

COMMITTEE AGENDA



TO **Audit Committee**

DATE March 6, 2014

LOCATION Council Chambers, Guelph City Hall, 1 Carden Street

TIME 4:00 p.m.

DISCLOSURE OF PECUNIARY INTEREST AND GENERAL NATURE THEREOF

CONFIRMATION OF MINUTES – February 4, 2014 open meeting minutes

PRESENTATIONS (Items with no accompanying report)

a) None.

CONSENT AGENDA

The following resolutions have been prepared to facilitate the Committee's consideration of the various matters and are suggested for consideration. If the Committee wishes to address a specific report in isolation of the Consent Agenda, please identify the item. The item will be extracted and dealt with separately. The balance of the Audit Committee Consent Agenda will be approved in one resolution.

ITEM	CITY PRESENTATION	DELEGATIONS	TO BE EXTRACTED
AUD-2014.8 Overtime - Oversight and KPI Framework			
AUD-2014.9 Overtime Audit Implementation Plan	<ul style="list-style-type: none">Derrick Thomson		√
AUD-2014.10 Internal Audit Report – Cash Controls and Compliance			

Resolution to adopt the balance of the Audit Committee Consent Agenda.

ITEMS EXTRACTED FROM CONSENT AGENDA

Once extracted items are identified, they will be dealt with in the following order:

- 1) delegations (may include presentations)
- 2) staff presentations only
- 3) all others.

STAFF UPDATES AND ANNOUNCEMENTS

ADJOURNMENT

NEXT MEETING – April 8, 2014



**The Corporation of the City of Guelph
Audit Committee
Monday, February 4, 2014 at 3:00 p.m.**

Attendance

Members: Chair Guthrie
Mayor Farbridge (*arrived 3:03 p.m.*)

Councillor Burcher
Councillor Furfaro
Councillor Kovach (*arrived at 3:13 p.m.*)

Councillors: Councillor Bell
Councillor Hofland

Staff: Ms. A. Pappert, Chief Administrative Officer
Mr. A. Horsman, Executive Director, Finance & Enterprise
Mr. M. Amorosi, Executive Director, Corporate & Human Resources
Mr. D. McCaughan, Executive Director, Operations, Transit & Emergency Services
Mr. D. Thomson, Executive Director, Community & Social Services
Ms. L. Alonzo, Internal Auditor
Ms. Gray, Supervisor, Service Performance & Development r, Financial Reporting & Accounting
Ms. T. Agnello, Deputy Clerk
Ms. D. Black, Council Committee Coordinator

Call to Order (3:00 p.m.)

Chair Guthrie called the meeting to order.

Disclosure of Pecuniary Interest and General Nature Thereof

There were no disclosures.

Confirmation of Minutes

1. Moved by Councillor Furfaro
Seconded by Councillor Burcher

That the open and closed meeting minutes of the Audit Committee held on November 19, 2013 be confirmed as recorded.

VOTING IN FAVOUR: Councillors Guthrie, Burcher and Furfaro (3)

VOTING AGAINST: (0)

CARRIED

Mayor Farbridge arrived at the meeting. (3:03 p.m.)

Consent Agenda

The following items were extracted:

AUD-2014.2	2014 Audit Committee Work Plan
AUD-2014.3	Internal Audit 2013 Work Plan – Year-End Update
AUD-2014.4	Internal Audit 2014 Work Plan
AUD-2014.5	Service Guelph Operational Audit
AUD-2014.6	Management Response to Service Guelph Operational Audit

Balance of Consent Items

2. Moved by Councillor Burcher
Seconded by Mayor Farbridge

That the balance of the Audit Committee February 4, 2014 Consent Agenda, as identified below, be adopted:

AUD-2014. 1 2013 Final Audit Committee Work Plan

1. That Report FIN-14-04 2013 Final Audit Committee Work Plan Report be received for information by Audit Committee and Council.

