



**CITY OF HAMILTON**  
**CITY MANAGER'S OFFICE**  
**Office of the City Auditor**

<b>TO:</b>	Chair and Members Audit, Finance and Administration Committee
<b>COMMITTEE DATE:</b>	February 6, 2020
<b>SUBJECT/REPORT NO:</b>	Follow Up to Performance Audit Report 2013-13 Employer Paid Parking (Value for Money Audit) (AUD20002) (City Wide)
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	Amy Bodner, CPA, CA, CIA (905) 546-2424 Ext. 4438  Brigitte Minard, CPA, CA, CIA, CGAP (905) 546-2424 Ext. 3107
<b>SUBMITTED BY:</b>	Charles Brown, CPA, CA, CPA (Illinois) City Auditor Office of the City Auditor
<b>SIGNATURE:</b>	

**RECOMMENDATIONS**

- (a) That Report AUD20002, respecting the follow up of the original recommendations presented in Performance Audit Report 2013-13, Employer Paid Parking (Value for Money Audit), be received;
- (b) That the three new recommendations, as outlined in Appendix "A" to Report AUD20002, be approved; and;
- (c) That the City Manager and the Executive Director of Human Resources be directed to instruct the appropriate staff to have the Management Action Plans, as outlined for the three additional recommendations in Appendix "A" to Report AUD20002, be implemented.

## **EXECUTIVE SUMMARY**

Performance Audit Report 2013-13 was originally issued in September 2013 and management action plans with implementation timelines were provided to Committee in April 2014. At the Committee's request, management submitted a report in June 2015 providing an update on compliance with the Employer Provided Parking Policy. Copies of the original audit report, the report containing management's action plans, and management's policy update report are included in Appendix "B", Appendix "C" and Appendix "D" to Report AUD20002, respectively.

In March 2019, the Office of the City Auditor (OCA) conducted a follow up exercise to determine if appropriate and timely action had been taken. In 2014, management reported that all recommendations were completed (Report CM14002, Page 2 of 11). The OCA's findings differed from this management assessment.

Of the five recommendations made in the original Report, three recommendations have been completed and two recommendations are in progress. Details of implementation specific to each recommendation are included in the analysis section of Report AUD20002.

While conducting this follow up exercise, the Office of the City Auditor identified additional opportunities to resolve procedural ambiguity, generate savings, and provide for a more effective annual review of employer paid parking. These observations, including three new recommendations and management responses, are included in Appendix "A" to Report AUD20002.

It should be noted that as at the end of 2018, the exact same number of employees (704) had employer-paid parking as compared to the 2012 numbers utilized in the original audit. A contributing factor could be the increase in number of City employees during the period 2012 to 2018.

### **Alternatives for Consideration – Not Applicable**

### **FINANCIAL – STAFFING – LEGAL IMPLICATIONS**

Financial: The same number of employees have employer-paid parking at the end of 2018 when compared to the original audit. The total amount of employer-paid parking in 2018 was higher than in 2012. No long-term, sustainable savings have been achieved by the organization. Costs were about \$43,000 higher in 2018 compared to 2012.

Additional recommendations in this report, involving employees with two work locations and those on long-term absence, may result in savings if the City

no longer bears the cost of parking when employees are not at work in the downtown core. As parking privileges and long-term absences are dynamic and cannot be forecast on a go-forward basis, the related cost savings cannot be estimated at this time.

Staffing: None.

Legal: None.

## **HISTORICAL BACKGROUND**

Audit Report 2013-13, Employer Paid Parking (Value for Money Audit), was originally issued in September 2013. The Report provided five recommendations to identify opportunities for gross cost savings and efficiencies within the annual process to evaluate continued eligibility for employer paid parking.

Management provided action plans and implementation timelines to Committee in April 2014 with a subsequent management compliance report in June 2015.

The Council-approved Office of the City Auditor Work Plan 2019 to 2022 (AUD19007) included work to conduct follow up audits for previously issued audit reports to determine whether action plans committed to by department management have been implemented, and the associated savings realized.

## **POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS**

Employer-Provided Parking Policy (Downtown) – Policy HR-12-09

Employer-Provided Parking Procedure

## **RELEVANT CONSULTATION**

The analysis section of Report AUD20002 contains the follow up results for the five recommendations made in the original Report and management action plans. Appendix “A” to Report AUD20002 contains three additional recommendations brought forward by the Office of the City Auditor and management action plans. The follow up results and additional action plans were discussed with and reflect the responses of the following management groups responsible for overseeing employer-provided parking policies, procedures and communications:

- Human Resources Division in the City Manager’s Office;
- Administrative Coordinators or equivalent for all departments;
- Financial Services Division in the Corporate Services Department; and

- The Senior Leadership Team.

