

CITY OF HAMILTON

**CITY MANAGER'S OFFICE
Audit Services Division**

TO: Chair and Members Audit, Finance and Administration Committee	WARD(S) AFFECTED: CITY WIDE
COMMITTEE DATE: October 4, 2012	
SUBJECT/REPORT NO: Follow Up of Audit Report 2010-08 - Human Resources - Recruitment and Selection (AUD12016) (City Wide)	
SUBMITTED BY: Ann Pekaruk Director, Audit Services City Manager's Office	PREPARED BY: Ann Pekaruk 905-546-2424 x4469
SIGNATURE:	

RECOMMENDATION

That Report AUD12016, respecting the follow up of Audit Report 2010-08, Human Resources - Recruitment and Selection, be received.

EXECUTIVE SUMMARY

Audit Report 2010-08, Human Resources - Recruitment and Selection, was originally issued in March, 2011 and management action plans with implementation timelines were included in the Report and Addendum. In June, 2012, Internal Audit conducted a follow up exercise to determine that appropriate and timely actions had been taken. Of the 31 recommendations made in the original Report and Addendum, management has completed seven, seven are in progress, six have been initiated, six remain as not completed and two alternatives have been implemented. Management disagreed with three recommendations.

Alternatives for Consideration – Not Applicable

FINANCIAL / STAFFING / LEGAL IMPLICATIONS (for Recommendation(s) only)

Financial: None.

Staffing: None.

Legal: None.

HISTORICAL BACKGROUND (Chronology of events)

Audit Report 2010-08, Human Resources - Recruitment and Selection, was originally issued in March, 2011. The Report and Addendum provided 31 recommendations for improving operational efficiencies in the administration of policies and the execution of procedures as well as providing support for candidate selection and performance measures.

It is normal practice for Internal Audit to conduct follow up reviews within a 12-18 month period following issuance of the original report in order to determine whether action plans committed to by department management have been implemented.

POLICY IMPLICATIONS

- Numerous corporate Policies, Procedures and Guidelines related to recruiting and hiring.
- Collective Agreements.

RELEVANT CONSULTATION

The results of the follow up were provided to management responsible for the City's recruitment and employee selection processes in Human Resources, City Manager's Office.

ANALYSIS / RATIONALE FOR RECOMMENDATION

(include Performance Measurement/Benchmarking Data, if applicable)

The report attached as Appendix "A" to Report AUD12016 contains the first three columns as originally reported in Report 2010-08 along with an added fourth column indicating Internal Audit's comments as a result of the follow up work. The original Addendum section containing three recommendations also contains follow up comments.

Seven of the 31 recommendations have been fully implemented. These are: ensure adequate approval, in writing, by hiring managers for negotiated employment terms falling outside the range of standard compensation policies and procedures; issue offer letters only after an approved Employee Change Form has been received from the hiring department; develop a verbal offer template to aid hiring managers in presenting and documenting verbal offer details; create a more user-friendly offer letter template; investigate opportunities to negotiate corporate contracts for placement agencies and advertising firms; hire employees at Macassa Lodge using the standard corporate recruitment and selection process; and develop a more efficient manner of collecting employee information from departments.

Two alternative processes were implemented for the determination of the elimination of regret letters and the retention of documents in Employment Services to support credential verification.

There are seven recommendations whose implementations are in progress. They are: published policies and procedures that are reviewed and updated; creation of a policy and related procedures to address the use and control of temporary agency placements; established controls over acting positions – how appointed, length of position, offer letters; investigation of word-recognition software that is compatible with PeopleSoft to assist in the screening process; and adequate approvals for job posting and hiring forms submitted by departments.

Six recommendations that have been initiated but with minimal progress include: create realistically achievable actions plans with streamlined strategic and operational goals and prioritization of activities; train hiring managers in regard to their responsibilities; determine the documentation required in a call file to support a hiring decision and ensure management review for adherence; analyze delays in the recruitment process for departments; ensure the time to hire calculation is in line with other municipal comparators; and capture hiring statistical information through PeopleSoft.

Among the six incomplete recommendations are: issue offer letters before the commencement of employment in that position; use technology for document storage and records retention to avoid duplicate manual or electronic documents; encourage electronic submission of applications and resumes; retain documentation for co-op student hires to support department selections; investigate the grievances pertaining to recruitment and selection with an aim of reducing their number; and analyze actual performance against a pre-set measure with the goal of improving the overall recruitment and selection process.

There was no follow up pertaining to three recommendations with which management disagreed.

ALTERNATIVES FOR CONSIDERATION

(include Financial, Staffing, Legal and Policy Implications and pros and cons for each alternative)

Not applicable.

CORPORATE STRATEGIC PLAN (Linkage to Desired End Results)

Focus Areas: 1. Skilled, Innovative and Respectful Organization, 2. Financial Sustainability, 3. Intergovernmental Relationships, 4. Growing Our Economy, 5. Social Development, 6. Environmental Stewardship, 7. Healthy Community

Skilled, Innovative & Respectful Organization

- ◆ A skilled, adaptive and diverse workforce, i.e. more flexible staff.

Financial Sustainability

- ◆ Delivery of municipal services and management of capital assets/liabilities in a sustainable, innovative and cost effective manner.

APPENDICES / SCHEDULES

Appendix "A" to Report AUD12016.

