed but not reviewed for duplicates. We recommend that IT assist Payroll in developing a query that would generate a report in PeopleSoft that would identify just duplicate account numbers. We understand that there are related staff whereby the same account numbers are used however, the review of this duplicate account number report would flag any other duplicate accounts paid in error.	Management agrees with the recommendation. The Manager, Financial Services & Financial Systems Development, who is not involved in payroll operational activities will run and review the Cheque Deposit Listing report for duplications and cross-referencing. Although Payroll has a compensating control with the employee. If the employee is not paid on time payroll is notified immediately. Owner: Jay Martin - Manager, Financial Services & Financial Systems Development Due date: April 30, 2016 (completed)
6	● (low)	**Terminations Sample Testing** For 19 out of 25 sample voluntary terminations selected, End of Employment Supervisor's checklists (termination checklists) were not completed by Department Supervisors and sent back to HR. There remains a risk that employees may fail to return property belonging to City of Oshawa such as ID/Access cards, Pcards, Network Access Security Cards, Special Equipment, Safety Equipment or City Tools. We recommend that the End of Employment Supervisor's checklist is completed and signed by the Department Supervisor's and sent back to HR for filing and to ensure completeness. Resources may be required by HR to track this and non-compliance escalated as necessary. In addition the City should consider how it tracks assets each employee holds in their role (such as mobile phones). Consideration should be given to having a standardized process in the employee record which records the assets they hold. Then upon termination it can be ensured the necessary assets are returned.	Management partially agrees with the recommendation. Although there remains a risk that employees may fail to return property belonging to City of Oshawa (e.g. ID badge and/or keys), completion of checklist by supervisor and maintenance, tracking, and escalation by HR would be a significant increase in workload and may not effectively mitigate the identified risks. A review/assessment of asset tracking will be conducted to standardize processes related to tracking of assets held by an employee along with ensuring that assets are returned upon termination. Owner: Brad Annis - Manager, Compensation, Benefits and HRIS Due date: June 30, 2017

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In line with the objectives of the scope, we have assessed the processes and controls in place around payroll and overtime. 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.

Payroll Process

Process	Control	KPMG comments on design
Timesheets are entered by payroll (payroll admin)	Access to the payroll module is restricted to appropriate individuals based on job functions	✓ PeopleSoft System is used for payroll and overtime processing • There are currently manual processes that may contribute to payroll inefficiencies
Audit Reports are run by Payroll Clerks 10-12 reports are run	Payroll Clerks review the Audit Reports and this is evidenced by their initials.	
	The Pay Period folder on the network is restricted to appropriate individuals	✓ There is a good system control within time and labour module where the system indicates if time was entered after the last day of work upon inactivation.
	The Payroll Supervisor reviews the audit reports for special circumstances (out of the ordinary situations)	
The MMS File is manually loaded into the time and labour module of PeopleSoft	Time Load completeness check is performed (anyone in payroll)	
Payroll Clerks create the pay sheets and any adjustments are made to the paysheets directly by payroll	An audit report is run that identifies the individuals that made edits pay sheets.	• Payroll staff have access to setting up banking information as well as processing pay (**Rec. #3**).

Payroll Process (cont'd)

Process	Control	KPMG comments on design
A file (DDP – Direct deposit Payment file) is created in PeopleSoft	Payroll clerks compare and verify the DDP file to the payment summary	• Currently a review of the direct deposit for duplicate direct deposit accounts is not performed (**Rec. #5**).
	Payroll Supervisor reviews and signs off on the Payroll Summary	
Payments are produced: Staff are paid via EFT	The system restricts payroll entries on ones own file.	
RBC report is produced	RBC Confirmation is received	

