



Hamilton

INFORMATION REPORT

TO: Chair and Members of Audit, Finance and Administration Committee	WARD(S) AFFECTED: CITY WIDE
COMMITTEE DATE: December 10, 2012	
SUBJECT/REPORT NO: Follow Up to Audit Report 2010-08 - Human Resources Recruitment and Selection (HUR12020) (City Wide)	
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SIGNATURE:	

Council Direction:

At the October 4, 2012 meeting of Audit, Finance and Administration Committee, Human Resources staff was directed to report on the time frame for completion of each of the outstanding items from the Recruitment and Selection Audit Follow-up and report back to Audit, Finance and Administration Committee on any progress within 3 months.

Information:

Background

On March 2, 2011, the Director, Audit Services presented a report on the Recruitment and Selection processes of Human Resources (AUD11011). The audit made recommendations related to the effectiveness and efficiency of City recruitment and selection processes including compliance with legislation, collective agreements, policies, procedures and guidelines. Internal Audit made a total of 31 recommendations of which Human Resources agreed with 28 and disagreed with 3. In the follow up audit one year later, presented to Audit, Finance and Administration Committee on October 4, 2012, the Auditor reported that Human Resources had completed 7, initiated 6, had 7 in progress, did not complete 6, and implemented alternatives for 2 recommendations.

The initial audit identified that Human Resources had both human and technology resource constraints which would impact the ability of Human Resources to achieve the audit recommendations. Human Resources staff indicated that it would take up to 5 years to achieve the audit recommendations, particularly those that required technology enhancements.

Progress Report

a) Policies and Procedures

Members of Audit, Finance and Administration Committee were particularly interested in staff's progress on the completion of the policies and procedures identified in several Audit recommendations. The chart below summarizes the policies completed and approved, those completed and pending approval, and those policies and procedures that are in progress with targeted dates for completion. By the end of 2012, staff will have completed another three policies and procedures, with the final three scheduled for 2013.

Name of Policy or Procedure	Completed and Date Approved	Completed and Pending Approval	In Progress Target Completion Date
Vacancy Management Protocol	2011-07-13		
Eligibility for Reemployment Policy	2011-11-10		
Making an Offer of Employment Procedure	2011-11-10		
Job Offer Planning Template	2011-11-10		
Anti-Nepotism Policy	2011-12-15		
Recruitment and Selection Policy	2012-01-12		
Request to Post and Fill a Vacancy Policy	2012-01-12		
Succession Planning Policy (not released)	2012-01-12		
Employee Holding More than One Part-Time Position Procedure	2012-01-13		
Acting Assignments and Lateral Transfers	2012-04-19		
Secondments	2012-07-19		
Use and Control of Temporary Agencies Policy		2012-12-13	
Giving References Procedure		2012 -12-11	
Conducting Reference Checks Procedure		2012-12-11	
Summer Student Recruiting Procedures			Q1 2013
Police Background Check Policy (update)			Q2 2013
Employment Accommodation Policy			Q3 2013

b) Performance Measures

With the upgrade of the PeopleSoft enterprise system completed in 2011, staff were able to commence the optimization of the recruitment modules in January 2012. As resources have permitted, staff have worked on enhancing the functionality of the recruitment modules made available through this upgrade, work that will be fully implemented by December 2013. This technology upgrade will enable the automation of recruitment data collection which in turn will enable the establishment of appropriate performance standards and subsequently, the measurement of performance against these standards. The enhanced recruitment module has also allowed staff to automate information that has been collected in competition files.

c) Progress on Other Recommendations

Appendix A to HUR12020 provides a summary of progress made on all outstanding recommendations with targeted dates for completion. By the end of 2012, staff will have completed another three audit recommendations for a total of 14 completed and will have initiated work on another three recommendations.

d) Resource Constraints

The Audit findings identified in their original report that Human Resources “lacks both human and technological resources to dedicate toward accomplishing strategic activities as opposed to daily recruitment tasks.”

A comprehensive Human Resources Organizational Review conducted by external consultants in 2007 recommended an additional 19 FTE Human Resources (HR) staff to support current organizational needs and future service expectations. Senior Management Team proposed an alternative Organizational Design with a total increase of 9.4 FTE; 2.4 FTE were approved in 2008 to provide the new management structure and enhanced resources in the labour relations area. The other 7 FTE were designated as distributed HR positions to be focused on the Human Resource service needs of the operating departments, financially supported by the operating departments, and with reporting and accountability to HR Management. The distributed HR positions included 3 FTEs for Employment Services.

Council did not approve any additional HR distributed positions in 2008, but rather directed General Managers to find resources within their operating departments over time and to bring forward their requests for Council approval on a case by case basis. The intent of this direction, which was further clarified in the 2009 budget process, was that there be no net increase in FTE complement or levy impact with any further additions to HR distributed staff. In the 2009 budget process, the Planning & Economic Development Department added 1 FTE Staffing Specialist, leaving a 2 FTE shortfall from the requirement documented by Senior Management Team.

Over the last 2 to 3 years, the demands on Human Resources for Employment Services support has increased far beyond the resource capacity, necessitating a series of inefficient short-term solutions. The Community Services Department has funded temporary Human Resources staff to handle the increased volume and workload that has come with recruitment process improvements and compliance requirements particularly within the Recreation Division. The volume of recruitment activity and requirements for workforce planning support across the organization, and particularly within the Community Services Department is necessitating a sustainable solution. Community Services will be requesting the transfer of 1 FTE and funding to Human Resources in the 2013 budget process. In addition to supporting the requirements of Community Service, the ongoing demands that come with service delivery changes and a changing organization, this additional FTE will also enable the Employment Services section to further advance the recommendations of the Recruitment and Selection audit.