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**CITY OF HAMILTON
INTERNAL AUDIT REPORT 2010-08
HUMAN RESOURCES - RECRUITMENT AND SELECTION
FOLLOW UP**

#	OBSERVATIONS OF EXISTING SYSTEM	RECOMMENDATION FOR STRENGTHENING SYSTEM	MANAGEMENT ACTION PLAN	FOLLOW UP (JULY 2012)
1.	<p><u>Strategic and Operational Plans</u></p> <p>a) It is difficult to assess whether Employment Services is on track to achieve its strategic and operational goals. Although 20% of stated activities were indicated as achieved in the 2009 calendar year, progression on the remaining activities cannot be assessed due to:</p> <ul style="list-style-type: none"> • No action plans with stated milestones; • No performance measures; • Priority placed on ad hoc requests; and • Addition of more activities each year. <p>In several instances, there was no direct relationship evident as to how carrying out the particular activity would accomplish the goal.</p>	<p>That Employment Services streamline its strategic and operational goals to ensure activities address specific goals. Management should also prioritize activities and create realistically achievable action plans outlining responsibility for accomplishing more specific tasks, related timelines, performance measures and required resources.</p>	<p>Agreed. Employment Services (ES) will streamline its 2011 strategic and operational plans to address specific goals with realistic action plans based on current staff complement. The strategic plan activities reviewed by Audit Services were developed with anticipated additional resources and were too ambitious given the high demand for transactional activities.</p>	<p>Initiated. The 2012 - 2015 Strategic Plan outlines actions that align with objectives and priorities set by Council which includes implementation of a workforce management strategy. Employment Services could not provide a clear plan on how this workforce management strategy will be developed. As Council's first annual strategic plan progress report will be presented in 2013, not enough time has passed to assess whether Employment Services is on track to achieve end results desired by Council.</p>

**HUMAN RESOURCES – RECRUITMENT AND SELECTION
FOLLOW UP – JULY 2012**

#	OBSERVATIONS OF EXISTING SYSTEM	RECOMMENDATION FOR STRENGTHENING SYSTEM	MANAGEMENT ACTION PLAN	FOLLOW UP (JULY 2012)
1.	<p><u>Strategic and Operational Plans (Cont'd.)</u></p> <p>As a result, there is little evidence to show that the initiatives undertaken by Employment Services would achieve the desired end results outlined in Council's Corporate Strategic Plan or support Council's vision of creating a skilled, adaptive and diverse workforce.</p> <p>b) Employment Services' strategic and operational plans do not contain:</p> <ul style="list-style-type: none"> • A mission statement to clearly describe its overall purpose in the organization; • Measures to assess daily performance and identify improvement opportunities, guide future strategies and justify additional resources; and • Workforce planning initiatives to address the imminent baby boomer exodus and related labor shortages, aging workforce and possible outsourcing options. 	<p>That Employment Services incorporate the items identified into their strategic and operational plans.</p>	<p>Agreed. A purpose/mission statement has been developed. With the Human Resources (HR) technology strategy to be implemented over the next 5 years (subject to Council approval), the following improvements are expected:</p> <ul style="list-style-type: none"> • Ability to measure daily performance through automation as opposed to manual calculations; 	<p>In Progress. Although the 2012 - 2015 Strategic Plan provides a mission statement and mentions a workforce management strategy, a Service Delivery Review is currently being performed to identify target service levels and performance measures. Employment Services is in the process of determining what information is required and how it will be collected in order to calculate performance measures.</p>

**HUMAN RESOURCES – RECRUITMENT AND SELECTION
FOLLOW UP – JULY 2012**

#	OBSERVATIONS OF EXISTING SYSTEM	RECOMMENDATION FOR STRENGTHENING SYSTEM	MANAGEMENT ACTION PLAN	FOLLOW UP (JULY 2012)
1.	<p><u>Strategic and Operational Plans (Cont'd.)</u></p> <p>It appears that the division lacks both human and technological resources to dedicate toward accomplishing strategic activities as opposed to daily recruitment tasks.</p> <p>Not addressing these issues contributes to the risk of not having adequate human resources and skills in supply to provide high quality services.</p>		<ul style="list-style-type: none"> • Recruitment optimization which includes additional templates, screening tools, applicant notifications (e.g. emails) and other enhancements to streamline the applicant and recruiter/HR process; • Centralized repository for all employee skills, competencies, education and other pertinent information; and • Implementation of manager tools to enable electronic forms and approvals and enhanced on-line screening. <p>Until the section is resourced appropriately (staff and technology) to more effectively manage the activity volumes, it is a challenge to address the workforce planning required to achieve the objectives of the strategic plan.</p>	

**HUMAN RESOURCES – RECRUITMENT AND SELECTION
FOLLOW UP – JULY 2012**

#	OBSERVATIONS OF EXISTING SYSTEM	RECOMMENDATION FOR STRENGTHENING SYSTEM	MANAGEMENT ACTION PLAN	FOLLOW UP (JULY 2012)
2.	<p><u>Policies and Procedures</u> Employment Services' policies and procedures are outdated. Of the fifteen (15) documents, almost 50% were approved before amalgamation and not updated since. In ten (10) instances, recruitment and selection processes were not consistent with current practices and there were seven (7) instances where the policies had not been updated to reflect Human Resources' reorganization or Council's Corporate Strategic Plan. In multiple cases, guidelines or forms referred to in the documentation could not be located. No mandate exists as to when or how often policies and procedures are to be reviewed.</p> <p>Written policies and procedures and related forms are not available to describe:</p> <ul style="list-style-type: none"> • The recruitment and selection process; • The use of temporary agency placements and external agencies to post job advertisements; 	<p>That Employment Services review and update published policies and procedures. New policies should be created to address the areas identified in the observations. Care should be taken to build flexibility into the standards to make the recruitment process more appealing to job seekers.</p>	<p>Agreed. The Manager of Employment Services will work with the HR Policy and Planning Specialist to develop policies and procedures that address the areas identified by year end 2012. This timeline is based on competing priorities of the Specialist who is a key support to the successful delivery of this objective. The list of employment policies and procedures will be integrated with the overall policy work plan.</p>	<p>In Progress. Four of 15 policies and procedures identified during the original audit have been updated. Five policies were eliminated and the remaining six policies still need to be reviewed and/or posted on the eNet.</p> <p>Some further policies and procedures that also address the areas identified in the observations have been developed or are currently being reviewed.</p>

