



Hamilton

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

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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

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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

APPENDIX "A"
Management Action Plan to address the Employer Paid Parking (Value for Money Audit) – AUD13024

INTRODUCTION

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).

Following the approval of AUD13024 by Council on September 11th, 2013, SMT began preparing a Management Action Plan to outline how and when the issues identified within AUD13024 would be resolved. This Management Action Plan is being presented on April 14th, 2014 to the Audit, Finance & Administration Committee as Appendix "A" to Report CM14002.

Report CM14002 speaks directly to actions taken with respect to the data contained within AUD13024 only, which references 2012 calendar year data. As such, Table 1 of Appendix "A" to Report CM14002 also only reflects actions taken in regards to 2012 calendar year data and identified employees not eligible (ENE) for paid parking as part of AUD13024. Implementation of these changes took place Q4 2013 through Q1 2014 and will be maintained through PeopleSoft by Human Resources and Finance Payroll staff.

Given the fluidity of staffing at the City of Hamilton, the number of staff with employer paid parking on any one day can change. As part of the Management Action Plan, Senior Management Team (SMT) commits to undertaking an annual review to ensure compliance with the policy. This review has been undertaken by SMT, for 2013 data, utilizing the revised query developed in response to recommendation #3 noted below.

AUD13024 FINDINGS

The Employer Paid Parking (Value for Money Audit) (AUD13024), identified that 220 City of Hamilton employees (excluding Hamilton Police Services) continue to receive employer paid or are provided parking, even though the eligibility criteria outlined in the current City of Hamilton HR-12-09 Employee Parking Policy (Downtown) is not being met. Should parking privileges be withdrawn from these employees, Report AUD13024 estimates that a total potential gross savings of \$183,239.51 could be achieved.

As a result of the findings of AUD13024, management had already agreed that 36 employees are no longer eligible for paid parking for a gross savings of \$30,875.00. Parking privileges for these employees have already been

withdrawn. Further review identified that 3 employees previously identified as not being eligible have since met the parking policy requirements or are awaiting the results of the policy review. Subsequent actions taken by Senior Management Team resulted in a total of \$73,354.56 savings in parking permit costs as a result of an additional 48 parking privileges being revoked. Table 1 on pg. 6 of Appendix "A" to Report CM14002, highlights these results, all based on the 2012 data used as part of AUD13024.

AUD13024 RECOMMENDATIONS & MANAGEMENT ACTION PLAN RESPONSES

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. Each recommendation is noted below with the related Management Action Plan Response.

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.

Management Action

Complete.

As of April 2014, all employees who receive employer paid parking (regardless of location and reason for exemption) are now labelled in PeopleSoft HRMS, linking parking eligibility and exemptions directly to employment records. This has eliminated the need for secondary lists that previously existed to capture exemptions related to staff not working in the downtown core or secondary lists for record keeping for which exemptions also applied.

The exemptions labelled in PeopleSoft HRMS are based on the policy and are as follows:

1. Grandfathered
2. Elected Officials
3. Collective Agreement
4. Employment Offer
5. Grievance Settlement
6. General Manager Discretion

All employees identified as part of AUD13024 as exempt from the trip requirements outlined in City of Hamilton HR-12-09 Employee Parking Policy

(Downtown), that have maintained parking privileges, have been identified in PeopleSoft by Payroll based on the appropriate exemption label.

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

Management Action

Complete.

The HR Records Co-Ordinator sets up all new hires and makes changes to employee records, including changes in parking eligibility.

As a result of AUD13024 and this Management Action Plan, the HR Records Co-ordinator has been instructed to update the employee's PeopleSoft data, if an exemption was noted in accordance with one of the 6 categories identified in the above response to recommendation #1.

An email was sent from Payroll to Human Resources, HR Records Co-ordinator on October 11, 2013 outlining the process required to be undertaken to ensure the Employer Paid Parking list remains accurate and complete.

