



*Office of the Auditor General*

**Audit of Infrastructure Services Department – Administrative  
Management**

**Tabled at Audit Committee – November 26, 2015**



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## ***Executive Summary***

### ***Introduction***

The Audit of the Infrastructure Services department (ISD) was included in the 2013 Audit Plan of the Office of the Auditor General and approved by Council on October 12, 2012. The audit was conducted in two distinct streams – the audit of the technical management of ISD, and the audit of the administrative management of ISD. This is the executive summary of the audit of the administrative management of ISD.

### ***Background***

The Infrastructure Services department (ISD) is responsible for asset management of the City's roads, sidewalks, sewers, water mains, bridges, culverts, buildings, parks and other structures. It is also responsible for the design, construction and administration of the work required for new construction and the rehabilitation and renewal of the City's infrastructure as described above as well as for transit facilities, expansion/modifications of pumping stations, water reservoirs and elevated tanks, sewage and water treatment facilities, stormwater management facilities and solid waste facilities.

ISD consists of the following branches:

- Asset Management – planning of infrastructure works, including renewal and coordination of capital projects identified by client departments;
- Design and Construction: East, West and Buildings and Parks (three branches) – implementation of renewal work and new infrastructure; and,
- Business and Technical Support – Right Of Way Information and Approvals, Surveys & Mapping, Standards and Contract services, Quality Assurance, Business Support.

The functions undertaken by ISD are:

- Asset inventory, inspections, renewal planning;
- Design of rehabilitation, replacement and new infrastructure works;
- Construction, contract administration and inspection of construction;
- Surveys;
- Right of Way information approvals;
- Design and construction standards; and
- Quality Assurance services.

## ***Audit Scope and Objectives***

The scope of the overall Audit of the Infrastructure department comprises the overall structure of the ISD in terms of the required services, evaluation of the program management and monitoring systems. The scope of this stream of the audit is the administrative management of ISD. The audit objectives are:

### ***Audit Objective No. 1: Preparation of ISD's Operating and Capital budgets***

- Evaluate the process to establish ISD's Operating and Capital 2013 budgets.

### ***Audit Objective No. 2: Overtime, Sick Leave and Vacation***

- Evaluate the process to capture data, report and manage overtime, sick leave and vacation.

### ***Audit Objective No. 3: Training Process***

- Evaluate the adequacy and completeness of the training process.

### ***Audit Objective No. 4: Potential Savings***

- Identify areas of potential savings for the City in the administrative management and operations of ISD.

## ***Approach***

Information was obtained through data mining, data analysis, documentation review and interviews. For analytical purposes we reviewed the period 2010 to 2012, with a detailed examination of 2012.

## ***Summary of Key Findings***

The Infrastructure Services department (ISD) met the process and timeline requirements set out by Council for the preparation of its draft operating and capital budgets. The current process of quarterly reviews of each branch's operating budget status could be improved by moving to monthly reviews, a change that management has indicated that they will adopt in 2014.

ISD's capital budgets are significant, with \$869 million of new projects approved from 2010 to 2012. Multi-year projects are budgeted and approved on a project basis and not on a fiscal year basis. We found project budgets to be properly authorized, however, there is no budget management for all capital expenditures planned for the year. As a consequence, interim reporting of actual capital expenditures during the year versus budgeted capital expenditures does not exist. Estimating and managing capital expenditures by year could assist in cash-flow management and improve general management over-sight and control of projects.

The costs for change orders are not easily identifiable in the financial reporting system as these costs are coded to the same General Ledger accounts as all other construction costs. As well, costs for Outside engineering services are recorded in the same General Ledger accounts regardless of the project phase. Separate General Ledger accounts to account for the costs for change orders as well as for outside engineering services by phase would improve financial reporting and control.

### ***Overtime, Sick Leave and Vacation***

ISD has successfully reduced its overtime costs over the years, from \$1.1 million in 2005 to \$325,000 in 2012. Our review of a sample of 2012 overtime transactions found that all had been properly authorized as per the City's policy and ISD's procedure documents.