Opportunities to enhance payroll processes

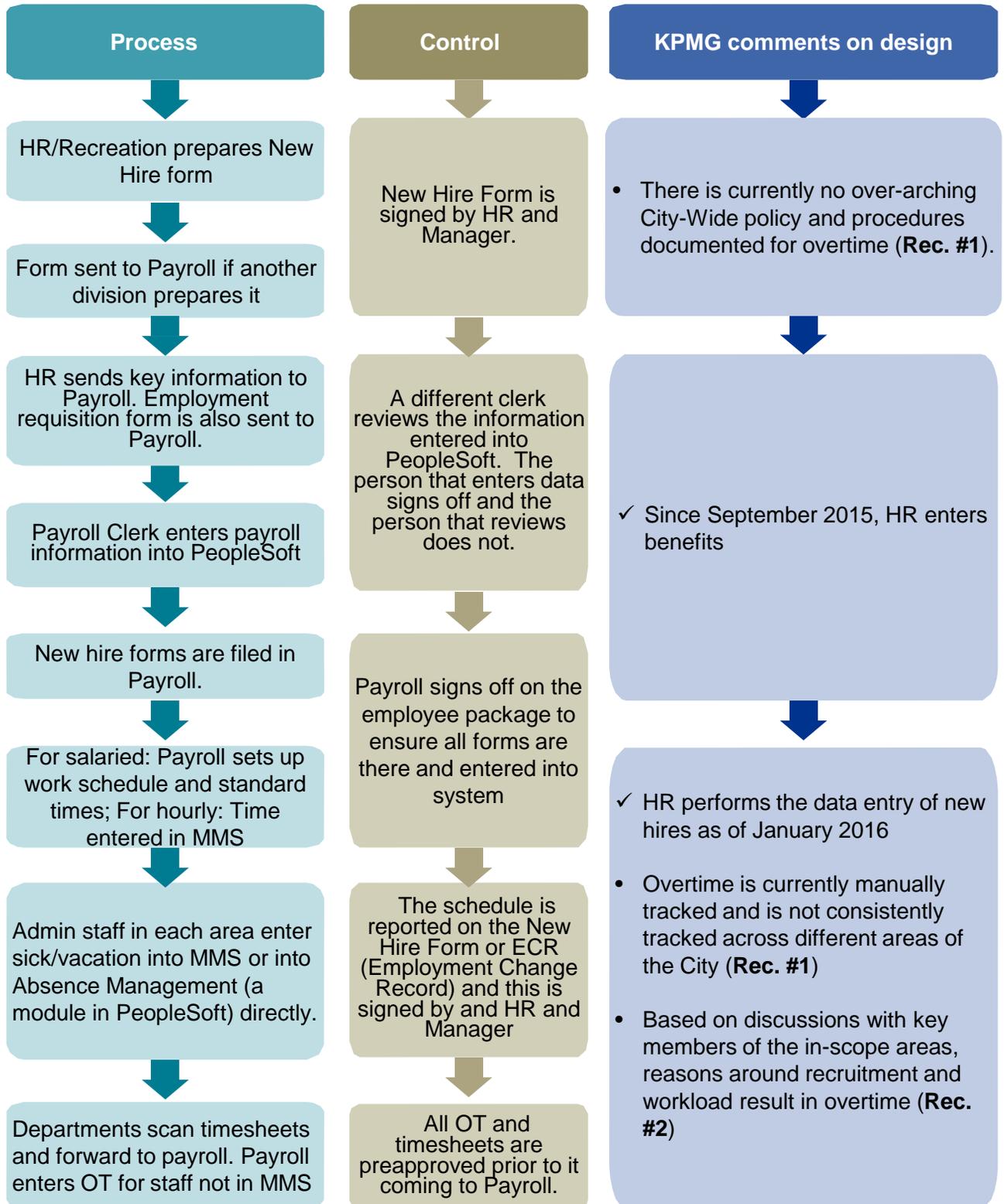There are currently manual processes that may contribute to payroll inefficiencies. For example:

• New hire and the Employment Change Record forms are completed manually.

• Time Entries and corrections are done manually.

• Missing time is not easily trackable due to varying hours assigned to part time staff.

• Numerous hours are spent by the SBS Staff that manually enter the time for MMS employees.

The following should be considered as part of the development of the plans for Phase 2 of the HRIS implementation in the next two years:

• Automating time entries by the introduction of a time collection device such as swipe cards, which could then interface with PeopleSoft.

• Configure the settings in PeopleSoft so that it has the capability to do cost based accounting for those staff that require this and consider moving all staff that are currently on the MMS system over to PeopleSoft to keep entry and tracking of time on one system only.

• Develop an action plan for the Phase 2 implementation of the HRIS system and ensure that current manual forms will be automated in the next 2 years.