Appendices:

Attachment A to Report HUR12020

**CITY OF HAMILTON
INTERNAL AUDIT REPORT 2010-08
HUMAN RESOURCES - RECRUITMENT AND SELECTION FOLLOW UP**

#	OBSERVATIONS OF EXISTING SYSTEM	RECOMMENDATION FOR STRENGTHENING SYSTEM	MANAGEMENT ACTION PLAN	AUDIT SERVICES FOLLOW UP (JULY 2012)	HUMAN RESOURCES PROGRESS REPORT (NOVEMBER 2012)
1.	<p><u>Strategic and Operational Plans</u></p> <p>a) It is difficult to assess whether Employment Services is on track to achieve its strategic and operational goals. Although 20% of stated activities were indicated as achieved in the 2009 calendar year, progression on the remaining activities cannot be assessed due to:</p> <ul style="list-style-type: none"> • No action plans with stated milestones; • No performance measures; • Priority placed on ad hoc requests; and • Addition of more activities each year. <p>In several instances, there was no direct relationship evident as to how carrying out the particular activity would accomplish the goal.</p>	<p>That Employment Services streamline its strategic and operational goals to ensure activities address specific goals. Management should also prioritize activities and create realistically achievable action plans outlining responsibility for accomplishing more specific tasks, related timelines, performance measures and required resources.</p>	<p>Agreed. Employment Services (ES) will streamline its 2011 strategic and operational plans to address specific goals with realistic action plans based on current staff complement. The strategic plan activities reviewed by Audit Services were developed with anticipated additional resources and were too ambitious given the high demand for transactional activities.</p>	<p>Initiated. The 2012 - 2015 Strategic Plan outlines actions that align with objectives and priorities set by Council which includes implementation of a workforce management strategy. Employment Services could not provide a clear plan on how this workforce management strategy will be developed.</p> <p>As Council's first annual strategic plan progress report will be presented in 2013, not enough time has passed to assess whether Employment Services is on track to achieve end results desired by Council.</p>	<p>The ability to progress to a Corporate Workforce Planning strategy is aligned with the Strategic Planning process and the Service Delivery Review process. Understanding the longer term business goals will inform how we attract, recruit develop and promote qualified candidates in the workplace.</p> <p>Focus in 2012 was on data collection and risk assessment of Senior Management who are eligible to retire and/or where retention may be at risk. With additional resources to develop the Succession Planning program scheduled for 2013, the succession planning work will cascade to the management and supervisory level in 2013-2014.</p>

**HUMAN RESOURCES – RECRUITMENT AND SELECTION
FOLLOW UP – NOVEMBER 2012**

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1.	<p><u>Strategic and Operational Plans (Cont'd.)</u></p> <p>As a result, there is little evidence to show that the initiatives undertaken by Employment Services would achieve the desired end results outlined in Council's Corporate Strategic Plan or support Council's vision of creating a skilled, adaptive and diverse workforce.</p> <p>b) Employment Services' strategic and operational plans do not contain:</p> <ul style="list-style-type: none"> • A mission statement to clearly describe its overall purpose in the organization; • Measures to assess daily performance and identify improvement opportunities, guide future strategies and justify additional resources; and • Workforce planning initiatives to address the imminent baby boomer exodus and related labor shortages, aging workforce and possible outsourcing options. 	<p>That Employment Services incorporate the items identified into their strategic and operational plans.</p>	<p>Agreed. A purpose/mission statement has been developed. With the Human Resources (HR) technology strategy to be implemented over the next 5 years (subject to Council approval), the following improvements are expected:</p> <ul style="list-style-type: none"> • Ability to measure daily performance through automation as opposed to manual calculations; 	<p>In Progress. Although the 2012 - 2015 Strategic Plan provides a mission statement and mentions a workforce management strategy, a Service Delivery Review is currently being performed to identify target service levels and performance measures. Employment Services is in the process of determining what information is required and how it will be collected in order to calculate performance measures.</p>	<p>Through the enhanced technology that was implemented in 2012, the ability to collect data related to the hiring cycle can be captured. In 2013, data will be available to establish benchmark service level standards. We can then prepare reports on actual performance of Employment Services and compare performance against the established standards.</p>

**HUMAN RESOURCES – RECRUITMENT AND SELECTION
FOLLOW UP – NOVEMBER 2012**

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1.	<p><u>Strategic and Operational Plans (Cont'd.)</u></p> <p>It appears that the division lacks both human and technological resources to dedicate toward accomplishing strategic activities as opposed to daily recruitment tasks.</p> <p>Not addressing these issues contributes to the risk of not having adequate human resources and skills in supply to provide high quality services.</p>		<ul style="list-style-type: none"> • Recruitment optimization which includes additional templates, screening tools, applicant notifications (e.g. emails) and other enhancements to streamline the applicant and recruiter/HR process; • Centralized repository for all employee skills, competencies, education and other pertinent information; and • Implementation of manager tools to enable electronic forms and approvals and enhanced on-line screening. <p>Until the section is resourced appropriately (staff and technology) to more effectively manage the activity volumes, it is a challenge to address the workforce planning required to achieve the objectives of the strategic plan.</p>		<p>Technology enhancement has been implemented in 2012 which introduced better screening tools. Automated e-mail notifications have been reviewed and introduced as the system allows. Staff will continue to progress their proficiency in the use of these tools through 2013.</p> <p>A Central repository requires technology enhancements which are part of future planned enhancements and subject to available capital funding.</p> <p>Electronic forms functionality is scheduled for review in Q2-2013. A software investment is required in Manager Self Serve technology to implement. A 2013 capital budget request has been submitted to scope Manager Self Serve and Automated Workflow. Implementation of this recommendation will be a corporate wide project requiring staff resources from Human Resources and Information Technology and will impact all Managers. Subject to resources and funding this initiative is scheduled for 2014-2015.</p>