AUD-2014.7 Independent Notification – External Auditor

1. That Report FIN-14-07 Independence Notification – External Auditor be approved and that the Chair of Audit Committee be directed to confirm the continuation of services through signing the independence notification letter.

VOTING IN FAVOUR: Mayor Farbridge, Councillors Burcher, Guthrie and Furfaro (4)

VOTING AGAINST: (0)

CARRIED

Extracted Consent Items

AUD-2014.3 Internal Audit 2013 Work Plan – Year-End Update

Ms. Alonzo, Internal Auditor, provided a summary of the status of the internal audits identified within the 2013 Internal Audit Work Plan.

Councillor Kovach arrived at the meeting. (3:13 p.m.)

3. Moved by Councillor Furfaro
Seconded by Mayor Farbridge

That the Audit Committee receive Report CAO-A-1311, Internal Audit Work Plan, Year-end Update Report and Appendix "A" dated January 7, 2014.

VOTING IN FAVOUR: Mayor Farbridge, Councillors Guthrie, Burcher, Furfaro and Kovach (5)

VOTING AGAINST: (0)

CARRIED

AUD-2014.5 Service Guelph Operational Audit

Ms. Gray, Supervisor, Service Performance & Development, outlined the purpose, scope, methodology and results of the ServiceGuelph Operational Audit.

4. Moved by Councillor Kovach
Seconded by Mayor Farbridge

That report number CAO-A-1310 – Internal Audit Report – Service Guelph, be received.

VOTING IN FAVOUR: Mayor Farbridge, Councillors Burcher, Guthrie, Furfaro, and Kovach (5)
VOTING AGAINST: (0)

CARRIED

AUD-2014.6 Management Response to Service Guelph Operational Audit

5. Moved by Mayor Farbridge
Seconded by Councillor Burcher

That the February 4, 2014 report entitled "Service Guelph Operational Audit Management Response" be received for information **and referred to the Community and Social Services Committee.**

VOTING IN FAVOUR: Mayor Farbridge, Councillors Burcher, Guthrie, Furfaro and Kovach (5)
VOTING AGAINST: (0)

CARRIED

AUD-2014. 2 2014 Audit Committee Work Plan

The Committee briefly discussed the necessity of having a policy for the recruitment of an external auditor.

6. Moved by Mayor Farbridge
Seconded by Councillor Kovach

That Report FIN-14-05 2014 Audit Committee Work Plan be approved.

VOTING IN FAVOUR: Mayor Farbridge, Councillors Burcher, Guthrie, Furfaro, and Kovach (5)
VOTING AGAINST: (0)

CARRIED

AUD-2014.4 Internal Audit 2014 Work Plan

Staff noted that there have been meetings added in March and August to accommodate bringing forward information regarding ongoing audits.

7. Moved by Councillor Furfaro
Seconded by Councillor Kovach

That the recommendations in report "CAO-A-1402, Internal Audit – 2014 Work Plan be approved.

VOTING IN FAVOUR: Mayor Farbridge, Councillors Burcher, Guthrie, Furfaro, and Kovach (5)
VOTING AGAINST: (0)

CARRIED

Staff Updates and Announcements

There were no updates or announcements.

Adjournment (3:46 p.m.)

8. Moved by Mayor Farbridge
Seconded by Councillor Burcher

That the committee meeting be adjourned.

CARRIED

Tina Agnello – Deputy Clerk

**AUDIT COMMITTEE
CONSENT AGENDA**

March 6, 2014

Members of the Audit Committee.

SUMMARY OF REPORTS:

The following resolutions have been prepared to facilitate the Committee's consideration of the various matters and are suggested for consideration. If the Committee wishes to address a specific report in isolation of the Consent Agenda, please identify the item. The item will be extracted and dealt with immediately. The balance of the Audit Committee Consent Agenda will be approved in one resolution.