Time Entry and Overtime Process

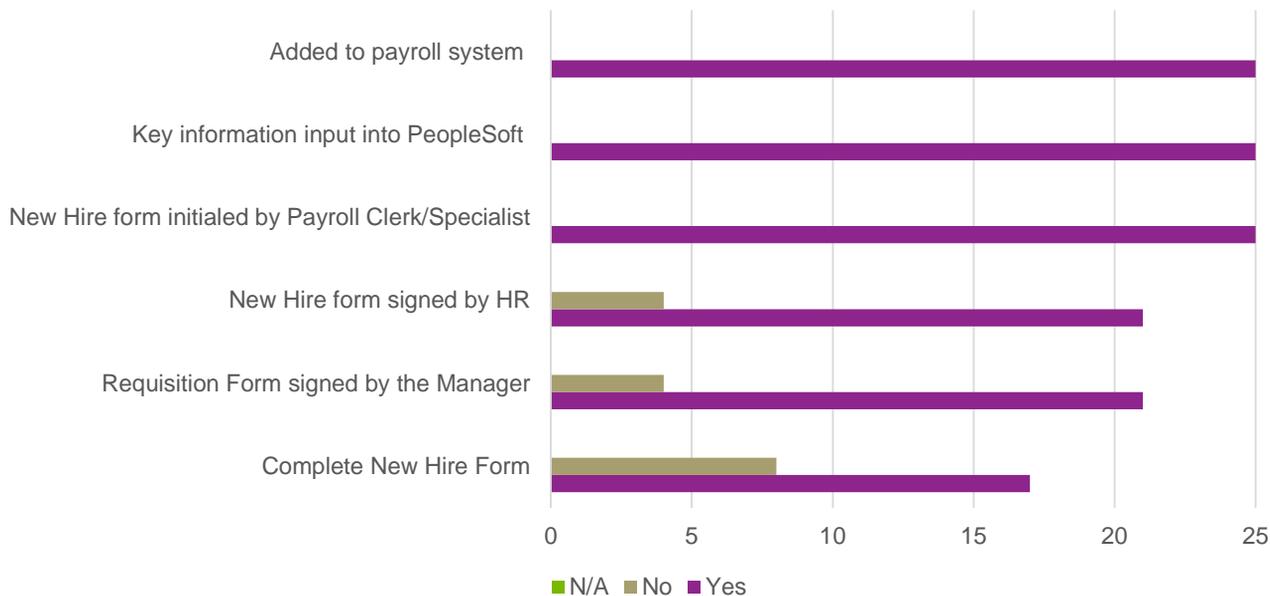| Process	Control	KPMG comments on design
HR/Recreation prepares New Hire form	New Hire Form is signed by HR and Manager.	• There is currently no over-arching City-Wide policy and procedures documented for overtime (**Rec. #1**).
Form sent to Payroll if another division prepares it		
HR sends key information to Payroll. Employment requisition form is also sent to Payroll.	A different clerk reviews the information entered into PeopleSoft. The person that enters data signs off and the person that reviews does not.	✓ Since September 2015, HR enters benefits
Payroll Clerk enters payroll information into PeopleSoft		
New hire forms are filed in Payroll.	Payroll signs off on the employee package to ensure all forms are there and entered into system	
For salaried: Payroll sets up work schedule and standard times; For hourly: Time entered in MMS		✓ HR performs the data entry of new hires as of January 2016
Admin staff in each area enter sick/vacation into MMS or into Absence Management (a module in PeopleSoft) directly.	The schedule is reported on the New Hire Form or ECR (Employment Change Record) and this is signed by and HR and Manager	• Overtime is currently manually tracked and is not consistently tracked across different areas of the City (**Rec. #1**)
Departments scan timesheets and forward to payroll. Payroll enters OT for staff not in MMS	All OT and timesheets are preapproved prior to it coming to Payroll.	• Based on discussions with key members of the in-scope areas, reasons around recruitment and workload result in overtime (**Rec. #2**)

We summarise below the results of the compliance testing we have performed over the controls in place. It should be noted that recommendations are only raised where actions can be taken and some areas of non-compliance do not have recommendations raised.

## New Hire Process

New Hire Process

Chart legend: ■ N/A ■ No ■ Yes

Categories (top to bottom):
- Added to payroll system
- Key information input into PeopleSoft
- New Hire form initialed by Payroll Clerk/Specialist
- New Hire form signed by HR
- Requisition Form signed by the Manager
- Complete New Hire Form

Findings

We obtained the listing of new hires for 2015 up to the end of October 2015 and conducted detailed testing.

