



*Office of the Auditor General / Bureau du vérificateur général*

**FOLLOW-UP TO THE 2009 AUDIT OF  
FIVE SPECIFIC STAFFING PROCESSES**

**2011**

**SUIVI DE LA VÉRIFICATION DE CINQ CAS DISTINCTS  
D'EMBAUCHE DE PERSONNEL DE 2009**



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## EXECUTIVE SUMMARY

### *Introduction*

The Follow-up to the 2009 Audit of Five Specific Staffing Processes was included in the Auditor General's Audit Plan.

The key findings of the original 2009 audit included:

The process used to staff certain positions was inappropriate. The audit revealed the following:

Of four cases within the Revenue Branch;

- All four involved family ties,
- Two did not meet the basic requirements of the position, and
- All four were hired.

An appropriate staffing process was followed in the case within Public Works.

The audit concludes that:

- Accepting candidates who do not meet the basic requirements results in employees being paid for education and experience they do not possess. As stated in other audits, this practice indicates that these positions are over classified.
- The combination of familial ties and the lowering of minimum requirements lead to real or perceived conflicts of interest and favouritism in hiring practices.

### *Summary of the Level of Completion*

1. The table below outlines our assessment of the level of completion of each recommendation as of January 31, 2011.

CATEGORY	% COMPLETE	RECOMMENDATIONS	NUMBER OF RECOMMENDATIONS	PERCENTAGE OF TOTAL RECOMMENDATIONS
LITTLE OR NO ACTION	0 – 24	7b,12	2	15%
ACTION INITIATED	25 – 49	-	-	-
PARTIALLY COMPLETE	50 – 74	1, 2, 3, 4, 11	5	39%
SUBSTANTIALLY COMPLETE	75 – 99	8, 10	2	15%
COMPLETE	100	5, 6, 7a, 9	4	31%
TOTAL			13	100%

2. The table below outlines management’s assessment of the level of completion of each recommendation as of November 2011. These assessments have not been audited.

CATEGORY	% COMPLETE	RECOMMENDATIONS	NUMBER OF RECOMMENDATIONS	PERCENTAGE OF TOTAL RECOMMENDATIONS
LITTLE OR NO ACTION	0 – 24	7b, 12	2	15%
ACTION INITIATED	25 – 49	-	-	-
PARTIALLY COMPLETE	50 – 74	3	1	8%
SUBSTANTIALLY COMPLETE	75 – 99	-	-	-
COMPLETE	100	1, 2, 4, 5, 6, 7a, 8, 9, 10, 11	10	77%
TOTAL			13	100%

### **Overall Management Response**

With regard to “Accepting candidates who do not meet the basic requirements results in employees being paid for education and experience they do not possess. As stated in other audits, this practice indicates that these positions are over classified. The combination of familial ties and the lowering of minimum requirements lead to real or perceived conflicts of interest and favouritism in hiring practices.”:

The City does not accept candidates who do not meet basic requirements for positions. HR conducts initial screening of candidates against posted requirements and the application of the City’s equivalency guidelines, as required. In specific instances, particularly for jobs with technical requirements and where the application of an equivalency is required, the hiring manager is involved to make this assessment. In these cases, candidates who are deemed to have equivalent education and experience are considered to have met the minimum requirements of the position. Accordingly, the positions are not over classified.

Likewise, the City has not lowered minimum requirements by virtue of applying equivalencies. The City needs the best-qualified candidates for the job which is why it is important to apply equivalencies. As the Auditor notes in the follow-up comment to Recommendation 1, the education and experience equivalency guidelines are designed to provide opportunities to candidates who possess alternative combinations of education and job-related experience that are deemed to be equivalent to the minimum job requirements.

## ***Conclusion***

In many cases, management has explained that there are new controls built into the hiring process. This can be seen in the improvements made to some documents such as the Code of Conduct, the Consensus Scoring and Selection Decision Summary and the Declaring Conflict of Interest in Hiring Finance Procedure. However, there is neither the requirement nor the general practice of providing evidence of controls in terms of a sign off, or other documentation. As such, in some cases, it is difficult to demonstrate that the control is in place, and is operating effectively. We found in some cases where management disagreed with the recommendations that they did take some action that addressed the intention of the recommendations.

## ***Acknowledgement***

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





## RÉSUMÉ

### *Introduction*

Le Suivi de la vérification de cinq cas distincts d'embauche de personnel de 2009 était prévu dans le Plan de vérification du vérificateur général.

Les principales constatations de la vérification de 2009 sont les suivantes :

Le processus de dotation de certains postes était inadéquat.

Sur quatre cas de la Direction des recettes :

- des liens de parenté étaient en cause dans tous les cas;
- deux candidats ne satisfaisaient pas aux exigences de base propres au poste; et
- les quatre candidats furent l'embauchés.

Un processus d'embauche approprié a été respecté à Travaux publics.

La vérification conclut que :

- La combinaison des liens de parenté et de l'abaissement des normes minimales peut conduire à des conflits d'intérêts réels ou allégués et à du favoritisme réel ou allégué dans les pratiques d'embauche.
- Le fait d'accepter des candidatures qui ne satisfont pas aux exigences de base a pour effet que des employés sont rémunérés en fonction d'une formation et d'une expérience qu'ils ne possèdent pas. Comme nous l'avons dit dans d'autres vérifications, une telle pratique indique que ces postes sont surclassés.

### *Sommaire du degré d'achèvement*

1. Le tableau ci-dessous présente notre évaluation du degré d'achèvement de chaque recommandation le 31 janvier 2011 :

CATÉGORIE	POURCENTAGE COMPLÉTÉ	RECOMMANDATIONS	NOMBRE DE RECOMMANDATIONS	POURCENTAGE DU TOTAL DES RECOMMANDATIONS
PEU OU PAS DE MESURES PRISES	0 – 24	7b,12	2	15 %
ACTION AMORCÉE	25 – 49	-	-	-
COMPLÉTÉE EN PARTIE	50 – 74	1, 2, 3, 4, 11	5	39 %
PRATIQUEMENT COMPLÉTÉE	75 – 99	8, 10	2	15 %
COMPLÉTÉE	100	5, 6, 7a, 9	4	31 %
TOTAL			13	100 %

2. Le tableau ci-dessous présente l'évaluation de la direction concernant le degré de réalisation de chaque recommandation à mois de novembre 2011 en réponse à l'évaluation du Bureau du vérificateur général. Ces évaluations n'ont pas fait l'objet d'une vérification.