**HUMAN RESOURCES – RECRUITMENT AND SELECTION
FOLLOW UP – JULY 2012**

#	OBSERVATIONS OF EXISTING SYSTEM	RECOMMENDATION FOR STRENGTHENING SYSTEM	MANAGEMENT ACTION PLAN	FOLLOW UP (JULY 2012)
2.	<p><u>Policies and Procedures (Cont'd)</u></p> <ul style="list-style-type: none"> • Acting position appointments; • Negotiation of offer terms and required approvals; and • Information communicated as part of a verbal offer. <p>It is difficult for the recruitment and selection process to be consistent, accountable, fair and equitable without documented standards. There is also a risk that hiring managers may make incorrect hiring decisions if outdated documented policies and procedures are followed, leading to an increased risk of grievances and negative perception of employment opportunities at the City.</p>			

**HUMAN RESOURCES – RECRUITMENT AND SELECTION
FOLLOW UP – JULY 2012**

#	OBSERVATIONS OF EXISTING SYSTEM	RECOMMENDATION FOR STRENGTHENING SYSTEM	MANAGEMENT ACTION PLAN	FOLLOW UP (JULY 2012)
3.	<p><u>Performance Measures</u></p> <p>a) The recruitment and selection process is too lengthy. Based on ten (10) job openings selected at random, the average time to hire is 138 days or 4.5 months. In the analysis carried out, it appears that the majority of process delays occurred in the department test and interview stages, obtaining an approved Personnel Change Notification Form (PCN) and preparing the Offer Letter. It is difficult for the City to secure skilled employees to provide high quality services if qualified candidates experience long wait periods after applying, giving them the opportunity to entertain other offers.</p>	<p>That Employment Services analyze why department delays occur and anticipate the effect of such delays by providing appropriate advice or support to departments early in the recruitment and selection process.</p>	<p>Agreed. Many factors that contribute to delays in the recruitment process were previously identified in the 2007 recruitment cycle review done for Senior Management Team (SMT), the primary factor being that staffing does not have adequate resources to meet the demands.</p> <p>In addition, competing business priorities of the hiring manager, availability of management staff to be scheduled for interviews and changing business requirements were found to contribute to the delays. HR provides the tools and supports for a fair and equitable hiring process. However, the hiring manager must prioritize and expedite the testing, interviewing and selection of candidates to positively impact the time required to hire quality candidates.</p>	<p>Initiated. Employment Services identified a number of dates throughout the recruitment process that will be recorded for job openings in the PeopleSoft system. This data will be available to staff for determining the cause where time to hire is prolonged and thus taking action, where necessary. Fields still must be added in the PeopleSoft system to capture these dates and reports must be designed to extract this information.</p>

**HUMAN RESOURCES – RECRUITMENT AND SELECTION
FOLLOW UP – JULY 2012**

#	OBSERVATIONS OF EXISTING SYSTEM	RECOMMENDATION FOR STRENGTHENING SYSTEM	MANAGEMENT ACTION PLAN	FOLLOW UP (JULY 2012)
3.	<p><u>Performance Measures (Cont'd.)</u></p> <p>b) Time to hire for each job opening is calculated as the number of days between the posting date and the successful candidate's effective start date. The time period used to calculate this measure is not appropriate as:</p> <ul style="list-style-type: none"> • Employment Services' duties commence when a Personnel Requisition Form (PRF) is received as opposed to when the job is posted; • The calculation is adjusted to reflect situations outside of Employment Services' control; and • This methodology is not consistent with the Human Resources Benchworking Network's calculation. 	<p>That Employment Services revise the time to hire calculation to be more in line with actual performance and benchmarking sources.</p>	<p>In Q1 2011, HR will bring this audit finding to the attention of SMT, determine where recruitment delays have adversely affected hiring outcomes and determine department expectations regarding time to fill positions.</p> <p>Agreed. HR is committed to measuring performance and service levels in accordance with the standards established through the Human Resources Benchmarking Network (HRBN). HR will work with the municipal comparators to ensure that there is consistency in this performance measure.</p>	<p>Initiated. Management defined time to hire as the number of days between the online job opening creation status date and the successful candidate's effective start date. This measure is more in line with actual performance and benchmarking sources.</p> <p>However, actual calculations are not consistent with this definition. Staff are using the job posting dates rather than the online creation dates in their calculations which reduce time to hire, on average, by 12 days.</p>

**HUMAN RESOURCES – RECRUITMENT AND SELECTION
FOLLOW UP – JULY 2012**

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3.	<p><u>Performance Measures (Cont'd.)</u></p> <p>Additionally, Employment Services does not have a targeted time to hire against which to measure and analyze its performance.</p> <p>Employment Services cannot embody Council's innovation value to improve the recruitment and selection process if its performance is not accurately measured or analyzed against a performance target. It is difficult to compare the City's performance to other municipalities and incorporate best practices if the measure is calculated on a different basis. Also, Employment Services may not be perceived as providing high quality services if an expectation gap forms between Employment Services' opinion on the level of customer service provided and that received by departments.</p>	<p>That Employment Services set a target time to hire performance measure and implement processes to monitor and analyze performance against this measure with the goal of improving the overall recruitment and selection process.</p>	<p>Agreed. Currently, due to technology limitations, data sources used to measure activities require considerable time due to manual intervention. A review of what and how HR measures and collects data was conducted as part of the HR technology strategy blueprint. HR will identify the relevant measures for ES, set performance standards for various departments and positions in Q2 2011 and start to measure service delivery against these standards in Q1 2012, within current technology capabilities.</p>	<p>Not Completed. Management did not specify a target time to hire in the Service Delivery Review.</p> <p>Various dates throughout the recruitment process will be recorded in the PeopleSoft system once this functionality is available. This data can be used to identify and analyze job openings where actual time to hire does not fall within the target.</p>