- ✓ 17/25 New Hire Forms were completed and on file.
- • 8/25 New Hire Forms/Requisition forms were incomplete and were on file.
- ✓ 18/25 Requisition Forms were signed by the Manager. 3 samples selected were not applicable.
- • 4/25 Requisition forms included management signatures that appeared typed up.
- • 4/25 New hire forms were not signed by HR as they do not sign off for part-time or non-union positions.
- ✓ 25/25 New hire forms were initialed by Payroll Clerk/Specialist
- ✓ 25/25 Samples where key information input to PeopleSoft was accurate (e.g. pay, name etc.).
- ✓ 25/25 Sample new hires were added to the payroll system.

Termination Process

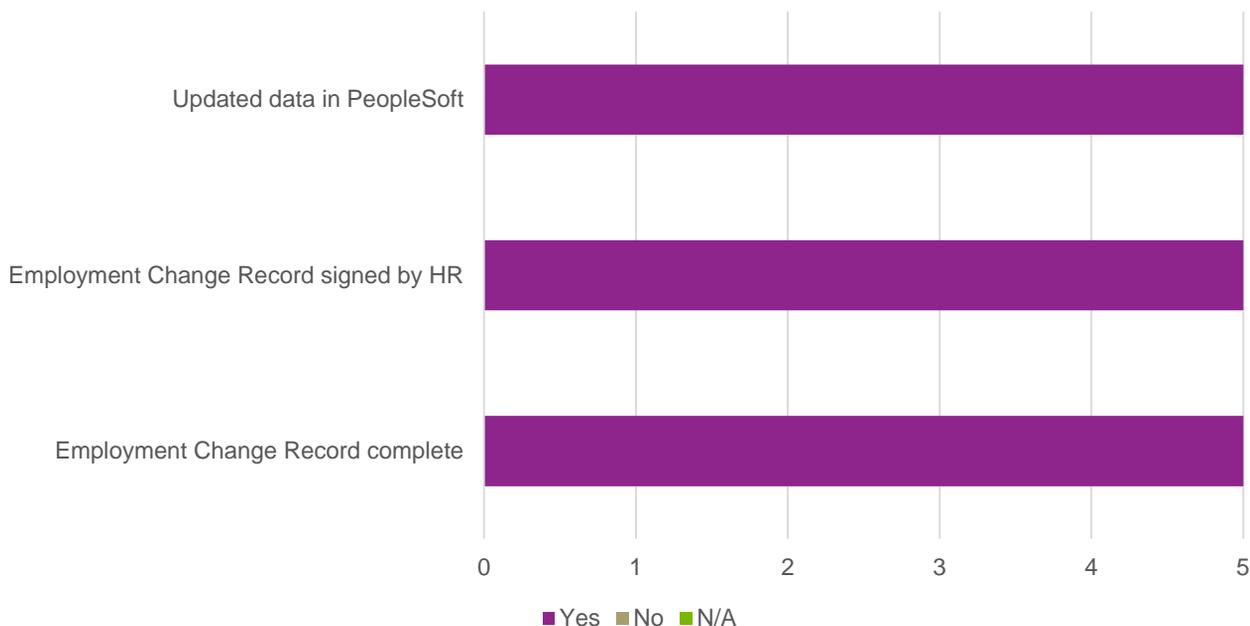### Termination Process

Legend: ■ Yes ■ No ■ N/A
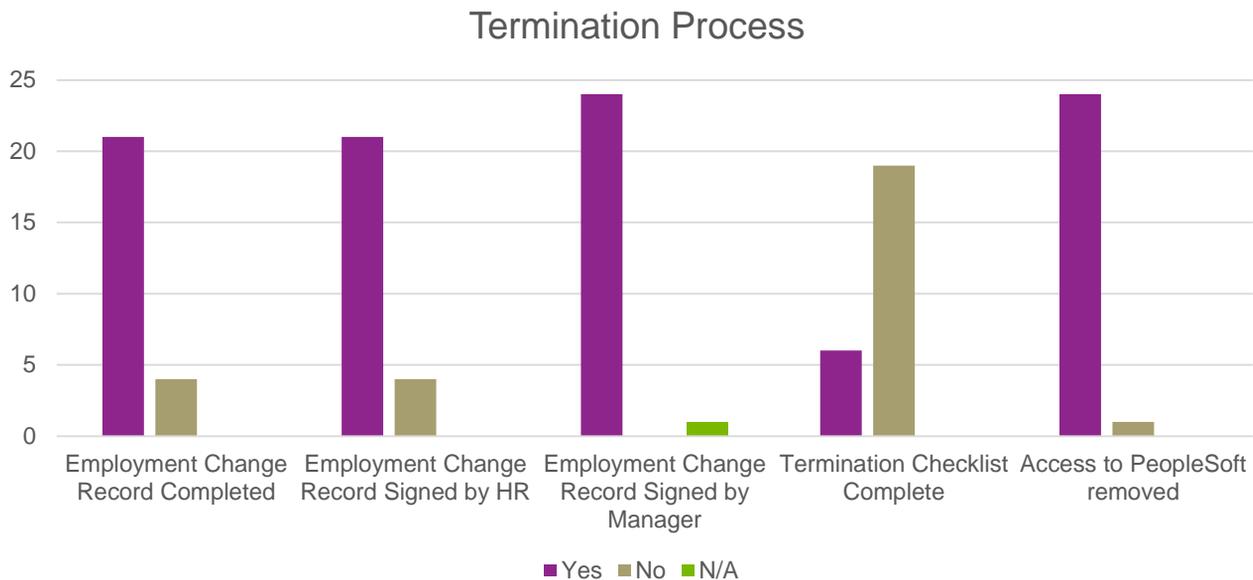
Findings

We obtained the listing of terminations for 2015 up to the end of October 2015 and conducted detailed testing (**Rec. #6**).