ISD staff take significantly fewer sick days, on average, than other City employees. In 2012 ISD averaged 4.1 sick days per employee versus an overall City average of 11.0 days. Our testing of a sample of 2012 ISD sick leave transactions found all had been properly approved. We did find that staff in two of ISD's five branches report their time and leave on paper forms, as opposed to directly into the City's financial reporting system (SAP). Having these staff enter their time directly into SAP would be more timely and efficient and would reduce the risk of input errors.

### ***Training Processes***

ISD spent \$76,776 for outside training in 2012. We reviewed a sample of these expenditures and found two cases where the training was approved by an employee that was not properly authorized. In these instances, ISD management may not have been aware of the training and the related costs.

The City's Learning and Development Policy requires that learning activities relate to "development plans identified in the employee's Individual Contribution Agreement (ICA)". Our review of a sample of 2012 ICA's for ISD employees found that none had been completed on time therefore they could not have been used as intended in mid-year reviews or final evaluations. However, for the development plans in our sample that were eventually completed, we found 89% of the employees did complete the planned training.

The City's Learning and Development Policy, also states that General Managers are responsible for "Developing and approving learning plans for their respective departments". ISD does not have a learning plan and as a result it is possible that training could be undertaken that is not consistent with ISD's goals and priorities. At the time of the audit, ISD had a draft "Training Policy" document and which was reviewed and found to be consistent with the Learning and Development Policy. The Learning and Development Policy does not provide guidance on the content and form that a

departmental learning plan should take. Human Resources department staff acknowledged this and indicated that the Policy will be reviewed and this requirement will be addressed.

## ***Recommendations and Management Responses***

### **Recommendation 1**

**That the City implement monthly financial reporting and analysis on Operating Budgets for each branch in ISD.**

#### **Management Response**

Management agrees with this recommendation and it has been implemented.

Starting in April 2014, monthly operating reports are generated automatically by the Finance department and released to management following the month-end financial close. After the release, Finance staff provides management with an analysis of any major variances.

### **Recommendation 2**

**That the City implement a capital project expenditure reporting process that would allow all planned spending for the year to be compared with actual spending.**

#### **Management Response**

Management agrees with this recommendation.

Departmental staff will work with Finance to update capital spending plans and produce reports comparing planned and actual spending by the end of Q2 2015.

### **Recommendation 3**

**That the City change the financial reporting system to separately account for:**

- a) **Costs associated with change orders; and,**
- b) **Costs associated with outside engineering services for the design phase versus the construction phase.**

#### **Management Response**

Management agrees with this recommendation.

Project controls and processes will be amended to enhance the ability of the General Manager and Managers to obtain financial summaries of change order costs, and differentiate external engineering design costs from contract administration costs.

ISD will work with Finance to implement this recommendation by Q4 2015.

**Recommendation 4**

That ISD:

- a) Use the “leave-vacation” code as a reason for incurring overtime where applicable; and,
- b) Monitor the costs associated with overtime incurred by staff covering the workload of personnel who are on vacation.

**Management Response**

Management agrees with this recommendation.

A Management Directive will be issued in Q2 2015 to clarify the existing use of leave-vacation codes. An enhanced process for tracking and monitoring overtime incurred for vacation cover-off will be implemented by Q4 2015.

**Recommendation 5**

That ISD revise the department’s internal overtime procedure documents to ensure they address overtime for all ISD personnel.

**Management Response**

Management agrees with this recommendation.

Management will revise the department’s internal overtime procedure documents to clarify the application of the procedure for all staff. This will be completed by Q2 2015.

**Recommendation 6**

That the City should change ISD’s time reporting process so that all branch staff enter their time and leave directly into the SAP system.

**Management Response**

Management agrees with this recommendation.

This recommendation will be implemented by Q4 2016 through the Integrated Departmental Management Plan Program.

**Recommendation 7**

That ISD develop and review Individual Contribution Agreements for ISD employees in accordance with the “Typical Performance Cycle” set out in the *Program Guide For Managers and Professional Exempt (MPE) and Civic Institute of Professional Personnel (CIPP)*.

**Management Response**

Management agrees with this recommendation.

Management will undertake measures to improve compliance with the “Typical Performance Cycle” set out in the *Program Guide for Managers and Professional Exempt (MPE) and Civic Institute of Professional Personnel (CIPP)*, during the 2015 performance review process, and complete an assessment of compliance by Q2 2016.