**HUMAN RESOURCES – RECRUITMENT AND SELECTION
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2.	<p><u>Policies and Procedures</u></p> <p>Employment Services' policies and procedures are outdated. Of the fifteen (15) documents, almost 50% were approved before amalgamation and not updated since. In ten (10) instances, recruitment and selection processes were not consistent with current practices and there were seven (7) instances where the policies had not been updated to reflect Human Resources' reorganization or Council's Corporate Strategic Plan. In multiple cases, guidelines or forms referred to in the documentation could not be located. No mandate exists as to when or how often policies and procedures are to be reviewed.</p> <p>Written policies and procedures and related forms are not available to describe:</p> <ul style="list-style-type: none"> • The recruitment and selection process; • The use of temporary agency placements and external agencies to post job advertisements; 	<p>That Employment Services review and update published policies and procedures. New policies should be created to address the areas identified in the observations. Care should be taken to build flexibility into the standards to make the recruitment process more appealing to job seekers.</p>	<p>Agreed. The Manager of Employment Services will work with the HR Policy and Planning Specialist to develop policies and procedures that address the areas identified by year end 2012. This timeline is based on competing priorities of the Specialist who is a key support to the successful delivery of this objective. The list of employment polices and procedures will be integrated with the overall policy work plan.</p>	<p>In Progress. Four of 15 policies and procedures identified during the original audit have been updated. Five policies were eliminated and the remaining six policies still need to be reviewed and/or posted on the eNet.</p> <p>Some further policies and procedures that also address the areas identified in the observations have been developed or are currently being reviewed.</p>	<p>See body of HUR12020 report for policies completed and approved as well as policies completed with approval pending and policies in progress.</p>

**HUMAN RESOURCES – RECRUITMENT AND SELECTION
FOLLOW UP – NOVEMBER 2012**

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2.	<p><u>Policies and Procedures (Cont'd)</u></p> <ul style="list-style-type: none"> • Acting position appointments; • Negotiation of offer terms and required approvals; and • Information communicated as part of a verbal offer. <p>It is difficult for the recruitment and selection process to be consistent, accountable, fair and equitable without documented standards. There is also a risk that hiring managers may make incorrect hiring decisions if outdated documented policies and procedures are followed, leading to an increased risk of grievances and negative perception of employment opportunities at the City.</p>				

**HUMAN RESOURCES – RECRUITMENT AND SELECTION
FOLLOW UP – NOVEMBER 2012**

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3.	<p><u>Performance Measures</u></p> <p>a) The recruitment and selection process is too lengthy. Based on ten (10) job openings selected at random, the average time to hire is 138 days or 4.5 months. In the analysis carried out, it appears that the majority of process delays occurred in the department test and interview stages, obtaining an approved Personnel Change Notification Form (PCN) and preparing the Offer Letter. It is difficult for the City to secure skilled employees to provide high quality services if qualified candidates experience long wait periods after applying, giving them the opportunity to entertain other offers.</p>	<p>That Employment Services analyze why department delays occur and anticipate the effect of such delays by providing appropriate advice or support to departments early in the recruitment and selection process.</p>	<p>Agreed. Many factors that contribute to delays in the recruitment process were previously identified in the 2007 recruitment cycle review done for Senior Management Team (SMT), the primary factor being that staffing does not have adequate resources to meet the demands.</p> <p>In addition, competing business priorities of the hiring manager, availability of management staff to be scheduled for interviews and changing business requirements were found to contribute to the delays. HR provides the tools and supports for a fair and equitable hiring process. However, the hiring manager must prioritize and expedite the testing, interviewing and selection of candidates to positively impact the time required to hire quality candidates.</p>	<p>Initiated. Employment Services identified a number of dates throughout the recruitment process that will be recorded for job openings in the PeopleSoft system. This data will be available to staff for determining the cause where time to hire is prolonged and thus taking action, where necessary. Fields still must be added in the PeopleSoft system to capture these dates and reports must be designed to extract this information.</p>	<p>Data will be collected starting January 1, 2013. Reports will be designed in 2013 to align with established metrics.</p>

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3.	<p><u>Performance Measures (Cont'd.)</u></p> <p>b) Time to hire for each job opening is calculated as the number of days between the posting date and the successful candidate's effective start date. The time period used to calculate this measure is not appropriate as:</p> <ul style="list-style-type: none"> • Employment Services' duties commence when a Personnel Requisition Form (PRF) is received as opposed to when the job is posted; • The calculation is adjusted to reflect situations outside of Employment Services' control; and • This methodology is not consistent with the Human Resources Benchworking Network's calculation. 	<p>That Employment Services revise the time to hire calculation to be more in line with actual performance and benchmarking sources.</p>	<p>In Q1 2011, HR will bring this audit finding to the attention of SMT, determine where recruitment delays have adversely affected hiring outcomes and determine department expectations regarding time to fill positions.</p> <p>Agreed. HR is committed to measuring performance and service levels in accordance with the standards established through the Human Resources Benchmarking Network (HRBN). HR will work with the municipal comparators to ensure that there is consistency in this performance measure.</p>	<p>Initiated. Management defined time to hire as the number of days between the online job opening creation status date and the successful candidate's effective start date. This measure is more in line with actual performance and benchmarking sources.</p> <p>However, actual calculations are not consistent with this definition. Staff are using the job posting dates rather than the online creation dates in their calculations which reduce time to hire, on average, by 12 days.</p>	<p>Completed</p> <p>Information from the PeopleSoft system now allows staff to measure from the date the Position of Requisition is received in Human Resources to the start date of the new incumbent. Calculations have been modified accordingly.</p>

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3.	<p>Performance Measures (Cont'd.)</p> <p>Additionally, Employment Services does not have a targeted time to hire against which to measure and analyze its performance.</p> <p>Employment Services cannot embody Council's innovation value to improve the recruitment and selection process if its performance is not accurately measured or analyzed against a performance target. It is difficult to compare the City's performance to other municipalities and incorporate best practices if the measure is calculated on a different basis. Also, Employment Services may not be perceived as providing high quality services if an expectation gap forms between Employment Services' opinion on the level of customer service provided and that received by departments.</p>	<p>That Employment Services set a target time to hire performance measure and implement processes to monitor and analyze performance against this measure with the goal of improving the overall recruitment and selection process.</p>	<p>Agreed. Currently, due to technology limitations, data sources used to measure activities require considerable time due to manual intervention. A review of what and how HR measures and collects data was conducted as part of the HR technology strategy blueprint. HR will identify the relevant measures for ES, set performance standards for various departments and positions in Q2 2011 and start to measure service delivery against these standards in Q1 2012, within current technology capabilities.</p>	<p>Not Completed.</p> <p>Management did not specify a target time to hire in the Service Delivery Review.</p> <p>Various dates throughout the recruitment process will be recorded in the PeopleSoft system once this functionality is available. This data can be used to identify and analyze job openings where actual time to hire does not fall within the target.</p>	<p>Initiated</p> <p>The implementation of the technology commenced in Q-4 2011 and will be mostly completed by end of Q4 2012.</p> <p>Through the enhanced technology that was implemented in 2012, the ability to collect data related to the hiring cycle can now be captured. 2013 data will be available to establish benchmark service level standards. We can then compare our performance against the established standards.</p>