**HUMAN RESOURCES – RECRUITMENT AND SELECTION
FOLLOW UP – JULY 2012**

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3.	<p><u>Performance Measures (Cont'd.)</u> c) It takes an average of approximately three (3) months to collect documents from the department and close a call file. Although this may appear to be a non-value added task from a department's perspective, call files must contain adequate documentation to support the department's hiring decision in the case of grievances and other inquiries. Also, the time taken by Recruitment Coordinators to follow up on outstanding information could be focused on new job openings, which provides value to departments.</p>	<p>That Employee Services develop a more efficient and timely manner of collecting information from departments or assign a specific staff member with the duties of follow up on outstanding information.</p>	<p>Agreed, in principle. ES recognizes the need for process improvements to the recruitment cycle which will have a positive impact on the time to hire. However, HR should not divert any staff resources to increase monitoring and follow up of information/files as this will have an adverse impact on the time to fill measure.</p>	<p>Completed. Recruitment Coordinators follow up on outstanding information as time allows. Based on a random sample of nine closed call files, on average, it took 13 days to collect information and close the file which is a significant improvement over the original observation.</p> <p>Employment Services has been effective in collecting documentation required from departments to close a call file.</p>

**HUMAN RESOURCES – RECRUITMENT AND SELECTION
FOLLOW UP – JULY 2012**

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3.	<p><u>Performance Measures (Cont'd.)</u> d) Fifty-five (55) grievances were identified by Labor Relations pertaining to recruitment and selection in 2009. There was no indication as to whether the root cause(s) of these grievances were investigated and the impact (if any) on the process. Process improvements and reduction in the number of collective bargaining agreement grievances cannot be achieved if analyses are not carried out.</p>	<p>That Employment Services work with Labour Relations to monitor the number of grievances pertaining to the recruitment and selection process, investigate causes and revise the process, as necessary, with an aim of reducing such grievances.</p>	<p>Agreed. Monitoring and analysis has been completed and will be ongoing through the new Labour Relations Management Information System.</p> <p>Labour relations officers have met with the department management teams to discuss their grievance activity and are working with the departments to address issues identified through the Labour Grievance Activity Report. These discussions will positively impact understanding and appreciation of the accountability managers have to adhere to the provisions of the collective agreements.</p>	<p>Not Completed. Management was not able to provide Internal Audit with documentation to show the nature, causes and responses to grievances pertaining to the recruitment and selection process.</p>

**HUMAN RESOURCES – RECRUITMENT AND SELECTION
FOLLOW UP – JULY 2012**

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4.	<p><u>Inadequate Documentation</u> Inadequate documentation exists in call files to support the hiring decision. A review of twenty (20) files, selected at random, produced numerous examples, the more pervasive ones being:</p> <ul style="list-style-type: none"> • Inconsistencies between applicants screened in and those proceeding to the test or interview. No correspondence or support existed in the file for adding to or removing candidates from the screened-in pool; • Hiring managers not performing or documenting inquiries as to an internal candidate's performance before extending an offer; • Use of different qualifications as the basis for screening questions and screening criteria; 	<p>That Employment Services determine what information is required in a call file to support the hiring decision. Staff should then be trained in this regard. The Table of Contents and Call File Checklist should be updated to reflect any revisions.</p>	<p>Agreed. ES will undertake a review of the information in the competition file based on what is manually collected and what will be available through our e-recruit PeopleSoft upgrade in Q3 2011 and will adjust accordingly with implementation completed Q4 2011.</p> <p>HR is fully committed to supporting HR decisions made through the screening process and will provide better documentation where criteria has been adjusted. The ES manager will review a sample of competition files as part of the performance review of staff to ensure the integrity of screening decisions being made.</p>	<p>Initiated. Employment Services carried out a review identifying which documents should be retained in the call file or scanned and attached electronically to the PeopleSoft job opening in PeopleSoft. As the technological functionality is not yet available to attach documents to a job opening, this plan has not been implemented. In the interim, Employment Services does not plan to change what documentation is currently retained in the call files.</p>

**HUMAN RESOURCES – RECRUITMENT AND SELECTION
FOLLOW UP – JULY 2012**

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4.	<p><u>Inadequate Documentation (Cont'd.)</u></p> <ul style="list-style-type: none"> • Screening sheets not documenting whether applicants met specific screening criteria or were screened in/out; • No passing threshold for testing or interview tools; and • Missing resumes, interviews and reference consent and check forms. <p>Although call files are only retained for two (2) years, adequate documentation must exist to defend against grievances and provide timely information to unsuccessful applicants to thwart the negative perception of employment opportunities at the City.</p>			

**HUMAN RESOURCES – RECRUITMENT AND SELECTION
FOLLOW UP – JULY 2012**

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5.	<p><u>Inadequate Approvals</u> In seven (7) instances, an approval signature was not present or could not be discerned on the Personnel Requisition Form (PRF) (used to request a job posting) or the Payroll Change Notification (PCN) (used to hire for a position). In two (2) instances, negotiated vacation and benefit terms outside of standard compensation policies were not pre-approved by the Managers of Employment Services or Compensation.</p>	<p>That Employment Services staff ensure adequate approvals are obtained on forms submitted by departments.</p>	<p>Agreed. HR has established an internal process which requires that any hiring manager who is considering terms and conditions outside of the standard policy allowances must provide HR with a written rationale for approval. The decisions are documented to the employee file. HR is monitoring these policy exceptions for attraction and retention purposes.</p> <p>HR has planned for Manager Self Serve capabilities through the HR Technology Strategy which will allow for electronic forms and signatures. If the technology receives capital budget approval, HR anticipates implementation in 2015. In the interim, HR will follow up with hiring managers and Finance staff to ensure we have appropriate approvals on the required forms.</p>	<p>In Progress. Electronic forms and approvals have not been implemented due to resource constraints. In the interim, HR staff are to ensure appropriate approvals are obtained on required forms. Four of ten Employee Change Notification (ECN) forms tested did not bear appropriate approvals. One form was not signed while the other three forms were signed by the Hiring Manager with no documentation that the General Manager had designated signing authority to the Hiring Manager.</p>