**Recommendation 8**

**That ISD complete the Development Plan sections of the Individual Contribution Agreements for ISD employees.**

**Management Response**

Management agrees with this recommendation.

Management will undertake measures to improve compliance during the 2015 performance review process, and complete an assessment of compliance by Q2 2016.

**Recommendation 9**

**That ISD issue an ISD Learning Plan that is consistent with the City's Learning and Development Policy.**

**Management Response**

Management agrees with this recommendation.

The department’s existing employee training profiles, job function outlines and job descriptions will be used as base information to support the Infrastructure Services Department Competency Development Project being undertaken as part of the Integrated Departmental Management Plan Program.

The Competency Development Project includes objectives to assess roles and competencies, skills to support new processes, evolving roles and expectations of the department as well as leveraging shared service expertise and support, where appropriate, to align the program training strategy with the broader training/learning strategy for the City. The Competency Development Project will be completed by Q2 2017.

## ***Potential Savings***

### ***Reduce overtime during the busy construction period***

Overtime during the busy construction period (May to September) may possibly be reduced by not approving continuous vacations for ISD construction staff during this period. During the 2012 busy construction period, ISD incurred \$133,435 in overtime costs.

### ***Conclusion***

Administrative management of ISD is basically sound, although opportunities exist to improve controls and realize savings.

### ***Acknowledgement***

We wish to express our appreciation for the cooperation and assistance afforded the audit team by management and staff.

The following section is the detailed audit report.



## **Detailed Audit Report**

### **Introduction**

The Audit of the Infrastructure Services department (ISD) was included in the 2013 Audit Plan of the Office of the Auditor General and approved by Council on October 12, 2012. The audit was conducted in two distinct streams – the audit of the technical management of ISD, and the audit of the administrative management of ISD. This is the detailed report of the audit of the administrative management of ISD.

### **Background**

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ISD consists of the following branches:

- Asset Management – planning of infrastructure works, including renewal and coordination of capital projects identified by client departments;
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The functions undertaken by ISD are:

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- Surveys;
- Right of Way information approvals;
- Design and construction standards; and
- Quality Assurance services.

### **Audit Scope, Objectives and Criteria**

The scope of the overall Audit of the Infrastructure department comprises the overall structure of the ISD in terms of the required services, evaluation of the program

management and monitoring systems. The scope of this stream of the audit is the administrative management of ISD. The audit objectives are:

***Audit Objective No. 1: Preparation of ISD's Operating and Capital budgets***

- Evaluate the process to establish ISD's Operating and Capital 2013 budgets.

***Criteria:***

- ISD's 2012 Budget Process, which established ISD's 2013 Operating and Capital Budgets, followed an appropriate, effective and accurate process.
- The frequency and adequacy of internal reporting within ISD at the department and branch levels and establishment how budget information is presented was appropriate.

***Audit Objective No. 2: Overtime, Sick Leave and Vacation***

- Evaluate the process to capture data, report and manage overtime, sick leave and vacation.

***Criteria:***

- Determine the accuracy of the data through testing on 2012 activity.
- Determine if they are approved in accordance with City of Ottawa and ISD policy.
- Determine if they are managed appropriately, effectiveness and efficiency, based on ISD operational requirements and scheduling.

***Audit Objective No. 3: Training Process***

- Evaluate the adequacy and completeness of the training process.

***Criteria:***

- Determine if appropriate training processes are in place.

***Audit Objective No. 4: Potential Savings***

- Identify areas of potential savings for the City in the administrative management and operations of ISD

***Approach***

Information was obtained through data mining, data analysis, documentation review and interviews. For analytical purposes we reviewed the period 2010 to 2012, with a detailed examination of 2012.

**Detailed findings, Observations and Recommendations**

**Preparation of ISD’s Operating and Capital Budgets**

On May 29, 2012 Council approved the 2013 budget process and timetable which included the overall requirement to table the tax supported draft operating and capital budgets with Council on October 24, 2012. The Infrastructure Services department (ISD) met the process and timeline requirements.

**Operating Budgets**

ISD's budgets were properly authorized, and when compared to actual expenditures, ISD's net overall operating budgets were reasonably accurate over the past three years. The current process of quarterly reviews of each branch's operating budget status could be improved by moving to monthly reviews, a change that management has indicated that they will adopt in 2014.