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3.	<p><u>Performance Measures (Cont'd.)</u></p> <p>c) It takes an average of approximately three (3) months to collect documents from the department and close a call file. Although this may appear to be a non-value added task from a department's perspective, call files must contain adequate documentation to support the department's hiring decision in the case of grievances and other inquiries. Also, the time taken by Recruitment Coordinators to follow up on outstanding information could be focused on new job openings, which provides value to departments.</p>	<p>That Employee Services develop a more efficient and timely manner of collecting information from departments or assign a specific staff member with the duties of follow up on outstanding information.</p>	<p>Agreed, in principle. ES recognizes the need for process improvements to the recruitment cycle which will have a positive impact on the time to hire. However, HR should not divert any staff resources to increase monitoring and follow up of information/files as this will have an adverse impact on the time to fill measure.</p>	<p>Completed. Recruitment Coordinators follow up on outstanding information as time allows. Based on a random sample of nine closed call files, on average, it took 13 days to collect information and close the file which is a significant improvement over the original observation.</p> <p>Employment Services has been effective in collecting documentation required from departments to close a call file.</p>	

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3.	<p><u>Performance Measures (Cont'd.)</u></p> <p>d) Fifty-five (55) grievances were identified by Labor Relations pertaining to recruitment and selection in 2009. There was no indication as to whether the root cause(s) of these grievances were investigated and the impact (if any) on the process. Process improvements and reduction in the number of collective bargaining agreement grievances cannot be achieved if analyses are not carried out.</p>	<p>That Employment Services work with Labour Relations to monitor the number of grievances pertaining to the recruitment and selection process, investigate causes and revise the process, as necessary, with an aim of reducing such grievances.</p>	<p>Agreed. Monitoring and analysis has been completed and will be ongoing through the new Labour Relations Management Information System.</p> <p>Labour relations officers have met with the department management teams to discuss their grievance activity and are working with the departments to address issues identified through the Labour Grievance Activity Report. These discussions will positively impact understanding and appreciation of the accountability managers have to adhere to the provisions of the collective agreements.</p>	<p>Not Completed. Management was not able to provide Internal Audit with documentation to show the nature, causes and responses to grievances pertaining to the recruitment and selection process.</p>	<p>Employment Services will work with Labour Relations to review recruitment and selection grievances, determine any corporate trends which will assist with intervention strategies going forward. Documentation of Employment Services and Labour Relations review of these grievances along with potential strategies implemented will commence in 2013.</p>

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4.	<p><u>Inadequate Documentation</u> Inadequate documentation exists in call files to support the hiring decision. A review of twenty (20) files, selected at random, produced numerous examples, the more pervasive ones being:</p> <ul style="list-style-type: none"> • Inconsistencies between applicants screened in and those proceeding to the test or interview. No correspondence or support existed in the file for adding to or removing candidates from the screened-in pool; • Hiring managers not performing or documenting inquiries as to an internal candidate's performance before extending an offer; • Use of different qualifications as the basis for screening questions and screening criteria; 	<p>That Employment Services determine what information is required in a call file to support the hiring decision. Staff should then be trained in this regard. The Table of Contents and Call File Checklist should be updated to reflect any revisions.</p>	<p>Agreed. ES will undertake a review of the information in the competition file based on what is manually collected and what will be available through our e-recruit PeopleSoft upgrade in Q3 2011 and will adjust accordingly with implementation completed Q4 2011.</p> <p>HR is fully committed to supporting HR decisions made through the screening process and will provide better documentation where criteria has been adjusted. The ES manager will review a sample of competition files as part of the performance review of staff to ensure the integrity of screening decisions being made.</p>	<p>Initiated. Employment Services carried out a review identifying which documents should be retained in the call file or scanned and attached electronically to the PeopleSoft job opening in PeopleSoft. As the technological functionality is not yet available to attach documents to a job opening, this plan has not been implemented. In the interim, Employment Services does not plan to change what documentation is currently retained in the call files.</p>	<p>The screening documentation was implemented in Q3 2012 with the enhanced technology and staff commenced use of this new functionality in Q4 2012. Adoption of this functionality will continue to transition throughout 2013.</p> <p>The technology functionality to attach documents to a competition file is now available but requires additional effort of HR staff to implement. There was a significant increase in the volume of recruitment activity in Q3 & Q4 specifically in Recreation where additional work was required. With the significant increase in volume, implementing this functionality was not possible.</p> <p>Subject to available resources, staff will implement this recommendation in Q3 2013. Their focus will be on higher priority work in Q1 and Q2.</p>

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4.	<p><u>Inadequate Documentation (Cont'd.)</u></p> <ul style="list-style-type: none"> • Screening sheets not documenting whether applicants met specific screening criteria or were screened in/out; • No passing threshold for testing or interview tools; and • Missing resumes, interviews and reference consent and check forms. <p>Although call files are only retained for two (2) years, adequate documentation must exist to defend against grievances and provide timely information to unsuccessful applicants to thwart the negative perception of employment opportunities at the City.</p>				