A Reports from Administrative Staff

REPORT	DIRECTION
AUD-2014.8 OVERTIME - OVERSIGHT AND KPI FRAMEWORK 1. That the Audit Committee approve the recommendations in report "CAO-A-1403, Overtime - Oversight and KPI Framework.	Approve
AUD-2014.9 OVERTIME AUDIT IMPLEMENTATION PLAN 1. That the March 6, 2014 report entitled "Overtime Audit Implementation Plan" be received.	Receive
AUD-2014.10 INTERNAL AUDIT REPORT - CASH CONTROLS AND COMPLIANCE 1. That the Audit committee receive the Internal Auditor's report, CAO-A-1405 "Cash Controls and Compliance Audit".	Receive

attach.

STAFF REPORT



TO **Audit Committee**

SERVICE AREA CAO - Administration

DATE March 6, 2014

SUBJECT Overtime – Oversight and KPI Framework

REPORT NUMBER CAO-A-1403

EXECUTIVE SUMMARY

PURPOSE OF REPORT

To provide the Committee with a proposed framework (KPIs) for oversight of overtime as directed by the Committee in its November 19th 2013 meeting.

KEY FINDINGS

Proposed KPIs should be embedded in the implementation plan being developed by the Overtime Task Force.

Final selection of KPIs for overtime should be delegated to the Overtime Task Force and presented for Committee approval as part of their Implementation Plan on March 6, 2014.

The framework for oversight of overtime is defined in the audit recommendations related to policy, authority, internal controls and reporting.

FINANCIAL IMPLICATIONS

N/A

ACTION REQUIRED

Audit Committee to approve the recommended KPIs presented in report CAO-A-1403.

RECOMMENDATION

1. That the Audit Committee approve the recommendations in report "CAO-A-1403, Overtime – Oversight and KPI Framework"

BACKGROUND

The internal auditor's report on Overtime and the associated Management Response was presented to the Audit Committee on November 19, 2013. The Committee directed the Internal Auditor to *"report back to the Audit Committee with a*

STAFF REPORT



framework to provide appropriate ongoing oversight of the use of overtime (e.g. Key Performance Indicators).

REPORT

In response to the internal audit report on overtime, one of the key actions taken by the Executive Team was to create an "Overtime Task Force" that would guide and oversee the implementation of the audit recommendations.

The Task Force has been directed to report back to the Committee in 90 days with a detailed implementation plan for each of the approved audit recommendations.

As part of their work, the Task Force has identified that the approval, monitoring and reporting of all overtime is a management responsibility and they are developing the specific processes to ensure that controls and oversight recommended in the audit are effectively implemented.

At the direction of the Committee staff have proposed several Key Performance Indicators (KPIs) that may be used to monitor overtime across the organization and measure the success of the implementation of the audit recommendations.

These suggestions include:

1. Overtime costs meet approved budget lines across the organization.
2. Reasons for overtime are linked to Attendance Management program effectiveness. This could be achieved through coding of overtime and absenteeism statistics.
3. Overtime benchmark could be established as suggested in the audit report (e.g. 2.5% of total salaries and wages) and municipal comparators measured annually.
4. Reduction of "discretionary" overtime could be measured and reported annually.

These are just a few of the possible indicators that could be introduced however the Overtime Task Force may suggest other measures and present them as part of the implementation plan being presented to Committee on March 6th. It is important that Management endorses the KPIs and embeds them in the implementation plan for the overtime audit.

STAFF REPORT

It is the Auditor's recommendation that the final selection of overtime KPIs be delegated to the Overtime Task Force and that these be brought to the Committee for final approval as part of the official "Implementation Plan".

CORPORATE STRATEGIC PLAN

1.3 Organizational Excellence – Build robust systems, structures and frameworks aligned to strategy.

2.3 Innovation in Local Government – Ensure accountability, transparency and engagement.

DEPARTMENTAL CONSULTATION


The Executive Team was consulted in the development of this proposal.