ISD's budgets were properly authorized, based on review of the 2013 Operating Budget up to the end of the 2<sup>nd</sup> quarter. The department’s final 2013 budget submission reflected the amounts adopted by Council and there was evidence for authorization of Budget Adjustments, either through Council or through delegated authorities, for all changes up to the 2<sup>nd</sup> quarter report.

For the three fiscal years reviewed, 2010, 2011 and 2012, ISD's net overall operating budgets were estimated with reasonable accuracy, based on comparison to the actual costs incurred. Table 1 provides a comparison of the original budget adopted by Council to the final budget and to actual expenditures. Each year the amounts of the budget adjustments and the differences between actual expenditures and the final budget are reasonably small, given the amounts of the budgets.

**Table 1: ISD Net Operating Expenditure Budget to Actual Comparison – 2010 to 2012 (in \$000)**

Year	Adopted Budget	Budget Adjustments	Final Budget	Actual Expenditures	Over / (Under) Final Budget
2010	7,084	-3	7,081	7,152	71
2011	7,157	63	7,220	7,051	(169)
2012	7,449	183	7,632	7,501	(131)

The City develops, approves and monitors budgets at a lower level than operating budgets as operating budgets are broken down by expense category. For ISD, the ability to accurately budget the gross Salaries, Wages and Benefits category is

important as it makes up, on average, 92.5% of its total gross expenditures budget over the past four years.<sup>1</sup>

As indicated in Table 2 below, actual gross salary expenditures were less than the amounts budgeted by, on average, \$1.1 million per year (2010 to 2012). For fiscal year 2013 the pattern is similar. As of the time of the audit, 2013 gross Salaries, Wages and Benefits expenditures were forecast to be \$1.03 million less than the final budget.

**Table 2: ISD Salaries, Wages & Benefits Budget to Actual Comparison – 2010 to 2013 (in \$000)**

Year	Adopted Budget	Budget Adjustments	Final Budget	Actual Expenditures	Over / (Under) Final Budget
2010	24,323	166	24,489	23,501	(988)
2011	25,356	-55	25,301	23,882	(1,419)
2012	26,386	-305	26,081	25,093	(988)
<b>Average</b>	<b>25,355</b>	<b>-65</b>	<b>25,290</b>	<b>24,158</b>	<b>(1,132)</b>

Detailed and adequate financial reports are produced for Operating Budget activities for each branch within ISD on a quarterly basis. Given the amounts involved, more regular reporting and analysis would be beneficial. Corporate Finance branch staff indicate that monthly reporting will be implemented within ISD during the 1<sup>st</sup> quarter in 2014.

**Recommendation 1**

**That the City implement monthly financial reporting and analysis on Operating Budgets for each branch in ISD.**

**Management Response**

Management agrees with this recommendation and it has been implemented.

Starting in April 2014, monthly operating reports are generated automatically by the Finance department and released to management following the month-end financial close. After the release, Finance staff provides management with an analysis of any major variances.

***Capital Budgets***

ISD's capital budgets were properly authorized, however, multi-year projects are budgeted on a project basis and not on a fiscal year basis. As a result, there is no budget management for all capital expenditures planned for the year. In addition,

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<sup>1</sup>ISD's gross Salaries, Wages and Benefits expenditures are significantly higher than its Net Operating Budget due to recoveries and allocations that are netted against gross expenditures.

separate General Ledger accounts to account for the costs for change orders and for outside engineering services would improve financial reporting and control.

A sample of ten projects was randomly selected from ISD's 2013 final budget submission. The financial transactions associated with each of these projects were tracked to the City's financial reporting system (SAP) and the original approved budget was compared to the current budget in SAP. In all instances where there was a difference between the original approved budget and the current budget, the differences were properly authorized by Council through a Budget Adjustment or by a delegated authority.

Capital transfers under delegated authority need to fit the criteria set out in the Delegation of Authority By-law, otherwise the adjustment goes to Council for approval. In general, the total amount of the transfer between stand-alone capital projects or capital programs cannot exceed ten percent (10%) or \$100,000.00 for the life of the capital project receiving the transfer, whichever amount is less. In addition, increases in the existing capital projects must be offset by corresponding decreases in other capital projects. The transfers done under delegated authority, as well as the transfers needing Council approval, go to the Finance and Economic Development Committee and Council. This is done through either a quarterly finance status report, or through the annual capital close/budget adjustment report.