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5.	<p><u>Inadequate Approvals</u> In seven (7) instances, an approval signature was not present or could not be discerned on the Personnel Requisition Form (PRF) (used to request a job posting) or the Payroll Change Notification (PCN) (used to hire for a position). In two (2) instances, negotiated vacation and benefit terms outside of standard compensation policies were not pre-approved by the Managers of Employment Services or Compensation.</p>	<p>That Employment Services staff ensure adequate approvals are obtained on forms submitted by departments.</p>	<p>Agreed. HR has established an internal process which requires that any hiring manager who is considering terms and conditions outside of the standard policy allowances must provide HR with a written rationale for approval. The decisions are documented to the employee file. HR is monitoring these policy exceptions for attraction and retention purposes.</p> <p>HR has planned for Manager Self Serve capabilities through the HR Technology Strategy which will allow for electronic forms and signatures. If the technology receives capital budget approval, HR anticipates implementation in 2015. In the interim, HR will follow up with hiring managers and Finance staff to ensure we have appropriate approvals on the required forms.</p>	<p>In Progress. Electronic forms and approvals have not been implemented due to resource constraints. In the interim, HR staff are to ensure appropriate approvals are obtained on required forms. Four of ten Employee Change Notification (ECN) forms tested did not bear appropriate approvals. One form was not signed while the other three forms were signed by the Hiring Manager with no documentation that the General Manager had designated signing authority to the Hiring Manager.</p>	<p>Human Resources focus has been on ensuring that the General Manager or designate authorizes the request to fill according to our Vacancy Management Protocol. HR staff will secure a list of designated Managers who are authorized to approve employee hires, along with their signatures, by December 2012. Manager Self Serve and Automated Workflow will ensure appropriate authorization in the future.</p>

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5.	<p><u>Inadequate Approvals (Cont'd)</u> Inadequate approvals increase the opportunity to exceed budgetary limits, exercise favoritism and create inequities between existing and new employees. This in turn fosters a negative perception of an unfair or inequitable employer.</p>	<p>That hiring managers be instructed to obtain adequate approval in writing from Employment Services for negotiated employment terms falling outside the range of standard compensation policies and procedures.</p>	<p>Agreed. HR developed and implemented a Job Offer Planning Tool which communicates clearly the expectation that hiring managers consult with HR. The Job Offer Planning tool was piloted in Q4 2010 with full implementation in Q1 2011.</p>	<p>Completed. Procedures were developed instructing Staffing Workforce Planning Specialists which employment terms may be negotiated and what documentation and approvals must be obtained before these negotiated terms are placed in the offer letter. HR was able to provide Internal Audit with an example where appropriate approval was obtained and documented for a negotiated vacation entitlement. The process appears adequate to ensure negotiated terms are appropriately approved and documented.</p>	

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6.	<p><u>Offer Letters</u></p> <p>a) In seven (7) files tested, the offer letter was dated before the PCN (now Employee Change Notification (ECN)) was approved or received by Employment Services. This creates a risk that terms approved by the General Manager in the PCN differ from those verbally negotiated and placed in the written offer letter. The City is bound by terms in the verbal and written offers, whichever was extended first.</p>	<p>That Employment Services only issues offer letters after an approved PCN is received from the hiring department.</p> <p>That Employment Services develop a verbal offer template to aid hiring managers in presenting and documenting verbal offer details. This completed template should be attached to the PCN approved by the General Manager or Designate.</p>	<p>Agreed. This process is appropriate for most hires. However, there continues to be exceptions where a written offer is requested by a preferred candidate in order to further negotiate terms and conditions before accepting.</p> <p>Agreed. Through the introduction of the Job Offer Planning Tool in Q4 2010, we have outlined a process which requires more consultation with HR when negotiating terms and conditions of employment. Currently, this acts as a script to ensure a professional and consistent job offer is made to applicants by the hiring manager.</p>	<p>Completed. Offer letters were issued after an approved ECN was received or signed for nine of ten files randomly selected for testing. As a result, written offers are consistently issued only after final approval is received from the hiring department.</p> <p>Completed. Employment Services developed a Job Offer Planning Form to assist hiring managers extend and document verbal offers. If the form is used, the hiring manager is expected to remit this form to HR with other documentation pertaining to the job competition.</p>	

**HUMAN RESOURCES – RECRUITMENT AND SELECTION
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#	OBSERVATIONS OF EXISTING SYSTEM	RECOMMENDATION FOR STRENGTHENING SYSTEM	MANAGEMENT ACTION PLAN	AUDIT SERVICES FOLLOW UP (JULY 2012)	HUMAN RESOURCES PROGRESS REPORT (NOVEMBER 2012)
6.	<p><u>Offer Letters (Cont'd.)</u> Offer letters provided to successful internal candidates are not signed by the employee. In six (6) files tested, the offer letter was dated after the effective start date. This creates some legal exposure as employment terms are not agreed to in writing before employment commences.</p>	<p>That processes are documented and communicated to hiring managers to ensure a written offer is extended for a position prior to the commencement of employment in that position.</p> <p>That offer letters for successful internal candidates be signed by the employee similar to offer letters sent to external candidates.</p>	<p>Agreed. Considerable progress was made in 2010 to address this concern and educate the hiring managers about the importance of having an accepted, signed offer back prior to starting. Primary focus has been on external full time positions. In 2010, HR introduced an offer letter template to confirm employment for all summer student hiring which was executed by the hiring managers.</p> <p>Agreed, in principle. HR's focus has been on external hires and internal transfers/promotions where a Vulnerable Sector Search is required prior to commencing their new roles. At this time, HR is unable to divert resources to undertake sign-back offer letters for all internal candidates.</p>	<p>Not Completed. Written offers for five of ten randomly selected job competitions were extended after the commencement of employment in those positions. The general Recruitment and Selection Policy does not clearly outline all the steps in the hiring process.</p> <p>Disagreed. Due to competing demands and limited resources, Employment Services will not require successful internal candidates to sign and return offer letters.</p>	<p>In most situations, where there is time between the point of verbal offer and the start date, candidates receive a written offer in advance. However, to meet service delivery requirements in some situations, new hires must start immediately which does not allow time for departments to send the information to Human Resource and for HR staff to validate the offer information and draft the offer letter.</p> <p>Initiated A Role Clarity document has been developed which clearly outlines the roles and responsibilities of Human Resources and the Hiring Manager. This will be included in the procedures which will be communicated both on the HRNet and sent to new hiring Managers as part of a Manager Tool Kit on Recruitment & Selection by Q3 2013.</p>

