



CITY OF HAMILTON
City Manager's Office
Audit Services

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	August 13, 2014
SUBJECT/REPORT NO:	Audit Report 2014-03 - Community and Emergency Services - Recreation Division - Scheduling and Payroll (AUD14022) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Ann Pekaruk 905-546-2424 x4469 Brigitte Minard 905-546-2424 x2088
SUBMITTED BY:	Ann Pekaruk Director, Audit Services City Manager's Office
SIGNATURE:	

RECOMMENDATION

- (a) That the Management Action Plans as detailed in Appendix "A" of Report AUD14022 be approved; and
- (b) That the General Manager of Community and Emergency Services be directed to instruct the appropriate staff to have the Management Action Plans (attached as Appendix "A" to Report AUD14022) implemented.

EXECUTIVE SUMMARY

The 2014 Internal Audit work plan approved by Council included an audit of Recreation scheduling and payroll. The audit scope included the processes for scheduling and payroll and its related internal controls for the Fall 2013 program session (September to December 2013). Management, administrative and operational processes associated with scheduling and payroll were assessed. Recommendations were made to strengthen controls, ensure scheduling and payroll processes are being executed effectively and to identify opportunities for administrative efficiencies and improved management oversight.

Alternatives for Consideration – See Page X or Not Applicable

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

Financial: Additional funding will be required to cover costs for an automated scheduling and payroll computer application. These costs are unknown at this time. Management will be making a submission during the 2015 Capital Budget Process in Q3, 2014.

Staffing: Many of the recommendations in Appendix “A” relate to staffing issues. However, it is not anticipated that there will be any direct impact on staffing levels as a result of the Management Action Plans for these recommendations being implemented.

Legal: Issues resulting from terms contained in the collective agreement can lead to grievances and arbitrations.

HISTORICAL BACKGROUND (Chronology of events)

The audit was scheduled as part of the 2014 Internal Audit work plan approved by Council. The audit fieldwork was completed in March 2014 to May 2014. The results of this audit are attached as Appendix “A” of Report AUD14022.

The Audit, Finance and Administration Committee receives and approves final audit and review reports as part of its responsibilities for the oversight of governance and control.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

- Collective Agreement between the City of Hamilton and the Canadian Union of Public Employees and its Local 5167 (January 1, 2011 to December 31, 2014)
- Employment Standards Act

RELEVANT CONSULTATION

Appendix “A” to Report AUD14022 includes action plans which reflect the responses of management responsible for the administration of Recreation scheduling and payroll in the Recreation Division of the Community and Emergency Services Department.

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

The Recreation Division has 168 facilities that are administered, maintained and utilized to deliver public programs. These facilities include: gyms & clubs, indoor pools, arenas, outdoor pools, playlots, wading pools, senior centres and seniors clubs.

Staff at these facilities work varying schedules determined by program provision, facility hours and staff availability.

The Recreation Division uses manual timekeeping methods for scheduling and tracking time worked by wage employees (mostly part-time). The corporate PeopleSoft HR system is utilized for processing payroll.

The audit scope consisted of reviewing the processes and procedures for scheduling, reviewing and processing timesheets and providing approvals and justification for prior period adjustments for wage employees for the Fall 2013 program session. Nine locations are selected for testing with a focus on locations with higher wage and overtime costs. Some facilities were not included in testing due to the seasonal nature of these operations (e.g. outdoor pools, playlots and wading pools). Regular wages (excluding shift premiums, holiday pay and sick pay) paid to hourly employees in the Recreation facilities for 2013 were approximately \$12.1 million.

A formal audit report containing observations, recommendations and management action plans was issued and is attached as Appendix "A" of Report AUD14022.

The main areas for improvement noted in Audit Report 2014-03 include:

- Implementing an automated scheduling and payroll computer application for wage staff that will track hours scheduled and link to the corporate payroll system;
- Reviewing the Part-Time Availability Procedure and maintaining current staff availability records in a centralized database;
- Developing formal payroll adjustment procedures and monitoring and follow up of the frequency of adjustments by management;
- Setting and documenting expected staffing levels and paid preparation time (standards) per program and per facility;
- Improving scheduling practices at pools and arenas; and
- Tracking overtime hours (earned, banked and taken) in the PeopleSoft system.

Management and staff have already taken action or have agreed to implement in the near future all but one of the 12 formal recommendations. Management disagreed with one recommendation regarding scheduling options for arena facilities so no further action will be taken for this item. Specific action plans can be found in the attached Audit Report (Appendix "A" to Report AUD14022).

Audit Services conducted this audit in conformity with the *International Standards for the Professional Practice of Internal Auditing*. These standards require that Audit Services plan and perform the audit to obtain sufficient, appropriate evidence to support the findings and conclusions based on the audit objectives. Audit Services believes that the work performed provides a reasonable basis for the audit findings and conclusions.

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 AUD14022

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