## **ANALYSIS AND RATIONALE FOR RECOMMENDATIONS**

Employees located in the downtown core who choose to drive to work are required to obtain their own parking. A policy and procedure exists and outlines the circumstances under which the City will pay or provide for an employee's parking.

The original audit identified 704 employees having employer-paid parking, using 2012 data. As of December 2018, 704 employees have employer-paid parking. The mix of employees is different, but the total is the same. A contributing factor could be the increase in number of City employees during the period 2012 to 2018.

The total cost of employer paid parking rose by approximately \$43,000 in 2018 compared to 2012. Please see Appendix "E" to Report AUD20002 for a comparison of the original audit to the end of 2018.

### **Original Recommendations**

The following section contains the results of the follow up work that was performed for the original five recommendations as initially reported in Report 2013-13 (see Appendix "B" to Report AUD20002).

#### **Recommendation #1**

That Payroll label employees in PeopleSoft HRMS who are eligible to receive paid parking and are exempt from the trip requirements outlined in the parking procedure.

#### **Follow Up Comment**

Current Status: Completed.

Payroll has labelled employees in PeopleSoft HRMS who are eligible to receive employer-provided parking and are exempt from the trip requirements.

#### **Recommendation #2**

That, once exempt employees are coded into PeopleSoft HRMS, Payroll develop a process for departments to communicate changes to Payroll that affect employer paid parking to ensure the population remains accurate and complete.

#### **Follow Up Comment**

Current Status: In Progress.

The Employer-Provided Parking Policy and Procedure contain the roles and responsibilities of Payroll, HR Records and Parking. Departments communicate

**SUBJECT: Follow Up to Performance Audit Report 2013-13 Employer Paid Parking (Value for Money Audit) (AUD20002) (City Wide) - Page 5 of 6**

---

changes about parking passes and taxable benefits / payroll deductions to Parking and Payroll, respectively.

However, Departments are not aware that exemption status changes stemming from the annual eligibility review should be forwarded to HR Records to be coded into PeopleSoft HRMS. The Policy Review Group should amend the policy and procedure to provide additional guidance and close this communication gap.

Recommendation #3

That Payroll develop a PeopleSoft HRMS query capturing all pertinent information required to carry out the parking eligibility analysis. This query should be made available to departmental staff in order to perform the analysis on a go-forward basis.

Follow Up Comment

Current Status: Completed.

Payroll has created a query capturing all information needed to carry out the parking eligibility analysis. This query is available to departments on an annual basis.

Recommendation #4

That Payroll include the employee's work location into the PeopleSoft HRMS query outlined in Recommendation #3. The employee's work location should be factored into the parking eligibility analysis on a go-forward basis.

Follow Up Comment

Current Status: In Progress.

Payroll has included the employee's work location into the query outlined in Recommendation #3. However, the work location is not factored into the parking eligibility analysis. The parking policy and procedure outlines the criteria for which the City will provide paid parking to employees who work in the downtown core. Payroll should include employees with a work location outside the downtown core into the list of employees requiring management's attention.

Recommendation #5

That the Senior Leadership Team (SLT) be directed to address those employees who do not meet the eligibility criteria outlined in the parking policy and procedure (or do not fall under verifiable exclusions). SLT should prepare management action plans by the 2013 calendar year end outlining how and when these issues will be resolved.

Follow Up Comment

Current Status: Completed.

**SUBJECT: Follow Up to Performance Audit Report 2013-13 Employer Paid Parking (Value for Money Audit) (AUD20002) (City Wide) - Page 6 of 6**

---

Management provided action plans and addressed those employees identified in the original audit who did not meet the eligibility criteria. The corresponding report is included in Appendix "C" of Report AUD20002.

**New Recommendations by Office of the City Auditor**

Refer to Appendix "A" to Report AUD20002 for three additional recommendations to make the annual eligibility analysis more robust and consistent across the organization.

**ALTERNATIVES FOR CONSIDERATION**

Not applicable.

**ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN**

**Our People and Performance**

Hamiltonians have a high level of trust and confidence in their City government.

**APPENDICES AND SCHEDULES ATTACHED**

Appendix "A" to Report AUD20002 – New Recommendations by Office of the City Auditor

Appendix "B" to Report AUD20002 – Performance Audit Report 2013-13 Employer Paid Parking (Value for Money Audit) (AUD13024)

Appendix "C" to Report AUD20002 – Employer Paid Parking Value for Money Audit Management Action Plan (CM14002)

Appendix "D" to Report AUD20002 – Compliance follow-up to the Performance Audit Report – Employer Provided Parking Policy (CM14002(a))

Appendix "E" to Report AUD20002 – City of Hamilton Employer Paid Parking Comparison 2012 Versus 2018