



CITY OF HAMILTON
CITY MANAGER'S OFFICE
Audit Services Division

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	January 19, 2015
SUBJECT/REPORT NO:	Audit Report 2014-07 - Community & Emergency Services - Hamilton Paramedic Service (HPS) - Scheduling & Payroll (AUD15004) (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 AUD15004 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 AUD15004) implemented.

EXECUTIVE SUMMARY

The 2014 Internal Audit work plan "B"-list approved by Council included an audit of the Hamilton Paramedic Service's scheduling and payroll. The audit scope included the processes for scheduling, maintaining and reviewing time records and determining prior period adjustments of unionized employees in the time period of January to April, 2014. Management, administrative and operational controls associated with these functions were assessed. The audit scope excluded the upload of payroll data to PeopleSoft and the actual processing by payroll staff. Recommendations were made to strengthen controls, to ensure scheduling and payroll processes were executed effectively and to identify opportunities for administrative efficiencies and improved management oversight. The results of the audit are presented in a formal Audit Report (2014-07) containing observations, recommendations and management responses. Audit Report 2014-07 is attached as Appendix "A" Report AUD15004.

Alternatives for Consideration –Not Applicable

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

Financial: Capital funding has been allocated to cover costs for an automated scheduling and timekeeping computer application. Management expects to implement Kronos or utilize an RFP to evaluate other options in Q2, 2015.

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 being implemented for these recommendations.

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 “B”-list approved by Council. The audit fieldwork was completed in May 2014 to July 2014. The results of this audit are attached as Appendix “A” of Report AUD15004.

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 Ontario Public Service Employees Union on behalf of its Local 256 (April 1, 2009 to March 31, 2012)
- Collective Agreement between the City of Hamilton and the Canadian Union of Public Employees and its Local 1041 (January 1, 2011 to December 31, 2014)
- Employment Standards Act

RELEVANT CONSULTATION

Appendix “A” to Report AUD15004 includes action plans which reflect the responses of management responsible for the administration of the Hamilton Paramedic Service’s scheduling and payroll in the Community and Emergency Services Department.

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

The Hamilton Paramedic Service has staff that regularly work out of 17 different stations as part of six different platoons. As of May 2014, there were 267 employees working as Advanced Care Paramedics or Primary Care Paramedics (part of OPSEU Local 256) and 21 employees working as Supervisors (part of CUPE Local 1041). These employees are employed on either a full-time or part-time basis. Approximately 85% of employees are employed on a full-time basis. Full-time Paramedics work 84 hours every two week period. Regular salary and wage costs for these unionized groups totalled \$5.88 million for the four-month audit scope period of January to April 2014. Overtime costs for the same four-month period were \$.56 million. Other work related costs such as shift premiums and “in lieu” payments added another \$154,000.

HPS uses an automated system for scheduling and tracking time worked by employees called Jacobs Business Software Inc. (JBS) Time Manager. Information from JBS Time Manager is then transferred to PeopleSoft HR, an application utilized for processing the City’s entire payroll.

The audit scope consisted of reviewing the processes and procedures for scheduling, reviewing and processing time records, providing approvals and justifying prior period adjustments for employees.

A formal audit report containing observations, recommendations and management action plans was issued and is attached as Appendix “A” of Report AUD15004. Eighteen recommendations were made.

The main areas for improvement noted in Audit Report 2014-07 include:

- Implementing an automated scheduling and timekeeping computer application that has multiple programmable constraints to reduce the amount of manual review and input;
- Scheduling paramedics for a maximum of 60 hours in a work week and ensuring compliance with the Employment Standards Act;
- Reviewing samples of call outs to ensure they are in compliance with the Collective Agreement;
- Identifying staff that consistently swipe out with “minute” shift overruns and following up appropriately;
- Clearing and reviewing clock alerts (card not swiped for a scheduled shift) in Time Manager on a weekly basis;

- Approving prior period payroll adjustments by the appropriate level of management; and
- Updating and approving procedures on a regular basis.

Management and staff have already taken action or have agreed to implement, in the near future, all but six of the 18 formal recommendations. Management disagreed with three recommendations and indicated an additional two recommendations as not practical. No further action will be taken for these items. Management is considering an alternative process to address one of the observations. Specific action plans can be found in the attached Audit Report (Appendix “A” to Report AUD15004).

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 #1

A Prosperous & Healthy Community

WE enhance our image, economy and well-being by demonstrating that Hamilton is a great place to live, work, play and learn.

Strategic Objective

- 1.5 Support the development and implementation of neighbourhood and City wide strategies that will improve the health and well-being of residents.

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 AUD15004

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