CATÉGORIE	POURCENTAGE COMPLÉTÉ	RECOMMANDATIONS	NOMBRE DE RECOMMANDATIONS	POURCENTAGE DU TOTAL DES RECOMMANDATIONS
PEU OU PAS DE MESURES PRISES	0 – 24	7b, 12	2	15 %
ACTION AMORCÉE	25 – 49	-	-	-
COMPLÉTÉE EN PARTIE	50 – 74	3	1	8 %
PRATIQUEMENT COMPLÉTÉE	75 – 99	-	-	-
COMPLÉTÉE	100	1, 2, 4, 5, 6, 7a, 8, 9, 10, 11	10	77 %
TOTAL			13	100 %

### **Réponse générale de la direction**

À l'égard de la citation suivante : « *Le fait d'accepter des candidatures qui ne satisfont pas aux exigences de base a pour effet que des employés sont rémunérés en fonction d'une formation et d'une expérience qu'ils ne possèdent pas. Comme nous l'avons dit dans d'autres vérifications, une telle pratique indique que ces postes sont surclassés. La combinaison des liens de parenté et de l'abaissement des normes minimales peut conduire à des conflits d'intérêts réels ou allégués et à du favoritisme réel ou allégué dans les pratiques d'embauche.* » :

La Ville n'accepte pas les candidats qui ne remplissent pas les normes minimales liées aux postes. Les Ressources humaines effectuent une présélection selon les normes affichées et le respect des directives d'équivalence de la Ville, tel que nécessaire. Dans des cas bien précis, particulièrement lorsqu'il s'agit de postes nécessitant des connaissances techniques et que des critères d'équivalence entrent en ligne de compte, le gestionnaire chargé de l'embauche des employés effectue cette évaluation. Dans ces cas, on considère que les candidats ayant les niveaux d'instruction et l'expérience voulus ont rempli les normes minimales du poste. Par conséquent, les postes ne seront pas sur-classifiés.

Par ailleurs, la Ville n'a pas abaissé ces normes minimales en vertu de l'application des équivalences. La Ville a besoin des candidats les mieux qualifiés, et c'est pour cette raison qu'il est important d'appliquer ces équivalences. En effet, le vérificateur indique dans ses commentaires sur la Recommandation 1 que les directives d'équivalence liées au niveau académique et à l'expérience sont conçues pour permettre aux candidats ayant des combinaisons d'instruction et d'expérience liée au travail dites équivalentes aux normes minimales de postuler.

## ***Conclusion***

Dans bien des cas, la direction a expliqué qu'il y avait de nouveaux éléments de contrôle intégrés au processus d'embauche. On peut le constater grâce aux améliorations apportées à des documents comme le Code de conduite, l'Évaluation équivalente et résumé des décisions de sélection et la Déclaration de conflit d'intérêt dans le processus d'embauche. Toutefois, il n'est pas obligatoire ou dans les procédures courantes de fournir des preuves de contrôle en matière d'approbation ou élaboration d'autre documentation. Ainsi, dans certains cas, il est difficile de prouver que le processus de contrôle est en place et fonctionne efficacement. Nous avons observé des cas où la direction n'étant pas d'accord avec certaines recommandations, a pris des mesures afin de tenir compte de l'intention des recommandations.

## ***Remerciements***

Nous tenons à remercier la direction pour la coopération et l'assistance accordées à l'équipe de vérification.



## 1 INTRODUCTION

The Follow-up to the 2009 Audit of Five Specific Staffing Processes was included in the Auditor General's Audit Plan.

The key findings of the original 2009 audit included:

The process used to staff certain positions was inappropriate. The audit revealed the following:

Of four cases within the Revenue Branch;

- All four involved family ties
- Two did not meet the basic requirements of the position, and
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An appropriate staffing process was followed in the case within Public Works.

The audit concludes that:

- Accepting candidates who do not meet the basic requirements results in employees being paid for education and experience they do not possess. As stated in other audits, this practice indicates that these positions are over classified.
- The combination of familial ties and the lowering of minimum requirements lead to real or perceived conflicts of interest and favouritism in hiring practices.

## 2 KEY FINDINGS OF THE ORIGINAL 2009 AUDIT OF FIVE SPECIFIC STAFFING PROCESSES

In two of four cases reviewed in the Revenue Division, applicants who did not meet the basic requirements of the position as posted were allowed to compete on the basis of liberal interpretations of "equivalencies" and the fact that the applicants were known by a hiring manager or other City employee.

The City provides very good paying jobs and benefits and should only consider the best-qualified candidates who meet the full requirements of the jobs from within the City or from the labour market. Accepting candidates who do not meet the basic requirements results in employees being paid for education and experience they do not possess, and potentially impacts the City's level of expertise and capability to deliver on its programs.

The City's policy on Hiring and Employment of Family Members is not well understood or applied and was contravened without repercussions in the case involving the [REDACTED] of the Revenue Division. This case involves a disregard or lack of understanding amongst managers of the City's policy, and the need to be cognizant that broader familial ties and other close personal

relationships may give rise to the same concerns surrounding real or perceived conflicts as those specifically addressed in the policy.

The City needs to take stronger disciplinary action for those involved in selection processes that are deemed to be inappropriate, unfair or in contravention of City policy to deter such behaviour and to demonstrate its commitment to its principles of merit and integrity.

The sourcing, selection and hiring of temporary employees and summer students is left to a large extent to the sole discretion of the hiring manager, which is a prime reason behind the complaints of favouritism or perceptions of favouritism involving familial ties.

The combination of familial ties, the lowering of minimum standards in some cases, and that some employees are privy to information on available opportunities can undoubtedly lead to real or perceived conflicts of interest and favouritism in hiring practices.