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7.	<p><u>Temporary Agency Placements</u></p> <p>There is evidence that departments co-ordinate their own temporary agency placements and bypass Employment Services' involvement. No effective controls are in place to control the use of temporary placements. This increases the risk of grievances due to the long-term use of temporary placements to fill a vacancy and the resulting payment of temporary agency fees exceeding normal salaries and benefits. In fact, in a sample of ten (10) such placements, there were five (5) instances where single temporary placements were used for six (6) months up to 1-1/2 years each. In two (2) instances, the City ended up paying temporary agency fees greater than the salary and benefits that would have been paid to a permanent employee by at least \$20,000 and \$31,000, respectively. Hiring managers should be responsible for arranging temporary agency placements with Employment Services involved in control activities.</p>	<p>That Employment Services create a policy and related procedures that address the use and control of temporary agency placements.</p>	<p>Agreed. This will be addressed through HR's management action plan outlined in recommendation #2 above.</p>	<p>In Progress. A draft Temporary Employment Service policy will be presented at the Policy Review Group in August 2012. The draft policy does not refer to approvals or other procedures to control long-term temporary agency placements.</p>	<p>The final Policy and procedures will address the use and control of long-term temporary agency placements and is scheduled for discussion at SMT on December 13, 2012. The policy and procedures will be communicated and implemented in Q1 2013.</p>

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8.	<p><u>Process Improvement Areas</u></p> <p>a) Employment Services relies heavily on email correspondence in the recruitment and selection process. However, this correspondence is rarely deleted regardless of the person's role in the job opening or if a paper copy is placed in the call file. For example, a copy of the final job description is saved on three different drives. Electronic copies of the union query, previous employee query and screening sheet are saved on a local drive even though these documents are also printed and retained in the call file. All of these examples represent an inefficient and uneconomical use of electronic resources, placing a strain on server capacity, computer processing speed and document storage.</p>	<p>That Employment Services review the entire recruitment and selection process with the objective of eliminating instances where duplicate manual or electronic documents exist. Use of current technology for document storage and retention should be considered.</p>	<p>Agreed. HR started a review of records management in Q2 2010 to continue through to Q2 2011. In Q4 2010, electronic records were organized and streamlined. Inactive/obsolete files have been archived or deleted.</p> <p>HR will be the next department to implement the corporate EDRMS (Electronic Document Record Management System). Temporary enhancement of resources will be necessary to move all paper records to an electronic system.</p>	<p>Not Completed. No action has been taken. Management indicated that document retention and saving conventions will be addressed as part of Audit Observation #4.</p>	

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8.	<p><u>Process Improvement Areas (Cont'd.)</u></p> <p>b) Paper resumes are currently accepted by mail, fax and in person. As the Previous Employee Query and Union Query are both generated from electronic applicant information housed in PeopleSoft when resumes are submitted online, time is spent entering manual applicants into the system. If applicants are encouraged to submit their resumes electronically, time savings can be generated for Employment Services staff.</p>	<p>That Employment Services consider ways to encourage electronic submission of applications and resumes. For example, setting up a workstation in the Human Resources reception area with a scanner, so that in-person applicants can scan and submit their resumes electronically.</p>	<p>Agreed. With the front counter renovation to meet AODA compliance in 2011, 2 computer kiosks will be available for public to submit applications on-line. The implementation of the 2 kiosks is subject to availability of funds for 2 computers in 2011. Manual applications will continue to be received to ensure that all potential applicants have an opportunity to submit interest to an open posting.</p>	<p>Not Completed. Due to budget constraints and a freeze on computer purchases, kiosks were not installed as part of the renovation referred to in the Management Action Plan. Management will obtain quotes for computer units and electrical work to determine the amount of required funding and request these funds as part of the 2013 budget process.</p>	<p>Human Resources Administration has made allowances for this requirement in the 2013 operating budget. Work to be completed by Q4 2013.</p>

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8.	<p><u>Process Improvement Areas (Cont'd.)</u></p> <p>c) Staffing Workforce Planning Specialists manually screen resumes to select which applicants should proceed in the recruitment and selection process. This is very time consuming especially if there are a large number of applicants. Computer programs exist that will scan an electronic document for specific key words. If a computer program can screen resumes for key words, the amount of time spent screening resumes may be reduced for Employment Services staff.</p>	<p>That Employment Services investigate word-recognition software that is compatible with PeopleSoft to assist in the screening process.</p>	<p>Disagreed. Based on an expert review, the decision was made by HR Management Team to support upgrades and enhancements to our current PeopleSoft system which has a module for enhanced screening processes.</p>	<p>In Progress. Automated PeopleSoft screening questionnaires tailored specifically to each job posting will be used to initially screen applicants. Full implementation is expected during the summer of 2012.</p>	<p>Progress continues. This was a significant change initiative and progress continues to be made to add screening questions to all competition files. This is an ongoing implementation as new positions are posted.</p>

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8.	<p><u>Process Improvement Areas (Cont'd.)</u></p> <p>d) An offer letter template is available. However, Recruitment Co-ordinators make several adjustments to the template when preparing a specific offer letter, especially for non-union positions where employment terms can vary greatly or when various employment conditions exist. A more comprehensive or detailed template may reduce the amount of time spent by Recruitment Co-ordinators formatting and revising offer letter content.</p> <p>e) Recruitment Co-ordinators and Staffing Workforce Planning Specialists are the only resources available to hiring managers. There are no general policies and procedures in place or training available to assist hiring managers in understanding the process, carrying out their responsibilities competently and reducing inconsistencies in application.</p>	<p>That Employment Services create a more user-friendly offer letter template.</p> <p>That once policies and procedures are brought up to date as outlined in #2, Employment Services provide training to hiring managers in regard to their responsibilities.</p>	<p>Agreed. Completed for all external hires in Q3 2010 and will complete Internal Offer Letter templates in 2011.</p> <p>Agreed. As policies and procedures are approved, HR will develop communications / training to educate the hiring managers on policies, accountabilities, processes and the application of such to their specific workforce. A number of presentations related to the recruitment process was delivered by the Workforce Planning Specialists to management teams in 2010.</p>	<p>Completed. Offer letter templates were revised to include a variety of employment terms, reducing the volume of manual adjustments.</p> <p>Initiated. The general Recruitment and Selection Policy does not clearly outline all responsibilities in the hiring process. For example, hiring manager duties such as developing interview questions and communicating a verbal offer are not indicated. Although department training is provided on an as-needed basis, corporate-wide training materials have not been developed for hiring managers.</p>	<p>A Role Clarity document has been developed which clearly outlines roles and responsibilities of Human Resources and the Hiring Manager. This will be included in the procedures which will be communicated on the HRNet and sent to new hiring Managers as part of a Manager Tool Kit on Recruitment and Selection by Q3 2013. Training will follow in 2014.</p>