**HUMAN RESOURCES – RECRUITMENT AND SELECTION
FOLLOW UP – JULY 2012**

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5.	<p><u>Inadequate Approvals (Cont'd)</u> Inadequate approvals increase the opportunity to exceed budgetary limits, exercise favoritism and create inequities between existing and new employees. This in turn fosters a negative perception of an unfair or inequitable employer.</p>	<p>That hiring managers be instructed to obtain adequate approval in writing from Employment Services for negotiated employment terms falling outside the range of standard compensation policies and procedures.</p>	<p>Agreed. HR developed and implemented a Job Offer Planning Tool which communicates clearly the expectation that hiring managers consult with HR. The Job Offer Planning tool was piloted in Q4 2010 with full implementation in Q1 2011.</p>	<p>Completed. Procedures were developed instructing Staffing Workforce Planning Specialists which employment terms may be negotiated and what documentation and approvals must be obtained before these negotiated terms are placed in the offer letter. HR was able to provide Internal Audit with an example where appropriate approval was obtained and documented for a negotiated vacation entitlement. The process appears adequate to ensure negotiated terms are appropriately approved and documented.</p>

**HUMAN RESOURCES – RECRUITMENT AND SELECTION
FOLLOW UP – JULY 2012**

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6.	<p><u>Offer Letters</u> a) In seven (7) files tested, the offer letter was dated before the PCN (now Employee Change Notification (ECN)) was approved or received by Employment Services. This creates a risk that terms approved by the General Manager in the PCN differ from those verbally negotiated and placed in the written offer letter. The City is bound by terms in the verbal and written offers, whichever was extended first.</p>	<p>That Employment Services only issues offer letters after an approved PCN is received from the hiring department.</p> <p>That Employment Services develop a verbal offer template to aid hiring managers in presenting and documenting verbal offer details. This completed template should be attached to the PCN approved by the General Manager or Designate.</p>	<p>Agreed. This process is appropriate for most hires. However, there continues to be exceptions where a written offer is requested by a preferred candidate in order to further negotiate terms and conditions before accepting.</p> <p>Agreed. Through the introduction of the Job Offer Planning Tool in Q4 2010, we have outlined a process which requires more consultation with HR when negotiating terms and conditions of employment. Currently, this acts as a script to ensure a professional and consistent job offer is made to applicants by the hiring manager.</p>	<p>Completed. Offer letters were issued after an approved ECN was received or signed for nine of ten files randomly selected for testing. As a result, written offers are consistently issued only after final approval is received from the hiring department.</p> <p>Completed. Employment Services developed a Job Offer Planning Form to assist hiring managers extend and document verbal offers. If the form is used, the hiring manager is expected to remit this form to HR with other documentation pertaining to the job competition.</p>

**HUMAN RESOURCES – RECRUITMENT AND SELECTION
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6.	<p><u>Offer Letters (Cont'd.)</u> Offer letters provided to successful internal candidates are not signed by the employee. In six (6) files tested, the offer letter was dated after the effective start date. This creates some legal exposure as employment terms are not agreed to in writing before employment commences.</p>	<p>That processes are documented and communicated to hiring managers to ensure a written offer is extended for a position prior to the commencement of employment in that position.</p> <p>That offer letters for successful internal candidates be signed by the employee similar to offer letters sent to external candidates.</p>	<p>Agreed. Considerable progress was made in 2010 to address this concern and educate the hiring managers about the importance of having an accepted, signed offer back prior to starting. Primary focus has been on external full time positions. In 2010, HR introduced an offer letter template to confirm employment for all summer student hiring which was executed by the hiring managers.</p> <p>Agreed, in principle. HR's focus has been on external hires and internal transfers/promotions where a Vulnerable Sector Search is required prior to commencing their new roles. At this time, HR is unable to divert resources to undertake sign-back offer letters for all internal candidates.</p>	<p>Not Completed. Written offers for five of ten randomly selected job competitions were extended after the commencement of employment in those positions. The general Recruitment and Selection Policy does not clearly outline all the steps in the hiring process.</p> <p>Disagreed. Due to competing demands and limited resources, Employment Services will not require successful internal candidates to sign and return offer letters.</p>

**HUMAN RESOURCES – RECRUITMENT AND SELECTION
FOLLOW UP – JULY 2012**

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7.	<p><u>Temporary Agency Placements</u> There is evidence that departments co-ordinate their own temporary agency placements and bypass Employment Services' involvement. No effective controls are in place to control the use of temporary placements. This increases the risk of grievances due to the long-term use of temporary placements to fill a vacancy and the resulting payment of temporary agency fees exceeding normal salaries and benefits. In fact, in a sample of ten (10) such placements, there were five (5) instances where single temporary placements were used for six (6) months up to 1-1/2 years each. In two (2) instances, the City ended up paying temporary agency fees greater than the salary and benefits that would have been paid to a permanent employee by at least \$20,000 and \$31,000, respectively. Hiring managers should be responsible for arranging temporary agency placements with Employment Services involved in control activities.</p>	<p>That Employment Services create a policy and related procedures that address the use and control of temporary agency placements.</p>	<p>Agreed. This will be addressed through HR's management action plan outlined in recommendation #2 above.</p>	<p>In Progress. A draft Temporary Employment Service policy will be presented at the Policy Review Group in August 2012. The draft policy does not refer to approvals or other procedures to control long-term temporary agency placements.</p>