Relatives of City employees have undoubtedly more opportunities to work for the City than other citizens. A similar conclusion was arrived at in the 2007 Audit of Staffing regarding the City's summer employment practices.

Of the four cases from the Revenue Division reviewed during this audit involving the selection of temporary or part-time employees with familial ties at entry level positions, three of these placements subsequently led to successful competitions for full-time or longer term seasonal employment opportunities.

The fifth case reviewed, in Public Works, followed the appropriate staffing process.

The City needs to implement higher standards and better practices related to the hiring of temporary employees and summer students to ensure greater objectivity and impartiality in the hiring process in order to eliminate real or perceived conflict of interest in its hiring practices. The establishment of a pool of pre-qualified candidates for temporary positions should be considered.

### **3 STATUS OF IMPLEMENTATION OF 2009 AUDIT RECOMMENDATIONS**

#### **2009 Recommendation 1**

**That the City clearly indicate in the competition poster how equivalencies will be evaluated by way of a grid or definition of equivalent combinations of education and experience in order to protect the integrity of the process, and to ensure that successful candidates do in fact provide the City with value for money and the level of expertise for which it pays.**

## **2009 Management Response**

Management disagrees with the recommendation.

The Human Resources department (HR) refers to the Education & Experience Equivalency Guidelines For Recruitment & Staffing Purposes, which outlines the various options for evaluating equivalencies. Each individual applicant must be assessed on their own merits, given their unique combination of experience, training and education. It is not practical, therefore, to attempt to include all of the equivalency options in a competition poster.

### **Management Representation of the Status of Implementation of Recommendation 1 as of January 31, 2011**

This recommendation has not been implemented due to the reasons outlined in the management response.

Specifically, each individual applicant must be assessed on their own merits, given their unique combination of experience, training and education. It is not practical, therefore, to attempt to include all of the equivalency options in a competition poster.

*Management: % complete* *0%*

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### **OAG's Follow-up Audit Findings regarding Recommendation 1**

Management disagreed with this recommendation, and indicated that HR refers to the Education and Experience Equivalency Guidelines for Recruitment and Staffing Purposes.

The Education and Experience Equivalency Guidelines for Recruitment and Staffing Purposes document created by the Compensation Unit in May 2007 specifies that the Guidelines were designed to “broaden the pool of eligible candidates that a supervisor/manager might consider by recognizing directly related experience in lieu of formal educational qualifications,” and to “provide opportunities for both internal and external candidates who possess alternative combinations of education and job related experience that are deemed to be equivalent to the minimum job requirements, to be considered for vacant positions.” The document specifies that consideration of equivalencies during the staffing process does not change the education and experience standards on the job description that has been rated under the job evaluation process.

In the case of CIPP and CUPE positions, the Guidelines include a grid depicting the equivalencies. The Guidelines explain that an equivalency is considered one job evaluation degree less in education, compensated for by one job evaluation degree higher in experience (or vice versa). However, there is little guidance provided for MPE jobs. The Guidelines state that “MPE jobs should be considered on a case by case basis according to the requirements established for the job” and “There is no equivalency for accreditation.”

*OAG: % complete*

*50%*

### **Management Representation of Status of Implementation of Recommendation 1 as of November 2011**

Management agrees with the OAG’s follow-up finding, however further progress has been made.

As noted in our original management response, management continues to disagree with the original recommendation that the City clearly indicate in the competition poster how equivalencies will be evaluated by way of a grid or definition of equivalent combinations of education and experience.

Each individual applicant must be assessed on their own merits, given their unique combination of experience, training and education. It is not practical, therefore, to attempt to include all of the equivalency options in a competition poster.

The OAG’s follow-up audit finding appears to indicate the OAG feels that this portion of the recommendation is no longer applicable. Management agrees.

The follow-up finding raised a concern that there is little guidance with regard to MPE positions. CIPP and MPE jobs are both professional level jobs and the practice has been to apply CIPP Equivalency Guidelines Grid to MPE positions. The Guidelines Grid has now been updated to reflect that it applies to both CIPP and MPE. Management considers implementation of this recommendation to be complete.

*Management: % complete*

*100%*

### **2009 Recommendation 2**

**That the City ensure that screening of candidates is conducted in a more consistent and rigorous fashion based on job poster requirements and that candidates who do not meet the requirements are screened out.**



## **2009 Management Response**

Management agrees with the recommendation.

The Human Resources department conducts screening of candidates based on the posted requirements and the City's equivalency considerations. Given the technical requirement of some jobs, hiring managers may need to make their own interpretations with respect to the suitability of applicants. If the hiring manager screens a candidate back in, the hiring manager must document the rationale/criteria in the 'Competition Screening Summary'. Staffing Officers review the file to confirm that this documentation is present and appropriate, and will contact the hiring manager if it is not.

Based on the limited sample reviewed as part of this audit, it cannot be assumed as indicated in the report, that it is a prevalent practice to allow employees to compete on the basis of a liberal interpretation of equivalencies.

**OAG COMMENT:** The OAG considers that this recommendation should be forwarded to the Audit, Budget and Finance Committee for discussion.

## **Management Representation of the Status of Implementation of Recommendation 2 as of January 31, 2011**

As per the management response, no further action is required in the implementation of this recommendation.

Management considers implementation of this recommendation to be complete.

**Management: % complete** **100%**

## **OAG's Follow-up Audit Findings regarding Recommendation 2**

The 2009 Management Response explained that the HR department screens candidates based on the posted requirements and equivalency considerations, but that hiring managers have the option of overriding HR's decision based on their own interpretations of the suitability of applicants. HR's role in the screening out process therefore does not serve as a control to ensure consistent and transparent screening of candidates based on poster requirements.

Management explained that the hiring manager who screens a candidate back in after HR has screened them out, must document the rationale in the Competition Screening Summary, and that the Staffing Officer reviews the file to confirm that the documentation is present and appropriate. This would serve as a safeguard to help ensure transparency and fairness in the screening process. However, the Staffing Officer is not required to provide evidence that the hiring manager's explanation was reviewed, and is not accountable by means of a sign off to indicate that the justification was considered to be appropriate. By not maintaining evidence that a control has taken place, it is difficult to demonstrate that the process is well controlled.