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8.	<p><u>Process Improvement Areas (Cont'd.)</u></p> <p>f) A Competition Log is maintained manually in Excel for each Staffing Workforce Planning Specialist to record various details about job postings for which they are responsible. An electronic Statistics Summary Sheet is also maintained and a Checklist and Table of Contents is completed for each call file. All of these documents contain similar information about the job opening which can also be tracked in PeopleSoft. However, the two systems produce varying results as many times the log is not kept up to date. Generating reports from PeopleSoft produces more accurate data and saves time compared to manually maintaining several Excel spreadsheets.</p>	<p>That Employment Services decide what information and statistics are to be captured for each job opening and investigate options and reports available through PeopleSoft to capture this information.</p>	<p>Agreed. This recommendation has been addressed in the HR Technology Strategy Blueprint. Development of new reports is on hold until the PeopleSoft upgrade is completed in Q3 2011. This recommendation will be reviewed in conjunction with the performance measures recommendation #3 above to ensure appropriate data collection related to the measures is identified.</p>	<p>Initiated. HR staff continues to manually track information in the Competition Log, Statistics Summary Sheet, Checklist and Table of Contents. Once functionality in the PeopleSoft system is available, a variety of dates throughout the recruitment process from each job opening will be recorded electronically for performance and statistical purposes.</p>	<p>Through the enhanced technology that was implemented in 2012, the ability to collect data related to the hiring cycle can be captured. 2013 data will be available to establish benchmark service level standards. Staff can then compare performance against the established standards.</p>

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9.	<p><u>Acting Positions</u></p> <p>a) Few controls exist over acting positions. No policies exist outlining how long an employee may assume an acting position. Of the thirty-nine (39) employees who assumed an acting position in 2009, 44% (seventeen (17)) held the acting position in excess of six (6) months. The average duration was 204 days or 7.3 months. Also, the rationale as to how the employees appointed to the acting roles were selected is not documented.</p> <p>Temporary assignments longer than three (3) months should be filled using job competitions. Of the five (5) acting positions held in excess of thirteen (13) months chosen for testing, all were filled using management's discretion rather than a competition process. Approval from the Executive Director of Human Resources to waive the job competition requirement was not obtained.</p>	<p>That Employment Services include a policy and procedure to clarify the use of acting positions as part of the recommendation noted in #2. Controls should be outlined in the policy.</p>	<p>Agreed. This policy will be included as a priority policy for development as part of recommendation #2 above. In 2010, when HR receives the supporting documentation for acting / temporary assignments, staff are entering the projected end dates to better monitor compliance with collective agreements and corporate policies.</p>	<p>In Progress. An Acting Assignment policy was approved on April 19, 2012 and distributed to staff on June 8, 2012. Not enough time has passed to assess compliance with the policy.</p>	<p>In Progress</p>

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9.	<p><u>Acting Positions (Cont'd.)</u> Lack of transparency and structured process with acting position appointments provides an opportunity for favouritism, fostering the negative perception of unfair employment practices at the City.</p> <p>b) An offer letter is not prepared for acting positions to convey the terms and conditions of the new role and responsibilities to the employee. This may place the employee in an unfair situation if the employee does not understand his/her new responsibilities and duties.</p>	That Employment Services prepare offer letters for employees entering into acting positions.	Agreed, in principle. This would be a best practice. In some limited situations, HR requires a sign-back from internal employees. However, consideration must be given to the fact that current resource levels are not adequate to ensure compliance in this area.	In Progress. An Acting Assignment policy was approved on April 19, 2012 and distributed to staff on June 8, 2012. The policy refers to a temporary deployment agreement to be signed by the department and employee. Not enough time has passed to assess compliance with the policy.	In Progress

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10	<p>Corporate Contracts</p> <p>No corporate contracts exist with the following service providers:</p> <ul style="list-style-type: none"> • Temporary placement agencies (\$1.0M spent from January to December 2009); and • External job advertisement firm (\$114K spent in 2009). <p>The City may not be taking advantage of price reductions that could be negotiated through volume or other discounts.</p>	<p>That Employment Services work with Purchasing to investigate opportunities to negotiate corporate contracts, where applicable.</p>	<p>Agreed. The tender for temporary agency services for frequently used administrative functions has been drafted for release in Q1 2011.</p> <p>An RFP process was completed in 2007 to award a contract to Day Advertising with the final term ending May 31, 2011.</p>	<p>Completed. A corporate contract is in effect for recruitment advertising services and a draft Request for Proposal (RFP) is underway for temporary employment services.</p>	<p>The evaluations of the RFP for Temporary Employment Services Agency are completed. Awarding of the RFP is pending completion of Purchasing internal approval process.</p>
11	<p>Department Recruitments</p> <p>a) Macassa Lodge does not use Employment Services when hiring Dietary Aides and Resident Helpers. Such action is not appropriate because:</p> <ul style="list-style-type: none"> • Positions are not advertised. The applicant pool is derived from word-of-mouth by current employees and random applications submitted by the public directly to the Lodge. This unfairly restricts access to a diverse group of applicants. 	<p>That Macassa Lodge be directed to hire all its employees using the standard recruitment and selection process through Employment Services.</p>	<p>Agreed. HR has advised the Administrator of Macassa Lodge about the recruitment issues identified in this audit and will work with Macassa's management team to address the audit findings as the new requirements under the Long Term Care Act are introduced into the workplace.</p>	<p>Completed. Macassa Lodge now follows standard recruitment and selection processes when hiring Dietary Aides and Resident Helpers.</p>	