COMMUNICATIONS

N/A

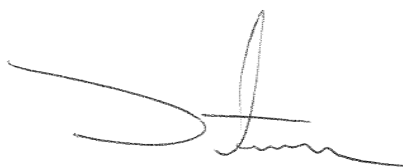
ATTACHMENTS

N/A



Report Author

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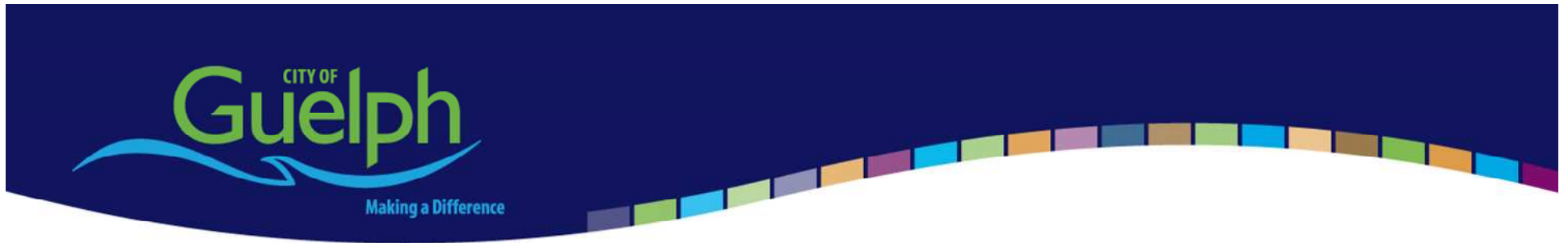
Recommended By

Derrick Thompson
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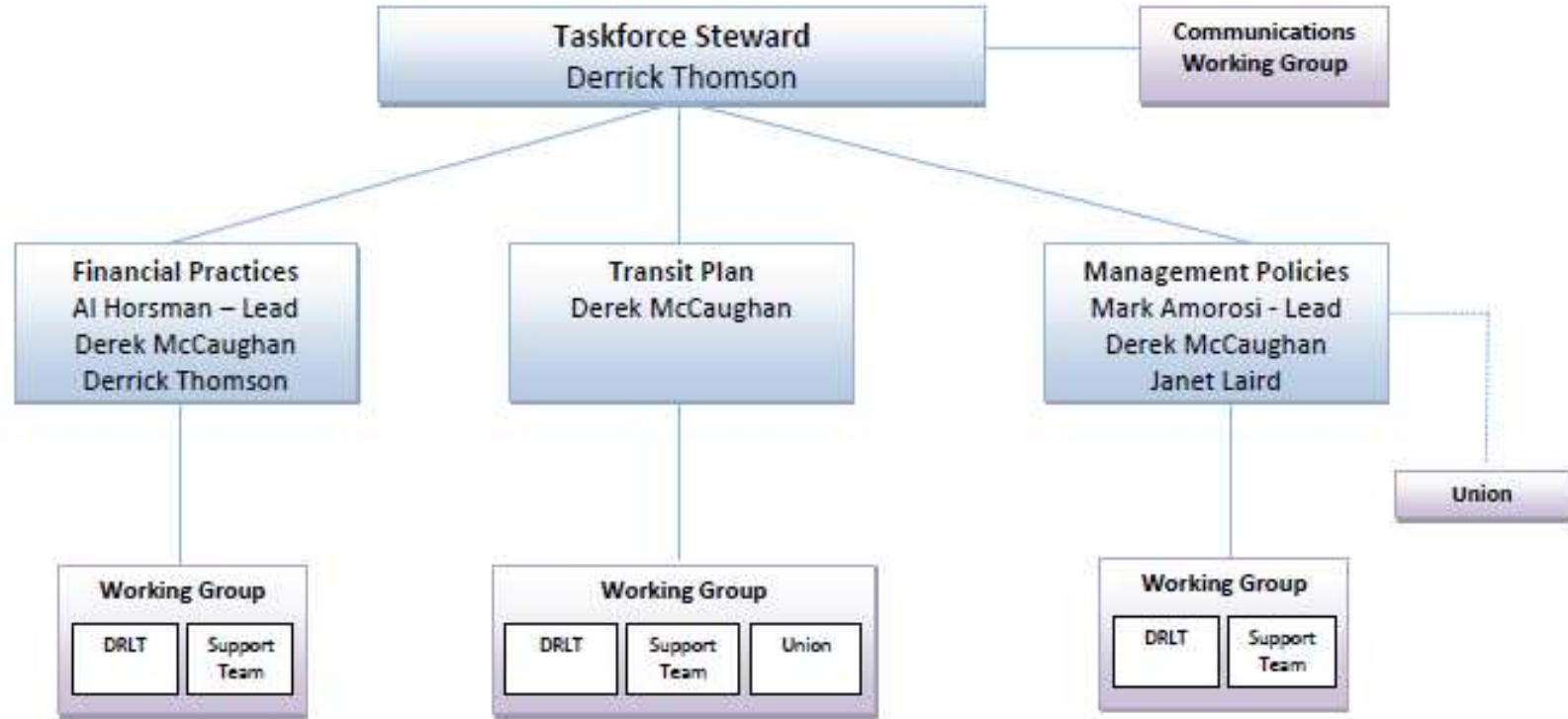
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Overtime Audit Task Force Implementation Plan

