



CITY OF HAMILTON
City Manager's Office

TO:	Chair and Members Audit, Finance & Administration Committee
COMMITTEE DATE:	April 14, 2014
SUBJECT/REPORT NO:	Employer Paid Parking Value for Money Audit Management Action Plan (CM14002) (City Wide) (Outstanding Business List Item)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Beth Goodger 905-546-2424 ext. 5639 Lisa Zinkewich 905- 546-2424 ext. 2297
SUBMITTED BY:	Chris Murray City Manager
SIGNATURE:	

RECOMMENDATION

- (a) That the Management Action Plan in response to Performance Audit Report – Employer Paid Parking, as detailed in Appendix “A” of Report CM14002, be approved.
- (b) That the item respecting item “P” be considered complete and removed from the Audit, Finance & Administration Committee’s Outstanding Business List.

EXECUTIVE SUMMARY

The 2013 Performance Audit work plan approved by Council included an audit pertaining to Employer Paid Parking. The results of this audit were presented to the Audit, Finance & Administration Committee on September 9, 2013 as Performance Audit Report 2013-13 - Employer Paid Parking (Value for Money Audit) (AUD13024). Report CM14002 has been prepared in response to the Audit report recommendations that were approved by Council on September 11, 2013 as Item 18 of Finance and Administration Committee Report 13-009.

The Audit Report had five recommendations and Senior Management Team (SMT) was directed to provide a Management Action Plan to the Audit, Finance and Administration Committee to address the implementation of these recommendations.

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A Management Action Plan has been prepared and is attached as Appendix "A" to Report CM14002. All of the Audit Report recommendations have been completed. The Management Action Plan is also recommending that the Employer Paid Parking Policy be reviewed.

Alternatives for Consideration – See Page 4 or Not Applicable

FINANCIAL – STAFFING – LEGAL IMPLICATIONS (for recommendation(s) only)

Financial:

As a result of AUD13024 and subsequent actions taken by Senior Management Team, a total of \$73,354.56 has been saved in parking permit costs as a result of 84 parking privileges being revoked (based on 2012 data) in total. Detailed savings can be found in Table 1 on page 6 in Appendix "A" to Report CM14002.

In addition, as part of the Audit, it was identified that numerous employees that were receiving paid parking were not submitting mileage claims, hence not supporting their paid parking eligibility. In response to the Audit and in accordance with the Policy, these staff will be required to submit mileage in order to continue to be eligible for paid parking. As a result of the enforcement around the requirements of the Policy, there is potential for an increase in mileage costs to the City. This matter will be reviewed in the context of the recommended policy review to ensure that mileage costs are not adversely impacted.

Staffing:

The current Employer Paid Parking Policy is time consuming to monitor. The review of the Policy will consider how this process can be made more efficient, effective and consistent to ensure minimal administration time is spent on the administration of the policy.

Legal:

N/A

HISTORICAL BACKGROUND (Chronology of events)

The 2013 Performance Audit work plan approved by Council included an audit pertaining to Employer Paid Parking. The results of this audit were presented to the Audit, Finance & Administration Committee on September 9th, 2013 as Performance Audit Report 2013-13 – Employer Paid Parking (Value for Money Audit) (AUD13024).

The audit had five recommendations. Four recommendations were put forth as part of AUD13024 that were process related. The intent of these recommendations was to ensure that in the future, personnel records would be more comprehensive and provide

for more efficient analysis. The fifth recommendation required SMT to address those employees identified as part of AUD13024, who were identified as employees not eligible (ENE) for employee parking.

Following the approval of AUD13024 by Council on September 11th, 2014, SMT began preparing a Management Action Plan in response to the Audit recommendations. This Management Action Plan is being presented to Audit, Finance & Administration Committee as Appendix "A" to Report CM14002.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

Employer provided parking is typically a taxable benefit for an employee. The Employer Paid Parking Policy helps to define exceptions to the taxability of Parking. The Revenue Canada Agency requirements for an exception are:

- Parking is provided to the employee for business purposes
- The employee regularly uses their own vehicle for their duties. Regularly is an average of three or more days per week.

Both requirements above must be met for an exception and must continue to be addressed within the policy.

The policy is being recommended to undergo a policy review. The review will address complexity issues surrounding the current policy identified by SMT as part of this process, in addition to the issues noted as part of AUD13024. The Policy Review Group will review the current City of Hamilton HR-12-09 Employee Parking Policy (Downtown) in Q1 – Q3 2014 and report back to Council with recommendations for approval of a revised Policy.

RELEVANT CONSULTATION

Relevant consultation has taken place between members of the Senior Management Team (SMT) and impacted staff, Purchasing and Payroll.

ANALYSIS AND RATIONALE FOR RECOMMENDATION (Include Performance Measurement/Benchmarking Data if applicable)

The Performance Audit Report 2013-13 – Employer Paid Parking (Value for Money Audit) (AUD13024) recommended improvements to how policy eligibility is tracked, utilizing PeopleSoft HRMS. It also requested SMT review eligibility of employees that were not meeting the parking policy requirements as a potential cost saving measure.

The Management Action Plan Recommendations are provided in Appendix "A" to Report CM14002 and are summarized as follows:

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- Updates to PeopleSoft HRMS to better track and communicate changes to employer paid parking, through coding, process development and reporting (addresses Audit Recommendations 1 through 4)
- Annual review of employees not meeting the Employer Paid Parking Policy eligibility criteria and appropriate documentation noted in regards to any exemptions (addresses Audit Recommendation 5)
- Review of the Employer Paid Parking Policies and Procedures to improve the effectiveness of the current policy and incorporate any new processes and process gaps identified in the development of the Management Action Plan (addresses Audit Recommendation 5)

The Audit did not consider the effectiveness of the current Employer Paid Parking Policy, however as part of the process SMT highlighted that the current policy does not effectively address situations that do not precisely comply with the policy, but where there are clear requirements for the employee to use their vehicle to perform City business. SMT also believes that the current policy also encourages inefficient work activity as coordinated appointments are considered to be one trip. As part of the review, it was also found that the policy and procedures do not address any changes in employment conditions and how these are documented or tracked. For these reasons, in addition to the issues noted as part of the audit, a review of the policy should be undertaken.

ALTERNATIVES FOR CONSIDERATION

(Include Financial, Staffing, Legal and Policy Implications and Pros and Cons for each alternative)

Not Applicable

ALIGNMENT TO THE 2012 – 2015 STRATEGIC PLAN

Strategic Priority #2

Valued & Sustainable Services

WE deliver high quality services that meet citizen needs and expectations, in a cost effective and responsible manner.

Strategic Objective

2.1 Implement processes to improve services, leverage technology and validate cost effectiveness and efficiencies across the Corporation.

Strategic Priority #3

Leadership & Governance

WE work together to ensure we are a government that is respectful towards each other and that the community has confidence and trust in.

Strategic Objective

3.4 Enhance opportunities for administrative and operational efficiencies.

APPENDICES AND SCHEDULES ATTACHED

Appendix "A" to report CM14002