- ✓ For 21/25 termination samples, the Employment Change Record was completed.
- ✓ For 21/25 termination samples, the Employment Change Record was signed by HR.
- • For 4/25 termination samples, the Employment Change Record was not signed by HR.
- ✓ For 24/25 termination samples, the Employment Change Record was signed by the Branch Manager. 1/25 termination samples was inapplicable to this test.
- ✓ For 6/25 termination samples, terminations checklists were completed and provided to HR.
- • For 19/25 termination samples, termination checklists were not completed and provided to HR **(Rec.#6)**.
- ✓ For 24/25 terminated samples, the individual was removed from PeopleSoft within 24 hours.
- • For 1/25 terminated sample, the payroll status was removed 3 weeks after the termination date.

Payroll Amendments

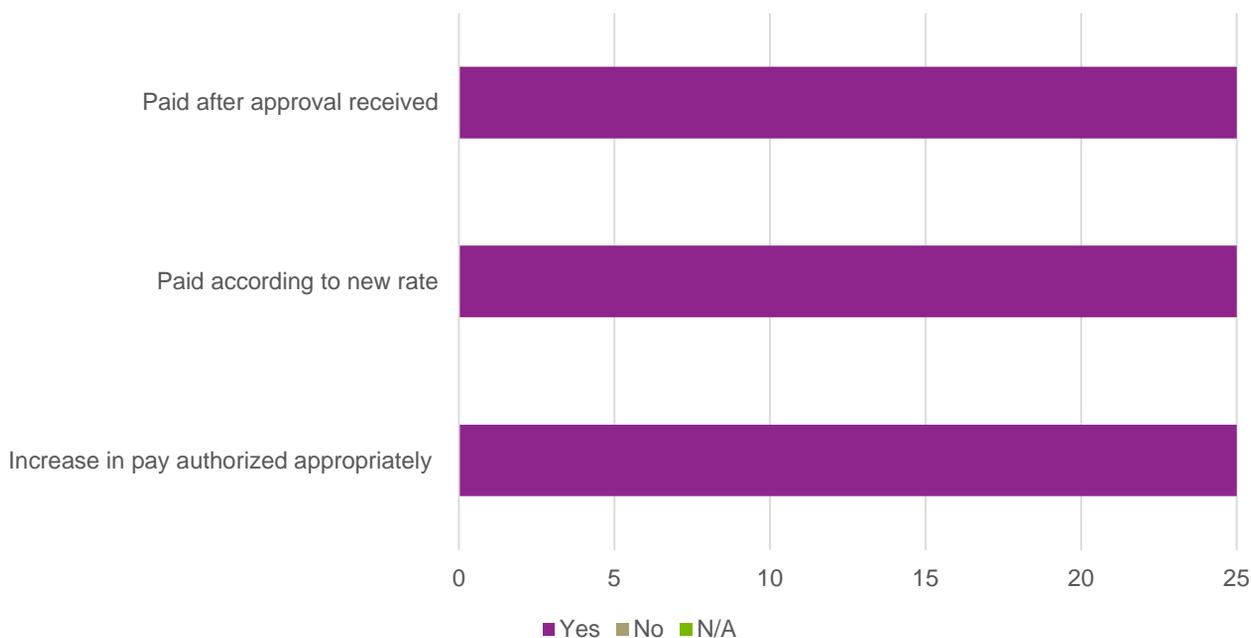Payroll Amendments

Findings

We obtained the listing of payroll amendments for 2015 up to the end of October 2015 and conducted detailed testing.