The City manages its capital budget differently than its operating budget. Each project is approved with its own budget and these project budgets are adjusted as required over time. Project budgets can apply to multiple years. As such, the budget authorities that are approved each year represent the total budget for the newly approved projects, including amounts expected to be expended in future years. As well, the expenditures expected to be incurred this year on projects approved in previous years are not included in the current year's budget. As indicated in Table 3 below, ISD's capital budget is significant with \$869 million of new projects approved from 2010 to 2012.

**Table 3: ISD Capital Budget – 2010 to 2012 (in \$000)**

Year	Authority	Budget Adjustments	Total Authority
2010	185,956	-2,677	183,279
2011	185,970	5,040	191,010
2012	497,880	52,192	550,072
<b>Total</b>	<b>869,806</b>	<b>54,555</b>	<b>924,361</b>

For 2012, the increase in Authority in comparison to prior years was due primarily to the \$340 million *Ottawa on the Move* initiative. The increase in Budget Adjustments in 2012 was primarily due to an adjustment of \$43 million for Road Resurfacing.

ISD management indicated that overall in-year capital expenditures are not forecast. As a consequence, interim reporting of actual capital expenditures during the year versus budgeted capital expenditures does not exist. We believe that such reporting would provide meaningful management information. Estimating and managing capital expenditures by year could assist in cash-flow management and improve general management over-sight and control of projects.

The ability of City management to analyze capital expenditures is supported in part by the quality of the coding of the transactions in the financial reporting system. The coding is supported by a sufficient variety of General Ledger accounts and other financial coding elements to capture and report on the City's different types of expenditures. For capital expenditures, two key types of expenditures are those related to change orders and outside engineering services. The costs for change orders are not easily identifiable in the financial reporting system as these costs are coded to the same General Ledger accounts as all other construction costs. Separate General Ledger accounts in the financial reporting system to record expenditures related to change orders would allow management to better monitor the extent and impact of change orders on the capital program.

Outside engineering services are engaged for both the design and construction phases of many ISD capital projects. However, the costs for these services are recorded in the same General Ledger accounts regardless of the project phase. Having separate General Ledger accounts for these costs incurred in the design phase versus the construction phase would allow management to better monitor, analyze and if need be adjust the general use of outside engineering services throughout the capital project life-cycle.

### **Recommendation 2**

**That the City implement a capital project expenditure reporting process that would allow all planned spending for the year to be compared with actual spending.**

### **Management Response**

Management agrees with this recommendation.

Departmental staff will work with Finance to update capital spending plans and produce reports comparing planned and actual spending by the end of Q2 2015.

### **Recommendation 3**

**That the City change the financial reporting system to separately account for:**

- a) **Costs associated with change orders; and,**
- b) **Costs associated with outside engineering services for the design phase versus the construction phase.**

### **Management Response**

Management agrees with this recommendation.

Project controls and processes will be amended to enhance the ability of the General Manager and Managers to obtain financial summaries of change order costs, and differentiate external engineering design costs from contract administration costs.

ISD will work with Finance to implement this recommendation by Q4 2015.

## ***Vacation, Overtime and Sick Leave***

### ***Management of Vacation***

ISD staff are covered by collective agreements which allow management to control the times during which it will authorize vacation. Management authorized two or more weeks of continuous vacation during the department's heavy construction period for 53% of the staff reviewed from the three ISD design and construction branches. The extent to which these vacations were covered by other staff working overtime cannot be accurately determined due to overtime coding practices.

Personnel in ISD are represented by two different unions, the Canadian Union of Public Employees (CUPE) and the Civic Institute of Professional Personnel (CIPP). The collective agreements with both of these unions allow management to control the timing of when it authorizes personnel to take vacation.

ISD staff provided a database which contained the vacation records for personnel in the three ISD design and construction branches for the period from May 1 to October 1, 2012. This May to September period is generally referred to as the "heavy construction" period. Fifteen employees (five from each branch) involved in design and/or construction activities were randomly selected and their vacation records during this period were reviewed. This review found: a) one employee took four weeks of vacation; b) three employees took three weeks; and c) four employees took two weeks. In summary, eight of the fifteen randomly selected design or construction personnel (fifty-three percent) were on continuous leave for two weeks or more during the 2012 heavy construction period.