Management's response explains that HR conducts quarterly reviews/audits of competition files to ensure that the proper staffing processes have been followed. However, there is no log of what has been audited, and no records of the results of the audit. HR does not maintain any other form of evidence of the audit. Documenting which audits have taken place and/or the results of the audit would enable HR to demonstrate its due diligence by showing that the control has taken place.

*OAG: % complete*

*50%*

### **Management Representation of Status of Implementation of Recommendation 2 as of November 2011**

Management agrees with the OAG's follow-up audit finding, however further progress has been made.

As indicated in the management response, hiring managers are not "overriding" HR's decision based on their own interpretations of the suitability of applicants. Hiring managers provide their technical perspective / understanding to the qualifications presented by candidates.

HR conducts initial screening of candidates against the posted requirements and the application of the City's equivalency guidelines. Given the complexity of the City (over 100 lines of business), in some instances, particularly for jobs with technical requirements and where the application of an equivalency is required, the hiring manager is involved in making this assessment. Managers must provide the rationale in such cases and the rationale is reviewed by the Staffing Officer to confirm that this documentation is present and appropriate, and will contact the hiring manager if it is not.

With the new SAP e-Recruitment tool and 'Manager Access' functionality which will go live in early February 2012, when a hiring manager reviews the shortlist of candidates, they will be required as part of the process, to complete the 'Hiring Manager' feedback section in the tool to indicate any exceptions (i.e. they disagree with one or more of the screened in candidates). Similarly, they may screen in a qualified candidate not screened in by HR. In such cases, they are expected to explain their rationale in the feedback section. The Staffing Officer will be required to insert a comment in the 'HR Ranking' notes to reflect their review of the hiring manager's comments.

With regard to the OAG's comment that evidence of the quarterly file reviews should be documented, management has adopted a practice to demonstrate when a review has been completed. A tracking sheet and a checklist of items to confirm completeness of the file and to record details of the quarterly file audit is now in use. Appropriate follow-up takes place for any gaps identified.

Management considers implementation of this recommendation to be complete.

*Management: % complete* *100%*

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### **2009 Recommendation 3**

**That the City ensure that its hiring managers provide documented rationale of actions and decisions taken, such as providing the competition screening summary with their comments to Employee Services within a reasonable period of time prior to the scheduling of interviews to allow meaningful consultation and the opportunity for Employee Services to fulfill its oversight and compliance role.**

### **2009 Management Response**

Management agrees with the recommendation that hiring managers provide documented rationale of actions and decisions taken on the Competition Screening Summary, and this is the current practice.

Management disagrees with the recommendation that the Competition Screening Summary be returned to HR and reviewed prior to the interviews being scheduled.

The role of the Human Resources (HR) department is to provide hiring tools, direction, and advice to managers; the role of hiring managers is to be accountable for the hiring decision.

HR provides a 'Competition Screening Summary' spreadsheet and an email to hiring managers that includes detailed instructions and links to key tools with respect to the competition process. Hiring managers are required to document their comments and decisions on the 'Competition Screening Summary' spreadsheet prior to initiating interviews. Consultation with HR is recommended however, in many cases the competition is straightforward and the hiring manager can choose to proceed without consulting HR. Further, given the volume of competitions, this recommendation is neither practical nor feasible.

The completed Competition Screening Summary is checked for compliance upon return to HR. In addition, HR conducts quarterly reviews/audits of competition files to ensure that the proper staffing processes have been followed.

**OAG COMMENT:** The OAG considers that this recommendation should be forwarded to the Audit, Budget and Finance Committee for discussion.

### **Management Representation of the Status of Implementation of Recommendation 3 as of January 31, 2011**

The first portion of this recommendation is in place. The current practice continues with hiring managers providing documented rationale of actions and decisions taken on the Competition Screening Summary.

The second portion of the recommendation has not been implemented due to the reasons outlined in the management response. Specifically, the role of the Human Resources (HR) department is to provide hiring tools, direction, and advice to managers; the role of hiring managers is to be accountable for the hiring decision.

*Management: % complete* *50%*

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**OAG's Follow-up Audit Findings regarding Recommendation 3**

Hiring managers are asked to provide documented rationale of actions and decisions taken on the Competition Screening Summary. Management explained that the Summary is reviewed for completeness by HR, but that no specific evidence of the review is maintained.

Management's response indicates no action was taken with respect to the recommendation that the Competition Screening Summary be returned to HR and reviewed prior to the interviews being scheduled.

*OAG: % complete* *50%*

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**Management Representation of Status of Implementation of Recommendation 3 as of November 2011**

Management agrees with the OAG's follow-up audit finding.

The first portion of this recommendation has been implemented.

Hiring managers are asked to provide documented rationale of actions and decisions taken on the Competition Screening Summary, and this is the current practice as per the original management response.

Beyond the scope of the original recommendation, the OAG's follow-up audit finding suggests that evidence of a review be maintained. With the new SAP e-Recruitment tool and 'Manager Access' functionality which will go live in early February 2012, when a hiring manager reviews the shortlist of candidates, they will be required as part of the process, to complete the 'Hiring Manager' feedback section in the tool to indicate any exceptions (i.e. they disagree with one or more of the screened in candidates). Similarly, they may screen in a qualified candidate not screened in by HR. In such cases, they are expected to explain their rationale in the feedback section. The Staffing Officer will be required to insert a comment in the 'HR Ranking' notes to reflect their review of the hiring manager's comments.

Management considers implementation of this portion of the recommendation to be complete.

*Management: % complete* *100%*

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The second portion of this recommendation has not been implemented due to the reasons outlined in the management response. Specifically, the role of the Human

Resources (HR) department is to provide hiring tools, direction, and advice to managers; the role of hiring managers is to be accountable for the hiring decision.