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.

Management Action

Complete.

Payroll had already developed queries which were required to calculate the taxable benefit for employees. Using this as a basis, a revised query has been developed to include all pertinent information for Management to undertake a parking eligibility analysis on an annual basis.

Each year, during Q1, Payroll will circulate the query for the previous calendar year to SMT for their annual review to ensure employees who receive employer-paid parking continue to meet the eligibility standards set out in the policy. This review has been undertaken by SMT, for 2013 data, utilizing the revised query developed in response to this 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.

Management Action

Complete.

The employee work location has been included in the query that was developed for Recommendations #3, to provide a comprehensive report for the annual eligibility analysis.

5. That SMT 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). SMT should prepare management action plans by the 2013 calendar year end outlining how and when these issues will be resolved.

Management Action

Complete.

Following Council approval of the recommendations set out in AUD13024 the Senior Management Team reviewed the respective results for their Departments. Of the 220 employees identified as not meeting trip requirements, 36 employees had their parking privileges revoked.

The subsequent SMT review undertaken in formulating this Management Action Plan revoked an additional 48 parking permits for a total savings of \$73,354.56. Table 1 – Departmental Summary (column 5) on page 6 of Appendix "A" identifies the breakdown by Department. Remaining employees identified as Employee Not Eligible as part of the AUD13024 have been noted as exempt in accordance with one of the 6 categories identified in the above response to recommendation #1, where Management has confirmed they are exempt from the policy.

Employer Paid Parking Policy Review

A review of the City of Hamilton HR-12-09 Employee Parking Policy (Downtown) by the Human Resources Policy Review Group is recommended to be undertaken during Q1-Q3 2014. The review will address a number of areas for improvement to the current policy and procedures that were identified as part of discussions that took place with Management and highlighted in AUD13024. Some preliminary research and consultation is already underway in this regard. The review will also address issues noted as part of AUD13024 including:

- How to reflect circumstances not currently covered in the Policy, including when Management and Mayor's/Councillors' Offices exercise their discretion to provide paid parking for employees irrespective of the eligibility requirements outlined in the policy and procedure.
- Updating procedures to reflect the process changes made in PeopleSoft HRMS
- Updating procedures and processes to notify when an employee's circumstances change (e.g. move to another job, retire, etc.)
- Revenue Canada Agency Requirements
- Ensuring effectiveness of the policy for employees that are required to use their vehicle for City business, while meeting Canada Revenue Agency requirements and the intention of the policy.

Recommended changes will be brought forward for Council approval when this work has been completed.

Table 1 – Departmental Summary of AUD13014 results and Management Action Plan

Management Action Plan by Department in response to AUD13024	Employees Did Not Meet Trip Requirements	Potential Savings (\$)	Agreed Employee Not Eligible (ENE) as part of Audit - 39	Additional Revoked Parking Privileges as a result of Management Action Plan as it relates to AUD13024 only	Total Revoked by Department	Total Savings Achieved (\$) as a result of AUD13024
Community Services	96	73,577.00	18 (2)*	23	41	34,004.20
Planning & Economic Development	41	34,195.00	4	16	20	17,038.00
Public Works	45	37,744.55	11	1	12	10,285.00
Corporate Services	15	14,705.36	2 (1)*	5	7	7,975.36
Public Health	11	11,992.60	1	2	3	3,297.00
Mayor's and Councillors' Offices	6	5,135.00	0	0	0	0
City Manager's Office	6	5,890.00	0	1	1	755.00
TOTAL	220	\$183,984.09	36 (3)*	48	84	73,354.56

Summary is based on AUD13024 which references 2012 calendar year data and actions taken by SMT Q4 2013 - Q1 2014 in regards to the numbers identified in AUD13024 only. Subsequent review has resulted in additional changes not captured as part of this report.

* Further review identified as having met trip requirements or are awaiting the results of the policy review (NOT included in savings achieved)