The cost of overtime incurred to cover vacationing staff could not be determined. There is a code that is available to record overtime incurred as a result of individuals being on vacation (i.e. Premium Code 15 – Leave-vacation). However, Human Resources department staff indicated that Premium Code 15 was not used by personnel in the three ISD design and construction branches in 2012. Of ISD's total overtime costs for 2012, \$133,435 or forty one percent was incurred during the period May 1 to October 1. As such, it is likely that some of this time was incurred to cover vacationing staff, even though the applicable premium code was not used.

#### **Recommendation 4**

**That ISD:**

- a) Use the “leave-vacation” code as a reason for incurring overtime where applicable; and,**
- b) Monitor the costs associated with overtime incurred by staff covering the workload of personnel who are on vacation.**

#### **Management Response**

Management agrees with this recommendation.

A Management Directive will be issued in Q2 2015 to clarify the existing use of leave-vacation codes. An enhanced process for tracking and monitoring overtime incurred for vacation cover-off will be implemented by Q4 2015.

#### ***Management of Overtime***

In 2005 ISD incurred \$1.1 million in overtime costs. By 2012, the overtime costs for the department had been reduced to \$325,000. A review of 45 overtime transactions from 2012 found that all had been properly authorized as per the City's policy and ISD's procedure documents.

Management provided a database with the overtime transactions paid to departmental employees in 2012. The total cost of these transactions was \$325,444. A random sample of forty-five overtime transactions was selected. The sample included transactions for staff from each of ISD's five branches. The transactions were reviewed to determine compliance with the City policy and ISD's guiding documents. Based on review of supporting documentation, it was found that all transactions were approved in accordance with the City policy and ISD's guiding documents.

ISD has two internal documents relating to overtime; *Overtime Procedures – Version 1* (dated May 10, 2007), and *Overtime Procedures – Preliminary Guidelines* (dated May 24, 2007). The *Overtime Procedures – Version 1* document only addresses overtime for “Construction Related Activities” in the three design and construction branches for

construction related personnel. It does not address overtime for personnel in the Asset Management and Business and Technical Services branches, nor non-construction personnel in the three design and construction branches.

The City has a requirement that corporate policies and procedures be reviewed as necessary, but at least every three years. Although this requirement does not apply to ISD's departmental overtime procedures, these documents none-the-less have not been updated since 2007. A review of these procedures may help them remain relevant and current.

### **Recommendation 5**

**That ISD revise the department's internal overtime procedure documents to ensure they address overtime for all ISD personnel.**

### **Management Response**

Management agrees with this recommendation.

Management will revise the department's internal overtime procedure documents to clarify the application of the procedure for all staff. This will be completed by Q2 2015.

### ***Management of Sick Leave***

In 2012, ISD incurred 1,153 days of sick leave for an average per employee of 4.1 days. In 2012, the City incurred an overall average per employee of 11.0 days. Testing of samples of sick leave transactions found all had been properly approved.

The City's Human Resources department (HR) provided a database with all sick leave transactions for ISD employees in 2012, totalling 1,153 days. From the database a random sample of forty-six employees (covering all branches and the General Manager's Office) was selected. For each of these employees, one sick leave transaction was selected at random. Each of these transactions was reviewed and found to be properly approved in accordance with the City's *HR Levels of Authority* document which sets out the levels of staff which can approve sick leave.

### ***Completion of time reporting forms on a manual basis***

Personnel performing construction related activities in the Design and Construction Municipal East and West branches report time and leave manually each week on *ISCS Exception Leave Request/Time Reporting* forms. All other departmental personnel report their time and leave directly into the SAP system.

The manually completed forms are delivered to the respective branches' Administrative Assistants. The Administrative Assistants enter the regular hours into SAP and forward

the form to the Payroll branch where overtime, leave and cost recovery transactions are entered into SAP.

Having these staff enter their time directly into SAP would be a more timely and efficient process and would reduce the risk of input errors by having staff transpose data from the paper forms.

### **Recommendation 6**

**That the City should change ISD's time reporting process so that all branch staff enter their time and leave directly into the SAP system.**

### **Management Response**

Management agrees with this recommendation.