Further, this recommendation is neither practical nor feasible due to the volume of competitions and the fact that operational requirements vary. Human Resources provides a "Competition Screening Summary" spreadsheet and an email to hiring managers that includes detailed instructions and links to key tools with respect to the competition process. Hiring managers are required to document their comments and decisions on the "Competition Screening Summary" spreadsheet prior to initiating interviews. Consultation with HR is recommended however, in many cases the competition is straightforward and the hiring manager can choose to proceed without consulting HR. No further action is planned to be undertaken.

*Management: % complete* *0%*

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#### **2009 Recommendation 4**

**That the City ensure that hiring managers document competition results and send competition files with summary sheets outlining all results as well as the proposed order in which offers would be made for discussion and validation to Employee Services prior to any verbal or written offers being made.**

#### **2009 Management Response**

Management agrees that a review of the competition file should be completed by HR prior to a written offer being issued, however, that review can be done via a discussion with the hiring manager.

The role of the Human Resources (HR) department is to provide hiring tools, direction and advice to managers; the role of hiring managers is to be accountable for the hiring decision. HR is directly involved in creating all written offers.

For all competitions, HR provides hiring managers with detailed instructions and links to key tools with respect to the process.

Final interview results and proposed offers are generally discussed with the Staffing Officer or Human Resource Consultant prior to offers being extended. However, where Human Resources is not directly involved in the interview process, a verbal offer may be extended at the discretion of the hiring manager.

Requiring that all competitions have a consultation point with HR prior to a verbal offer would prolong the process unnecessarily for a straightforward staffing action. Management believes that this additional investment yields limited returns. All written offers are extended following consultation and a review of the hiring decision with HR.

The Human Resources department uses the "Competition Administrator" database to track competition milestones, including the date the completed file is received.

**OAG COMMENT:** The OAG considers that this recommendation should be forwarded to the Audit, Budget and Finance Committee for discussion.

**Management Representation of the Status of Implementation of Recommendation 4 as of January 31, 2011**

This recommendation has not been implemented due to the reasons outlined in the management response.

Specifically, requiring that all competitions have a consultation point with HR prior to a verbal offer would prolong the process unnecessarily for a straightforward staffing action and this additional investment would yield limited returns. All written offers are extended following consultation and a review of the hiring decision with HR.

*Management: % complete* *0%*

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**OAG's Follow-up Audit Findings regarding Recommendation 4**

Management agreed that HR should review the competition file prior to a written offer being issued, but feels the review can be done via a discussion with the hiring manager. Because there is no requirement to maintain evidence that a review took place, there is no way to demonstrate that the process includes the necessary safeguards to address the issues raised in this audit. Evidence such as a checkbox, initials, or a note summarizing the conversation would help to demonstrate accountability and transparency in the hiring process.

Management's response explains that a verbal offer may be extended at the discretion of the hiring manager. As such, management disagrees with this part of the recommendation.

*OAG: % complete* *50%*

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**Management Representation of Status of Implementation of Recommendation 4 as of November 2011**

Management agrees with the OAG's follow-up audit finding.

With respect to the first portion of this recommendation, Management agrees that a review of the competition file should be completed by HR prior to a written offer being issued, however, feels that this review can be done via a discussion with the hiring manager. By virtue of the fact that HR must prepare the written offer letter, consultation must take place between HR and the hiring manager. An integral part of this process is the review of the hiring decision.

Beyond the scope of the original recommendation, the OAG's follow-up audit finding suggests that evidence such as a checkbox, initials, or a note summarizing the conversation would help to demonstrate accountability and transparency in the hiring process. Management will explore how to make it more transparent that HR reviewed the file in the course of preparing the offer letter in the new e-recruitment tool. Management considers implementation of this portion of the recommendation to be complete.

***Management: % complete*** ***100%***

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The second portion of this recommendation has not been implemented due to the reasons outlined in the management response. Specifically, requiring that all competitions have a consultation point with HR prior to a verbal offer would prolong the process unnecessarily for a straightforward staffing action and this additional investment would yield limited returns. No further action is planned to be undertaken.

***Management: % complete*** ***0%***

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### **2009 Recommendation 5**

**That the City, as part of their current review, ensure that the policy includes a broader definition of "family" and at a minimum develop an appropriate communication strategy to clearly explain to all hiring managers and employees the importance of being free from any real or perceived improper influence based on family relationships in order to maintain public confidence in the integrity of the City's hiring and employment practices, and avoid the situations described above.**

### **2009 Management Response**

Managements agrees with the recommendation.

This issue was considered during the last review of the Hiring Policy and a statement has been developed to address this concern, namely:

"While this policy is intended to apply solely to immediate family relationships (see definitions), employees and elected officials should be cognizant that broader familial ties and other close personal relationships may give rise to the same concerns surrounding real or perceived conflicts as those specifically addressed in this policy. As a result, employees and elected officials who may find themselves in such situations should be sensitive to these concerns and govern themselves in keeping with the spirit and intent of this policy."

A similar recommendation was made in the 2007 Audit of the Staffing Process and was discussed at the November 21, 2008 meeting of the Council Audit Working Group (CAWG). CAWG has directed the City Manager to review the definition of “family member” contained in the portion of the Hiring Policy that relates to employees, with a view to establishing a broader definition of “family member” that is in keeping with the spirit and intent of the policy and the law in this regard, and to report such direction to Council”. The Auditor General was in agreement with the above-mentioned direction. The CAWG direction will go forward for Council approval in the next status report.

Further, a communication strategy will be developed and issued in Q4 2009 that clearly explains to all hiring managers and employees, the importance of being free from any real or perceived improper influence based on family relationships in order to maintain public confidence in the integrity of the City’s hiring and employment practices, and to avoid the situations noted in the audit.

### **Management Representation of the Status of Implementation of Recommendation 5 as of January 31, 2011**

The revised Code of Conduct was issued throughout the organization in the fall of 2010 with a supporting communication strategy which included Questions and Answers which specifically referenced the hiring process.

The Hiring and Employment of Family Members policy is in the process of being updated to reflect the definition of ‘family member’ as outlined in the Code of Conduct. The policy will be finalized and an appropriate communication plan will be developed by Q4 2011.