- For 5/5 sample payroll amendments, the Employment Change Records were completed.
- For 5/5 sample payroll amendments, the Employment Change Record was signed by HR.
- For 5/5 sample payroll amendments, the information was updated in PeopleSoft

Payroll Increases

Payroll Increases

| | 0 | 5 | 10 | 15 | 20 | 25 |

Paid after approval received

Paid according to new rate

Increase in pay authorized appropriately

■ Yes ■ No ■ N/A

Findings

We obtained the listing of payroll increases for 2015 up to the end of October 2015 and conducted detailed testing.

✓ For 25/25 samples, the increase in pay was authorized appropriately.

✓ For 25/25 samples, the individual was paid according to new rate on the next payroll.

✓ For 25/25 samples, the individual was paid after approval was received.

Appendix C: Overtime issues / reasons

Reasons for Overtime and Suggestions for Overtime Reduction within the in-scope areas

Based on discussions with key management personnel within the in-scope areas, the following is a summary of the reasons/issues for overtime and suggestions. See also Recommendation Two.

#	In-Scope Area	Overtime Issues/Reasons	Suggestions to Reduce Overtime
1	Human Resources	• Workload Issue • Productivity issue: Staff take vacation and work overtime to catch up • Paid overtime	• Develop business case to hire key HR roles • Automating HR tasks
2	IT	• Server upgrades and maintenance after hours • Office upgrades • Project based work where staff are required to work weekends	• Additional Contractors • Develop business case to hire additional staff
3	Building Services	• Significant increase in overtime in 2014 and 2015 due to record development activity and student housing projects • Lost people from retirement (i.e. Building Examiner) • Mandatory timeframe to issue permits (i.e. within 10 business days of when they come in).	• Fill staff vacancies in a timely manner
4	Finance	• Key Management positions have not been filled • Productivity issue: Staff taking vacation and working overtime to catch up can contribute to some overtime • No coverage on immediate work that comes up due to lack of training • Not being fully staffed this year. • They have no admin support at all and so they built in admin support in a current role.	• Fill current staffing model
5	Park Services	• Staffing issues (for tournaments on the field, special events, Christmas Parade, etc.) • Projects: They may extend hours but they normally shut the project downs because they don't want OT (As a result setting up and taking down take more time overall) • After hour meetings, working on statutory holidays	• More contract services • Develop business case to hire additional full-time staff • Hours of work

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We undertook interviews in November and December 2015 with key stakeholders to inform this work, including:

Name	Title
Mike Leonard	Chief Building Official
Jackie Long	Executive Director, Human Resources
Stephanie Sinnott	Executive Director, Finance Services/Treasurer
Dave Mawby	Director, Information Technology Services at City of Oshawa
Brad Annis	Manager, Compensation, Benefits and HRIS
Jay Martin	Manager, Financial Services and Financial Systems
Dru Chillingworth	Manager, Parks Maintenance Services
Kwan Lo	Manager, Building Permit Services
Linda Mielewczyk	Manager, Applications Support
Steve Patterson	Manager, Systems and Security Operations
Pat Morrison	Supervisor Payroll & Accounts Receivable
Michelle Bretherick	Coordinator, Financial Reporting and Planning

We received the following documentation over the course of fieldwork:

- 2014/2015 Absentee Report Summary
- 2015 Overtime summary spreadsheets for in-scope areas
- Lieu Overtime Presentation
- Payroll Administrator Access
- Payroll Manager Access
- CUPE 250/251 Overtime
- 2015 IAFF 465 Overtime Policy
- Employment Change Record
- Employment Requisition
- HIRE_REHIRE_RECALL_TERM_RETIRED 2015 Listing
- Finance Committee Meeting Minutes
- NewHire-RehirePayroll Record
- OSHHR_REG_FT_CHANGES_18190
- Process checkoff by Pay Period AM
- Supervisors Checklist-End of Employment
- Supervisors Checklist-New Hire
- 2014 payroll to GL xls xlsx