**HUMAN RESOURCES – RECRUITMENT AND SELECTION
FOLLOW UP – JULY 2012**

#	OBSERVATIONS OF EXISTING SYSTEM	RECOMMENDATION FOR STRENGTHENING SYSTEM	MANAGEMENT ACTION PLAN	FOLLOW UP (JULY 2012)
8.	<p><u>Process Improvement Areas</u></p> <p>a) Employment Services relies heavily on email correspondence in the recruitment and selection process. However, this correspondence is rarely deleted regardless of the person's role in the job opening or if a paper copy is placed in the call file. For example, a copy of the final job description is saved on three different drives. Electronic copies of the union query, previous employee query and screening sheet are saved on a local drive even though these documents are also printed and retained in the call file. All of these examples represent an inefficient and uneconomical use of electronic resources, placing a strain on server capacity, computer processing speed and document storage.</p>	<p>That Employment Services review the entire recruitment and selection process with the objective of eliminating instances where duplicate manual or electronic documents exist. Use of current technology for document storage and retention should be considered.</p>	<p>Agreed. HR started a review of records management in Q2 2010 to continue through to Q2 2011. In Q4 2010, electronic records were organized and streamlined. Inactive/obsolete files have been archived or deleted.</p> <p>HR will be the next department to implement the corporate EDRMS (Electronic Document Record Management System). Temporary enhancement of resources will be necessary to move all paper records to an electronic system.</p>	<p>Not Completed. No action has been taken. Management indicated that document retention and saving conventions will be addressed as part of Audit Observation #4.</p>

**HUMAN RESOURCES – RECRUITMENT AND SELECTION
FOLLOW UP – JULY 2012**

#	OBSERVATIONS OF EXISTING SYSTEM	RECOMMENDATION FOR STRENGTHENING SYSTEM	MANAGEMENT ACTION PLAN	FOLLOW UP (JULY 2012)
8.	<p><u>Process Improvement Areas (Cont'd.)</u></p> <p>b) Paper resumes are currently accepted by mail, fax and in person. As the Previous Employee Query and Union Query are both generated from electronic applicant information housed in PeopleSoft when resumes are submitted online, time is spent entering manual applicants into the system. If applicants are encouraged to submit their resumes electronically, time savings can be generated for Employment Services staff.</p>	<p>That Employment Services consider ways to encourage electronic submission of applications and resumes. For example, setting up a workstation in the Human Resources reception area with a scanner, so that in-person applicants can scan and submit their resumes electronically.</p>	<p>Agreed. With the front counter renovation to meet AODA compliance in 2011, 2 computer kiosks will be available for public to submit applications on-line. The implementation of the 2 kiosks is subject to availability of funds for 2 computers in 2011. Manual applications will continue to be received to ensure that all potential applicants have an opportunity to submit interest to an open posting.</p>	<p>Not Completed. Due to budget constraints and a freeze on computer purchases, kiosks were not installed as part of the renovation referred to in the Management Action Plan. Management will obtain quotes for computer units and electrical work to determine the amount of required funding and request these funds as part of the 2013 budget process.</p>

**HUMAN RESOURCES – RECRUITMENT AND SELECTION
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#	OBSERVATIONS OF EXISTING SYSTEM	RECOMMENDATION FOR STRENGTHENING SYSTEM	MANAGEMENT ACTION PLAN	FOLLOW UP (JULY 2012)
8.	<p><u>Process Improvement Areas (Cont'd.)</u></p> <p>c) Staffing Workforce Planning Specialists manually screen resumes to select which applicants should proceed in the recruitment and selection process. This is very time consuming especially if there are a large number of applicants. Computer programs exist that will scan an electronic document for specific key words. If a computer program can screen resumes for key words, the amount of time spent screening resumes may be reduced for Employment Services staff.</p>	<p>That Employment Services investigate word-recognition software that is compatible with PeopleSoft to assist in the screening process.</p>	<p>Disagreed. Based on an expert review, the decision was made by HR Management Team to support upgrades and enhancements to our current PeopleSoft system which has a module for enhanced screening processes.</p>	<p>In Progress. Automated PeopleSoft screening questionnaires tailored specifically to each job posting will be used to initially screen applicants. Full implementation is expected during the summer of 2012.</p>

**HUMAN RESOURCES – RECRUITMENT AND SELECTION
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#	OBSERVATIONS OF EXISTING SYSTEM	RECOMMENDATION FOR STRENGTHENING SYSTEM	MANAGEMENT ACTION PLAN	FOLLOW UP (JULY 2012)
8.	<p><u>Process Improvement Areas (Cont'd.)</u></p> <p>d) An offer letter template is available. However, Recruitment Co-ordinators make several adjustments to the template when preparing a specific offer letter, especially for non-union positions where employment terms can vary greatly or when various employment conditions exist. A more comprehensive or detailed template may reduce the amount of time spent by Recruitment Co-ordinators formatting and revising offer letter content.</p> <p>e) Recruitment Co-ordinators and Staffing Workforce Planning Specialists are the only resources available to hiring managers. There are no general policies and procedures in place or training available to assist hiring managers in understanding the process, carrying out their responsibilities competently and reducing inconsistencies in application.</p>	<p>That Employment Services create a more user-friendly offer letter template.</p> <p>That once policies and procedures are brought up to date as outlined in #2, Employment Services provide training to hiring managers in regard to their responsibilities.</p>	<p>Agreed. Completed for all external hires in Q3 2010 and will complete Internal Offer Letter templates in 2011.</p> <p>Agreed. As policies and procedures are approved, HR will develop communications / training to educate the hiring managers on policies, accountabilities, processes and the application of such to their specific workforce. A number of presentations related to the recruitment process was delivered by the Workforce Planning Specialists to management teams in 2010.</p>	<p>Completed. Offer letter templates were revised to include a variety of employment terms, reducing the volume of manual adjustments.</p> <p>Initiated. The general Recruitment and Selection Policy does not clearly outline all responsibilities in the hiring process. For example, hiring manager duties such as developing interview questions and communicating a verbal offer are not indicated. Although department training is provided on an as-needed basis, corporate-wide training materials have not been developed for hiring managers.</p>