In addition, the City recently revised the competition Consensus Scoring Sheet to include the following statement: ‘We each certify that we have declared any familial or close personal relationships with any of the candidates interviewed.’

*Management: % complete*

*75%*

### **OAG’s Follow-up Audit Findings regarding Recommendation 5**

The Hiring and Employment of Family Members Policy contains the clarification as described in the Management Response. The clarification serves to inform the reader of the broader definition of “family” and explains that “other close personal relationships may give rise to the same concerns surrounding real or perceived conflicts as those specifically addressed in the policy.”

The Code of Conduct includes a “note on family” that explains the importance on not giving preferential treatment to “ourselves, our families, or our friends.”



The Consensus Scoring Sheet includes the statement as described in the Management Response. Namely “We each certify that we have declared any familial or close personal relationships with any of the candidates interviewed.” The addition of this amendment is mentioned on the Internal Screening Summary email that is sent to hiring managers.

*OAG: % complete*

*100%*

### **2009 Recommendation 6**

**That the City develop clear guidelines and disciplinary consequences for those involved in selection processes that are deemed to be inappropriate, unfair or in contravention of City policy to deter such behaviour and demonstrate commitment to its principles of merit and integrity.**

### **2009 Management Response**

Management agrees with the recommendation. The guidelines and disciplinary consequences in place meet the intent of the recommendation.

The Code of Conduct sets out that the Department Head will ensure that the matter is addressed in an appropriate manner: “Upon receiving written disclosure of an actual or potential breach of the Code, the Department Head shall either determine that no breach exists or take reasonable steps to ensure that the matter is addressed in the appropriate manner. This may include seeking a written legal opinion from the City Solicitor”. Any resulting disciplinary action would be documented as indicated in response to Recommendation 8. These policies are currently in place.

### **Management Representation of the Status of Implementation of Recommendation 6 as of January 31, 2011**

Implementation of this recommendation has been completed as per the management response.

*Management: % complete*

*100%*

### **OAG’s Follow-up Audit Findings regarding Recommendation 6**

The City has a corporate policy, and procedures on discipline. The stages of disciplinary action as set out in the procedures include a verbal reprimand, written reprimand, suspension and dismissal.

*OAG: % complete*

*100%*

### **2009 Recommendation 7**

**That the City ensure that:**

- a) **All disciplinary actions taken are documented, and a record of such infraction is kept on the employee’s file or in the immediate supervisors records; and,**
- b) **Performance appraisals address disciplinary issues.**

**2009 Management Response**

Management agrees with recommendation 7 a).

There is a training course available for managers: “Managing in a Unionized Environment”, which has a section on the disciplinary process. Managers dealing with a disciplinary issue typically work with a Labour Relations Consultant and receive guidance throughout the process.

Disciplinary actions are documented, as outlined in the corporate procedures on discipline, and are placed on the employee’s file according to time limits outlined in collective agreements or terms and conditions.

Management disagrees with recommendation 7 b).

Performance appraisals are non-disciplinary tools that have a much broader application for performance and development and are not intended to deal with disciplinary issues. While aspects of performance that have been subject to discipline may be discussed and referred to in a performance appraisal document, the disciplinary process is separate from the performance management process.

**Management Representation of the Status of Implementation of Recommendation 7a as of January 31, 2011**

Implementation of this recommendation has been completed as per the management response.

*Management: % complete* **100%**

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**OAG’s Follow-up Audit Findings regarding Recommendation 7a**

The corporate procedures on discipline explain that “a supervisor should record notice of the verbal reprimand. “ For a written reprimand, the procedures explain that “the letter of reprimand will be placed on the employee’s file.”The procedures specify the information that is to be contained in a letter of reprimand or suspension.

Management indicated that they were not aware of how many disciplinary actions have historically been required as a result of a breach of the hiring protocols. If communication was such that the appropriate staffing managers were informed when a breach took place, they would be in a better position to identify weaknesses in the controls that ensure the policies are followed, and would therefore be empowered to make changes and improvements as necessary.

*OAG: % complete* **100%**

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**Management Comment on the OAG's Follow-up Audit Findings regarding Recommendation 7a**

Management believes there are sufficient controls in place. To ensure that the process and controls are operating as designed, Human Resources will be implementing a quality assurance process in 2012.

**Management Representation of the Status of Implementation of Recommendation 7b as of January 31, 2011**

This recommendation has not been implemented due to the reasons outlined in the management response.

Specifically, performance appraisals are non-disciplinary tools that have a much broader application for performance and development and are not intended to deal with disciplinary issues. The disciplinary process is separate from the performance management process.

*Management: % complete* *0%*

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**OAG's Follow-up Audit Findings regarding Recommendation 7b**

Management disagreed with this recommendation and has therefore not taken action towards implementation.

*OAG: % complete* *0%*

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**Management Representation of Status of Implementation of Recommendation 7b as of November 2011**

Management agrees with the OAG's follow-up audit finding.

This recommendation has not been implemented due to the reasons outlined in the management response. Specifically, performance appraisals are non-disciplinary tools that have a much broader application for performance and development and are not intended to deal with disciplinary issues. The disciplinary process is separate from the performance management process. No further action is planned to be undertaken.

*Management: % complete* *0%*

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**Recommendation 8**

That the City review the discipline imposed to date, if any, in particular the case of the [REDACTED] in the [REDACTED] Unit of the Revenue Division, and consider imposing proper discipline to all involved in this process. [REDACTED]

**2009 Management Response**

Management agrees with the recommendation.

Finance has undertaken a review of the discipline imposed as a result of the competition for the [redacted] referenced within this report, and believes that the actions taken were appropriate. [redacted]

[redacted]

[redacted]

[redacted]

[redacted]

**Management Representation of the Status of Implementation of Recommendation 8 as of January 31, 2011**

Implementation of this recommendation has been completed as per the management response.

*Management: % complete* *100%*

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**OAG's Follow-up Audit Findings regarding Recommendation 8**

Management's 2009 response indicates that Finance has reviewed the discipline imposed and has concluded that the actions taken were appropriate. Discussion with management indicated that the review took place. However, outside of management's representation, management could not provide documentation such as notes on the file, to demonstrate the review, any related discussions, or the outcome.