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11	<p><u>Department Recruitments (Cont'd)</u></p> <ul style="list-style-type: none"> • Of the 14 individuals hired in 2009 for these positions, 43% (six (6)) were related to existing City employees, most of them working at Macassa. This increases the perception of nepotism. • Documentation retained by the Lodge to support these hiring decisions was not adequate. Criteria used to adjudicate applicants were not in line with the job description. <p>Although Employment Services was aware of and disagreed with these activities, no action was taken to stop these practices.</p>				<p>An Anti-Nepotism policy was approved on 2011-12-15 and communicated to all staff.</p>

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11	<p><u>Department Recruitments (Cont'd)</u></p> <p>b) Parking and By-Law Services hire their own School Crossing Guards. Although the majority of the recruitment and selection process mirrors that carried out by Employment Services, the following differences exist:</p> <ul style="list-style-type: none"> • Positions are only advertised in the school crossing area, the Hamilton Spectator or City bulletin boards for difficult-to-fill positions. Individuals regularly drop off their resumes at the parking and by-law office and this information is saved in a database and used when a position arises. • Previously employed crossing guards returning in good standing do not require another interview or updated information (i.e. Police clearance, medical exam). 	<p>That Employment Services assert its authority and involvement in the recruitment and selection process for this area.</p>	<p>Disagreed. HR does not have the resources to address this recommendation. However, HR is able to provide advice and guidance to the hiring managers related to specific recruitment issues that may arise.</p>	<p>Disagreed. Management originally disagreed. No further follow up was performed.</p>	<p>No further action required at this time</p>

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11	<p><u>Department Recruitments Cont'd.)</u></p> <p>c) College and university co-op students are hired directly by the department following guidelines set by the educational institution. Documentation is generally not retained by departments that support the hiring decision.</p> <p>Employment Services was centralized at the City to pool expertise, create synergy, realize cost savings and gain control over the recruitment and selection process. With Employment Services not being involved in areas as noted above, the risk of violating legislation and collective agreement clauses, favouritism and nepotism exists. Also, there may be a duplication of effort if departments and Employment Services are carrying out the same functions.</p>	<p>That departments be directed to retain documentation regarding co-op student hires to support their selections.</p>	<p>Agreed. As ES develops policies, procedures, resource materials and training for hiring managers related to the recruitment and selection process, HR will educate clients about process, documentation and best practices. HR's ability to impact this is dependent on acquiring additional resources and competing priorities.</p>	<p>Not Completed. No action has been taken by management due to lack of resources. Management considers this item of low priority compared to other competing demands.</p>	<p>This continues to be of very low priority with the competing demands on Employment Services.</p>

**CITY OF HAMILTON
INTERNAL AUDIT REPORT 2010-08
HUMAN RESOURCES - RECRUITMENT AND SELECTION FOLLOW UP**

A D D E N D U M

The following items were noted during the course of the audit. Although they do not present internal control deficiencies, they are indicated in this Addendum so management is aware of the issues, risks and inefficiencies and can address them appropriately.

Credential Verification

1. In five (5) files sampled, Internal Audit could not find evidence of the verification of licenses or certificates before commencement of employment to satisfy conditional offers. As Employment Services does not check or retain copies of this documentation and no instruction is provided to departments to retain such information, there is a risk that hired candidates are actually as not qualified as indicated on the application. This may potentially impact the City's level of expertise and capability to deliver on its programs.

It is recommended:

That Employment Services collect and retain documentation to support conditional offers either directly from the successful candidate or the hiring manager.

Management Response:

Agreed. The hiring manager is accountable to ensure this documentation is provided to support the hiring decision. This was delegated to the person most responsible for compliance to the position requirements. The HR Technology Strategy Blueprint contains a proposal to capture this data on-line for talent management purposes and to create a skills inventory for emergency planning purposes.

Follow Up Comment:

Alternative Implemented. Employment Services delegated the responsibility to verify conditional offer documentation to the hiring manager. This responsibility is outlined in the Recruitment and Selection Policy and offer letter template. Hiring managers are aware of their responsibility to verify credentials.

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New Employee Orientation

2. Of the four (4) new hires tested, 50% (two (2)) did not attend the corporate new hire orientation. It is important for new hires to attend orientation to become familiar with the Code of Conduct and other City policies and procedures and to instill values and objectives embodied in the Corporate Strategic Plan. An organization as large as the City must provide corporate-level training to new hires.

It is recommended:

That Employment Services create a process with Organizational Development to monitor new employees' timely attendance at new hire orientation and take corrective action with the employee or department, when necessary.

Management Response:

Disagreed. This is a management responsibility. Information is provided to new hires with the instructions of how to register for the orientation along with information about the importance of attending.

Follow Up Comment:

Disagreed. Management originally disagreed. No further follow up was performed.

Process Improvement Areas

3. Currently, regret letters are sent to internal applicants screened and tested out. In addition to being mailed to unsuccessful applicants, copies are placed in the call file. The Successful Applicant list on the Intranet advertises the outcomes of job competitions to meet Collective Agreement requirements. As a result, the time and funds spent generating these specific regret letters does not add value.

It is recommended:

That Employment Services, in conjunction with Labor Relations, determine whether such regret letters can be eliminated.

Management Response:

Agreed. ES will work with Labour Relations through the collective bargaining process in 2011 to be more efficient in how HR communicates to its employees. Best practice suggests that no communication with our unsuccessful internal candidates will contribute to employee dissatisfaction.

Follow Up Comment:

Alternative Implemented. The PeopleSoft system automatically emails pre-set regret notifications to unsuccessful candidates when the Recruitment Coordinator assigns a regret letter code in the system. This process utilizes far fewer resources as opposed to mailing regret letters to unsuccessful internal applicants.