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#	OBSERVATIONS OF EXISTING SYSTEM	RECOMMENDATION FOR STRENGTHENING SYSTEM	MANAGEMENT ACTION PLAN	FOLLOW UP (JULY 2012)
8.	<p><u>Process Improvement Areas (Cont'd.)</u></p> <p>f) A Competition Log is maintained manually in Excel for each Staffing Workforce Planning Specialist to record various details about job postings for which they are responsible. An electronic Statistics Summary Sheet is also maintained and a Checklist and Table of Contents is completed for each call file. All of these documents contain similar information about the job opening which can also be tracked in PeopleSoft. However, the two systems produce varying results as many times the log is not kept up to date. Generating reports from PeopleSoft produces more accurate data and saves time compared to manually maintaining several Excel spreadsheets.</p>	<p>That Employment Services decide what information and statistics are to be captured for each job opening and investigate options and reports available through PeopleSoft to capture this information.</p>	<p>Agreed. This recommendation has been addressed in the HR Technology Strategy Blueprint. Development of new reports is on hold until the PeopleSoft upgrade is completed in Q3 2011. This recommendation will be reviewed in conjunction with the performance measures recommendation #3 above to ensure appropriate data collection related to the measures is identified.</p>	<p>Initiated. HR staff continue to manually track information in the Competition Log, Statistics Summary Sheet, Checklist and Table of Contents. Once functionality in the PeopleSoft system is available, a variety of dates throughout the recruitment process from each job opening will be recorded electronically for performance and statistical purposes.</p>

**HUMAN RESOURCES – RECRUITMENT AND SELECTION
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#	OBSERVATIONS OF EXISTING SYSTEM	RECOMMENDATION FOR STRENGTHENING SYSTEM	MANAGEMENT ACTION PLAN	FOLLOW UP (JULY 2012)
9.	<p><u>Acting Positions</u></p> <p>a) Few controls exist over acting positions. No policies exist outlining how long an employee may assume an acting position. Of the thirty-nine (39) employees who assumed an acting position in 2009, 44% (seventeen (17)) held the acting position in excess of six (6) months. The average duration was 204 days or 7.3 months. Also, the rationale as to how the employees appointed to the acting roles were selected is not documented.</p> <p>Temporary assignments longer than three (3) months should be filled using job competitions. Of the five (5) acting positions held in excess of thirteen (13) months chosen for testing, all were filled using management's discretion rather than a competition process. Approval from the Executive Director of Human Resources to waive the job competition requirement was not obtained.</p>	<p>That Employment Services include a policy and procedure to clarify the use of acting positions as part of the recommendation noted in #2. Controls should be outlined in the policy.</p>	<p>Agreed. This policy will be included as a priority policy for development as part of recommendation #2 above. In 2010, when HR receives the supporting documentation for acting / temporary assignments, staff are entering the projected end dates to better monitor compliance with collective agreements and corporate policies.</p>	<p>In Progress. An Acting Assignment policy was approved on April 19, 2012 and distributed to staff on June 8, 2012. Not enough time has passed to assess compliance with the policy.</p>

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#	OBSERVATIONS OF EXISTING SYSTEM	RECOMMENDATION FOR STRENGTHENING SYSTEM	MANAGEMENT ACTION PLAN	FOLLOW UP (JULY 2012)
9.	<p><u>Acting Positions (Cont'd.)</u></p> <p>Lack of transparency and structured process with acting position appointments provides an opportunity for favouritism, fostering the negative perception of unfair employment practices at the City.</p> <p>b) An offer letter is not prepared for acting positions to convey the terms and conditions of the new role and responsibilities to the employee. This may place the employee in an unfair situation if the employee does not understand his/her new responsibilities and duties.</p>	<p>That Employment Services prepare offer letters for employees entering into acting positions.</p>	<p>Agreed, in principle. This would be a best practice. In some limited situations, HR requires a sign-back from internal employees. However, consideration must be given to the fact that current resource levels are not adequate to ensure compliance in this area.</p>	<p>In Progress. An Acting Assignment policy was approved on April 19, 2012 and distributed to staff on June 8, 2012. The policy refers to a temporary deployment agreement to be signed by the department and employee. Not enough time has passed to assess compliance with the policy.</p>

**HUMAN RESOURCES – RECRUITMENT AND SELECTION
FOLLOW UP – JULY 2012**

#	OBSERVATIONS OF EXISTING SYSTEM	RECOMMENDATION FOR STRENGTHENING SYSTEM	MANAGEMENT ACTION PLAN	FOLLOW UP (JULY 2012)
10.	<p><u>Corporate Contracts</u> No corporate contracts exist with the following service providers:</p> <ul style="list-style-type: none"> • Temporary placement agencies (\$1.0M spent from January to December 2009); and • External job advertisement firm (\$114K spent in 2009). <p>The City may not be taking advantage of price reductions that could be negotiated through volume or other discounts.</p>	<p>That Employment Services work with Purchasing to investigate opportunities to negotiate corporate contracts, where applicable.</p>	<p>Agreed. The tender for temporary agency services for frequently used administrative functions has been drafted for release in Q1 2011.</p> <p>An RFP process was completed in 2007 to award a contract to Day Advertising with the final term ending May 31, 2011.</p>	<p>Completed. A corporate contract is in effect for recruitment advertising services and a draft Request for Proposal (RFP) is underway for temporary employment services.</p>
11.	<p><u>Department Recruitments</u> a) Macassa Lodge does not use Employment Services when hiring Dietary Aides and Resident Helpers. Such action is not appropriate because:</p> <ul style="list-style-type: none"> • Positions are not advertised. The applicant pool is derived from word-of-mouth by current employees and random applications submitted by the public directly to the Lodge. This unfairly restricts access to a diverse group of applicants. 	<p>That Macassa Lodge be directed to hire all its employees using the standard recruitment and selection process through Employment Services.</p>	<p>Agreed. HR has advised the Administrator of Macassa Lodge about the recruitment issues identified in this audit and will work with Macassa's management team to address the audit findings as the new requirements under the Long Term Care Act are introduced into the workplace.</p>	<p>Completed. Macassa Lodge now follows standard recruitment and selection processes when hiring Dietary Aides and Resident Helpers.</p>