*OAG: % complete* *75%*

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**Management Representation of Status of Implementation of Recommendation 8 as of November 2011**

Management agrees with the OAG's follow-up audit finding that in this instance, there was no documentation to confirm that a review was undertaken. Management has included a note to file to reflect the review, which was completed prior to preparation of the management response for this recommendation. Discussions to review the adequacy of the disciplinary action were co-ordinated between Human Resources, Labour Relations and Finance.

The Litigation and Labour Relations Branch will continue to reinforce to managers the importance of retaining documentation with respect to verbal reprimands and other disciplinary actions on an ongoing basis as cases arise, however, the documentation of verbal reprimands does not form part of the employee personnel file.

Management considers implementation of this recommendation to be complete.

*Management: % complete* *100%*

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**2009 Recommendation 9**

**That the City revoke the delegation of authority for hiring from the Managers involved in this case for a definite period of time during which time all hirings would involve the direct participation and final approval of Employee Services.**

**2009 Management Response**

Management disagrees with the recommendation.

In accordance with the Staffing and Selection Guide for Managers and Supervisors, the hiring manager is accountable for the hiring process, which is not subject to final “approval” by Human Resources. Human Resources will work with the hiring manager to ensure compliance with the process.

Although this recommendation is based on an isolated case, the Finance department will implement new measures to ensure greater internal scrutiny to mitigate any perception of conflict of interest in its hiring practices.

**Management Representation of the Status of Implementation of Recommendation 9 as of January 31, 2011**

As per the management response, no further action is required in the implementation of this recommendation. The hiring manager is accountable for the hiring process, which is not subject to final “approval” by Human Resources.

The Finance Department procedure “Declaring Conflict of Interest in Hiring” was approved by the City Treasurer on 27 October 2010. It has been communicated to management and is available on Ozone for continued reference.

Management considers implementation of this recommendation to be complete.

***Management: % complete*** ***100%***

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**OAG’s Follow-up Audit Findings regarding Recommendation 9**

As indicated in the 2009 Management Response, the Finance Department has implemented measures to help mitigate any perception of conflict of interest in its hiring practices. The Declaring Conflict of Interest in Hiring Finance Procedure was approved in October 2010. The procedures require all staff involved in any further screening, interviewing, selection or performing reference checks to complete a declaration identifying all familial and close personal relationships with applicants. Where a real or potential conflict exists, the procedures require the employee to remove themselves from the hiring process.

***OAG: % complete*** ***100%***

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**2009 Recommendation 10**

**That the City ensure appropriate processes and controls are implemented with respect to the proper documentation and retention of competition files, and that the hiring managers and the Employee Services group fulfill their respective responsibilities in this regard.**

## **2009 Management Response**

Management agrees with the recommendation, and it has been implemented.

Human Resources have an approved Records Information Management (RIM) file that incorporates all aspects of the competition process and managers submit all of their competition files for inclusion on this official file. The Human Resources Consultant and/or Staffing Officer review the file upon receipt and request missing documents from the hiring manager.

**OAG COMMENT:** The OAG considers that this recommendation should be forwarded to the Audit, Budget and Finance Committee for discussion.

## **Management Representation of the Status of Implementation of Recommendation 10 as of January 31, 2011**

As per the management response, no further action is required in the implementation of this recommendation.

Management considers implementation of this recommendation to be complete.

***Management: % complete*** ***100%***

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## **OAG's Follow-up Audit Findings regarding Recommendation 10**

Management explained that each file is reviewed for completeness by the Staffing Officer. When the file is incomplete, the Staffing Officer will request the missing documents by email. However, there is no requirement to maintain evidence that the file has been reviewed for completeness. For example, the Staffing Officer does not sign, initial, or otherwise document that the review took place and a checklist is not maintained to ensure and demonstrate that each required document was completed fully and was found in the file. Without evidence that the control took place, and without documentation of who performed the control, the control does not serve to demonstrate due diligence in this regard.

***OAG: % complete*** ***75%***

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## **Management Representation of Status of Implementation of Recommendation 10 as of November 2011**

Management agrees with the OAG's follow-up audit finding, however further progress has been made.

Management has now adopted a practice to demonstrate that a review has been completed. The Staffing Officer utilizes a checklist while reviewing the file to confirm that the necessary documentation is in place and requests missing documentation as required. The Staffing Officer must sign and date the checklist and include it in the hardcopy file prior to sending it to the Records Office.

Management considers implementation of this recommendation to be complete.

***Management: % complete*** ***100%***

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**2009 Recommendation 11**

That the City implement higher standards and more objective practices relating to the hiring of temporary employees and summer students to ensure greater fairness and impartiality in the hiring process such as selection from pre-qualified job inventory lists.

**2009 Management Response**

Management disagrees with the recommendation.

Summer students are subject to a competitive process. Temporary hires are subject to various processes outlined in collective agreements and may include a competitive or non-competitive process, however, the hiring decision must be defensible under the collective agreement rules. Accordingly, management believes that this process is objective and has high standards. The exception to this process is for temporary positions of less than 14 weeks where the employee can be hired through a temporary agency, which has its own screening process.

With respect to the proposal of a pre-qualified job inventory list, the City has a vast variety of jobs that would preclude developing and maintaining inventories for temporary employees in all possible job turnover situations. In many cases, the hiring of temporary employees is subject to various considerations under collective agreement, such as acting appointments and recalls from layoff. Temporary employees may also be hired from temporary agencies under the City's standing offer.

**Management Representation of the Status of Implementation of Recommendation 11 as of January 31, 2011**

This recommendation has not been implemented due to the reasons outlined in the management response.

Specifically, objective practices are in place. Summer students are subject to a competitive process and temporary hires are governed by the various processes outlined in the respective collective agreements.

Regarding the recommendation for pre-qualified job inventory lists, the vast variety of jobs precludes the development and maintenance of such lists.