This recommendation will be implemented by Q4 2016 through the Integrated Departmental Management Plan Program.

### ***Development plans in Employee's Individual Contribution Agreement***

The City's Learning and Development Policy requires that learning activities relate to "development plans identified in the employee's Individual Contribution Agreement (ICA)". A review of a sample of 2012 ICA's for ISD employees found none of the ICA's were completed on time therefore they could not have been used as intended. Reviewing the ICA's completed in 2013 for 2012 we found no development plans for 24% of employees.

The *Program Guide for Managers and Professional Exempt (MPE) and Civic Institute of Professional Personnel (CIPP)*,<sup>2</sup> outlines a "Typical Performance Cycle" for ICA's. The three step process is: a) Performance Planning during January through March; b) Mid-Year Review during June and July; and c) Final Evaluation during December and January.

2012 ICA's were requested for 25 ISD employees, 5 from each branch. ISD management provided the 2012 ICA's for 22 employees (ICA's for 3 employees were not provided, presumably because they did not exist). For the 22 ICA's reviewed, they were all completed during the period February 26 to August 16, 2013, approximately twelve months behind schedule. As such these ICA's could not have been used for either a mid-year review or a final evaluation.

The 22 ICA's that were provided were reviewed to assess what development activities had been planned and to follow-up if the planned activities had been completed. The

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<sup>2</sup> Updated January 2013.

review found 3 of the ICA's had blank (not completed) Development Plan sections. The result is that no training plans were provided for 6 of the 25 selected personnel (24%).

Review of the training actually undertaken by the 19 employee with development plans found that only 2 of the employees did not complete the planned training.

### **Recommendation 7**

**That ISD develop and review Individual Contribution Agreements for ISD employees in accordance with the “Typical Performance Cycle” set out in the *Program Guide For Managers and Professional Exempt (MPE) and Civic Institute of Professional Personnel (CIPP)*.**

### **Management Response**

Management agrees with this recommendation.

Management will undertake measures to improve compliance with the “Typical Performance Cycle” set out in the *Program Guide for Managers and Professional Exempt (MPE) and Civic Institute of Professional Personnel (CIPP)*, during the 2015 performance review process, and complete an assessment of compliance by Q2 2016.

### **Recommendation 8**

**That ISD complete the Development Plan sections of the Individual Contribution Agreements for ISD employees.**

### **Management Response**

Management agrees with this recommendation.

Management will undertake measures to improve compliance during the 2015 performance review process, and complete an assessment of compliance by Q2 2016.

### ***ISD Learning Plan***

The City's *Learning and Development Policy*, last revised July 19, 2012, states that General Managers are responsible for “Developing and approving learning plans for their respective departments”. ISD does not have a learning plan and as a result it is possible that training could be undertaken that is not consistent with ISD's goals and priorities. At the time of the audit, ISD had a draft “Training Policy” document and which was reviewed and found to be consistent with the *Learning and Development Policy*.

The *Learning and Development Policy* does not provide guidance on the content and form that a departmental learning plan should take. Human Resources department staff

acknowledged this and indicated that the Policy will be reviewed and this requirement will be addressed.

**Recommendation 9**

**That ISD issue an ISD Learning Plan that is consistent with the City's Learning and Development Policy.**

**Management Response**

Management agrees with this recommendation.

The department's existing employee training profiles, job function outlines and job descriptions will be used as base information to support the Infrastructure Services Department Competency Development Project being undertaken as part of the Integrated Departmental Management Plan Program.

The Competency Development Project includes objectives to assess roles and competencies, skills to support new processes, evolving roles and expectations of the department as well as leveraging shared service expertise and support, where appropriate, to align the program training strategy with the broader training/learning strategy for the City. The Competency Development Project will be completed by Q2 2017.

***Potential Savings***

***Reduce overtime during the busy construction period***

Overtime during the busy construction period (May to September) may possibly be reduced by not approving continuous vacations for ISD construction staff during this period. During the 2012 busy construction period, ISD incurred \$133,435 in overtime costs.

***Conclusion***

Administrative management of ISD is basically sound, although opportunities exist to improve controls and realize savings.

***Acknowledgement***

We wish to express our appreciation for the cooperation and assistance afforded the audit team by management and staff.