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#	OBSERVATIONS OF EXISTING SYSTEM	RECOMMENDATION FOR STRENGTHENING SYSTEM	MANAGEMENT ACTION PLAN	FOLLOW UP (JULY 2012)
11.	<p><u>Department Recruitments (Cont'd)</u></p> <ul style="list-style-type: none"> • Of the 14 individuals hired in 2009 for these positions, 43% (six (6)) were related to existing City employees, most of them working at Macassa. This increases the perception of nepotism. • Documentation retained by the Lodge to support these hiring decisions was not adequate. Criteria used to adjudicate applicants were not in line with the job description. <p>Although Employment Services was aware of and disagreed with these activities, no action was taken to stop these practices.</p>			

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#	OBSERVATIONS OF EXISTING SYSTEM	RECOMMENDATION FOR STRENGTHENING SYSTEM	MANAGEMENT ACTION PLAN	FOLLOW UP (JULY 2012)
11.	<p><u>Department Recruitments (Cont'd)</u></p> <p>b) Parking and By-Law Services hire their own School Crossing Guards. Although the majority of the recruitment and selection process mirrors that carried out by Employment Services, the following differences exist:</p> <ul style="list-style-type: none"> • Positions are only advertised in the school crossing area, the Hamilton Spectator or City bulletin boards for difficult-to-fill positions. Individuals regularly drop off their resumes at the parking and by-law office and this information is saved in a database and used when a position arises. • Previously employed crossing guards returning in good standing do not require another interview or updated information (i.e. Police clearance, medical exam). 	<p>That Employment Services assert its authority and involvement in the recruitment and selection process for this area.</p>	<p>Disagreed. HR does not have the resources to address this recommendation. However, HR is able to provide advice and guidance to the hiring managers related to specific recruitment issues that may arise.</p>	<p>Disagreed. Management originally disagreed. No further follow up was performed.</p>

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#	OBSERVATIONS OF EXISTING SYSTEM	RECOMMENDATION FOR STRENGTHENING SYSTEM	MANAGEMENT ACTION PLAN	FOLLOW UP (JULY 2012)
11.	<p><u>Department Recruitments Cont'd.)</u></p> <p>c) College and university co-op students are hired directly by the department following guidelines set by the educational institution. Documentation is generally not retained by departments that support the hiring decision.</p> <p>Employment Services was centralized at the City to pool expertise, create synergy, realize cost savings and gain control over the recruitment and selection process. With Employment Services not being involved in areas as noted above, the risk of violating legislation and collective agreement clauses, favouritism and nepotism exists. Also, there may be a duplication of effort if departments and Employment Services are carrying out the same functions.</p>	<p>That departments be directed to retain documentation regarding co-op student hires to support their selections.</p>	<p>Agreed. As ES develops policies, procedures, resource materials and training for hiring managers related to the recruitment and selection process, HR will educate clients about process, documentation and best practices. HR's ability to impact this is dependent on acquiring additional resources and competing priorities.</p>	<p>Not Completed. No action has been taken by management due to lack of resources. Management considers this item of low priority compared to other competing demands.</p>

**CITY OF HAMILTON
INTERNAL AUDIT REPORT 2010-08
HUMAN RESOURCES - RECRUITMENT AND SELECTION
FOLLOW UP**

A D D E N D U M

The following items were noted during the course of the audit. Although they do not present internal control deficiencies, they are indicated in this Addendum so management is aware of the issues, risks and inefficiencies and can address them appropriately.

Credential Verification

1. In five (5) files sampled, Internal Audit could not find evidence of the verification of licenses or certificates before commencement of employment to satisfy conditional offers. As Employment Services does not check or retain copies of this documentation and no instruction is provided to departments to retain such information, there is a risk that hired candidates are actually as not qualified as indicated on the application. This may potentially impact the City's level of expertise and capability to deliver on its programs.

It is recommended:

That Employment Services collect and retain documentation to support conditional offers either directly from the successful candidate or the hiring manager.

Management Response:

Agreed. The hiring manager is accountable to ensure this documentation is provided to support the hiring decision. This was delegated to the person most responsible for compliance to the position requirements. The HR Technology Strategy Blueprint contains a proposal to capture this data on-line for talent management purposes and to create a skills inventory for emergency planning purposes.

Follow Up Comment:

Alternative Implemented. Employment Services delegated the responsibility to verify conditional offer documentation to the hiring manager. This responsibility is outlined in the Recruitment and Selection Policy and offer letter template. Hiring managers are aware of their responsibility to verify credentials.

**CITY OF HAMILTON
INTERNAL AUDIT REPORT 2010-08
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New Employee Orientation

2. Of the four (4) new hires tested, 50% (two (2)) did not attend the corporate new hire orientation. It is important for new hires to attend orientation to become familiar with the Code of Conduct and other City policies and procedures and to instill values and objectives embodied in the Corporate Strategic Plan. An organization as large as the City must provide corporate-level training to new hires.

It is recommended:

That Employment Services create a process with Organizational Development to monitor new employees' timely attendance at new hire orientation and take corrective action with the employee or department, when necessary.

Management Response:

Disagreed. This is a management responsibility. Information is provided to new hires with the instructions of how to register for the orientation along with information about the importance of attending.

Follow Up Comment:

Disagreed. Management originally disagreed. No further follow up was performed.

Process Improvement Areas

3. Currently, regret letters are sent to internal applicants screened and tested out. In addition to being mailed to unsuccessful applicants, copies are placed in the call file. The Successful Applicant list on the Intranet advertises the outcomes of job competitions to meet Collective Agreement requirements. As a result, the time and funds spent generating these specific regret letters does not add value.

It is recommended:

That Employment Services, in conjunction with Labor Relations, determine whether such regret letters can be eliminated.

Management Response:

Agreed. ES will work with Labour Relations through the collective bargaining process in 2011 to be more efficient in how HR communicates to its employees. Best practice suggests that no communication with our unsuccessful internal candidates will contribute to employee dissatisfaction.

Follow Up Comment:

Alternative Implemented. The PeopleSoft system automatically emails pre-set regret notifications to unsuccessful candidates when the Recruitment Coordinator assigns a regret letter code in the system. This process utilizes far fewer resources as opposed to mailing regret letters to unsuccessful internal applicants.