***Management: % complete*** ***0%***

**OAG's Follow-up Audit Findings regarding Recommendation 11**

Steps have been taken toward implementation of this recommendation. Management indicated that summer students are subject to a competitive process and the process for temporary hires is objective and subject to high standards. Gaps to full implementation of this recommendation were found in that the Recruitment and Staffing Policy does not make reference to temporary hires. As well, there is no



policy or procedure outlining when it would be appropriate and beneficial to pool candidates.

*OAG: % complete* *50%*

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**Management Representation of Status of Implementation of Recommendation 11 as of November 2011**

Management agrees with the OAG's follow-up audit finding.

With regard to the first portion of this recommendation, temporary hires are subject to the various processes outlined in collective agreements and may include a competitive or non-competitive process. In this regard, the hiring decision must be defensible under the collective agreement rules. HR is currently revising the Recruitment and Staffing policy to include a reference to this effect. Management considers implementation of this portion of the recommendation to be complete.

*Management: % complete* *100%*

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The second portion of the recommendation has not been implemented due to the reasons outlined in the management response. Specifically, the vast variety of jobs precludes the development and maintenance of pre-qualified job inventory lists. No further action is planned to be undertaken.

*Management: % complete* *0%*

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**2009 Recommendation 12**

**That the City determine a maximum duration for acting appointments.**

**2009 Management Response**

Management disagrees with the recommendation.

The Terms and Conditions of Employment (MPE in this instance) provide guidelines that indicate when an acting appointment should be posted, with an ability to recognize exceptions to meet operational requirements. It is management's view that flexibility is sometimes necessary for operational requirements but has found that it is not often exercised.

**Management Representation of the Status of Implementation of Recommendation 12 as of January 31, 2011**

This recommendation has not been implemented due to the reasons outlined in the management response.

Specifically, the Terms and Conditions of Employment (MPE in this instance) provide guidelines that indicate when an acting appointment should be posted, with an ability to recognize exceptions to meet operational requirements. It is

management's view that flexibility is sometimes necessary for operational requirements but has found that it is not often exercised.

*Management: % complete* **0%**

**OAG's Follow-up Audit Findings regarding Recommendation 12**

The MPE Terms and Conditions of Employment reference acting assignments only with respect to pay and benefits. They do not provide guidelines on when an acting appointment should be posted, nor do they mention a maximum duration for acting appointments or the need for flexibility.

Management disagreed with this recommendation and therefore has taken no action toward implementation.

*OAG: % complete* **0%**

**Management Representation of Status of Implementation of Recommendation 12 as of November 2011**

Management agrees with the OAG's follow-up audit finding.

This recommendation has not been implemented due to the reasons outlined in the management response. Specifically, the Terms and Conditions of Employment (MPE in this instance) provide guidelines that indicate when an acting appointment should be posted (temporary vacancies for more than 12 months), with an ability to recognize exceptions to meet operational requirements. It is management's view that flexibility is sometimes necessary for operational requirements. No further action is planned to be undertaken.

*Management: % complete* **0%**

**4 SUMMARY OF THE LEVEL OF COMPLETION**

1. The table below outlines our assessment of the level of completion of each recommendation as of January 31, 2011.

CATEGORY	% COMPLETE	RECOMMENDATIONS	NUMBER OF RECOMMENDATIONS	PERCENTAGE OF TOTAL RECOMMENDATIONS
LITTLE OR NO ACTION	0 – 24	7b, 12	2	15%
ACTION INITIATED	25 – 49	-	-	-
PARTIALLY COMPLETE	50 – 74	1, 2, 3, 4, 11	5	39%
SUBSTANTIALLY COMPLETE	75 – 99	8, 10	2	15%
COMPLETE	100	5, 6, 7a, 9	4	31%
TOTAL			13	100%

2. The table below outlines management's assessment of the level of completion of each recommendation as of November 2011. These assessments have not been audited.

CATEGORY	% COMPLETE	RECOMMENDATIONS	NUMBER OF RECOMMENDATIONS	PERCENTAGE OF TOTAL RECOMMENDATIONS
LITTLE OR NO ACTION	0 – 24	7b, 12	2	15%
ACTION INITIATED	25 – 49	-	-	-
PARTIALLY COMPLETE	50 – 74	3	1	8%
SUBSTANTIALLY COMPLETE	75 – 99	-	-	-
COMPLETE	100	1, 2, 4, 5, 6, 7a, 8, 9, 10, 11	10	77%
TOTAL			13	100%

### **Overall Management Response**

With regard to “Accepting candidates who do not meet the basic requirements results in employees being paid for education and experience they do not possess. As stated in other audits, this practice indicates that these positions are over classified. The combination of familial ties and the lowering of minimum requirements lead to real or perceived conflicts of interest and favouritism in hiring practices.”:

The City does not accept candidates who do not meet basic requirements for positions. HR conducts initial screening of candidates against posted requirements and the application of the City's equivalency guidelines, as required. In specific instances, particularly for jobs with technical requirements and where the application of an equivalency is required, the hiring manager is involved to make this assessment. In these cases, candidates who are deemed to have equivalent education and experience are considered to have met the minimum requirements of the position. Accordingly, the positions are not over classified.

Likewise, the City has not lowered minimum requirements by virtue of applying equivalencies. The City needs the best-qualified candidates for the job which is why it is important to apply equivalencies. As the Auditor notes in the follow-up comment to Recommendation 1 below, the education and experience equivalency guidelines are designed to provide opportunities to candidates who possess alternative combinations of education and job-related experience that are deemed to be equivalent to the minimum job requirements.

## **5 CONCLUSION**

In many cases, management has explained that there are new controls built into the hiring process. This can be seen in the improvements made to some documents such as the Code of Conduct, the Consensus Scoring and Selection Decision Summary and the Declaring Conflict of Interest in Hiring Finance Procedure. However, there is neither the requirement nor the general practice of providing evidence of controls in terms of a sign off, or other documentation. As such, in some cases, it is difficult to demonstrate that the control is in place, and is operating effectively. We found in some cases where management disagreed with the recommendations that they did take some action that addressed the intention of the recommendations.

## **6 ACKNOWLEDGEMENT**

We wish to express appreciation to the staff and management for their cooperation and assistance throughout the audit process.