OT TASKFORCE





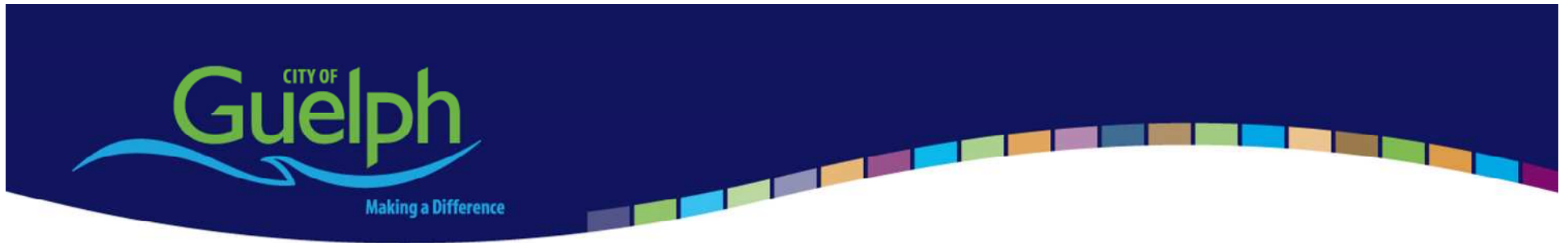
Overtime Task Force

- Meeting Bi-weekly
- Reviewing Action Plans and Updates



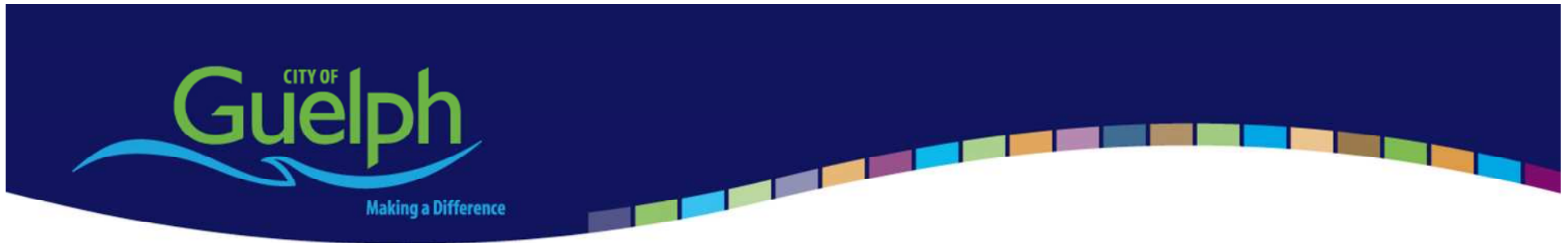
Working Groups

- Meeting Monthly
- Executing Action Plans



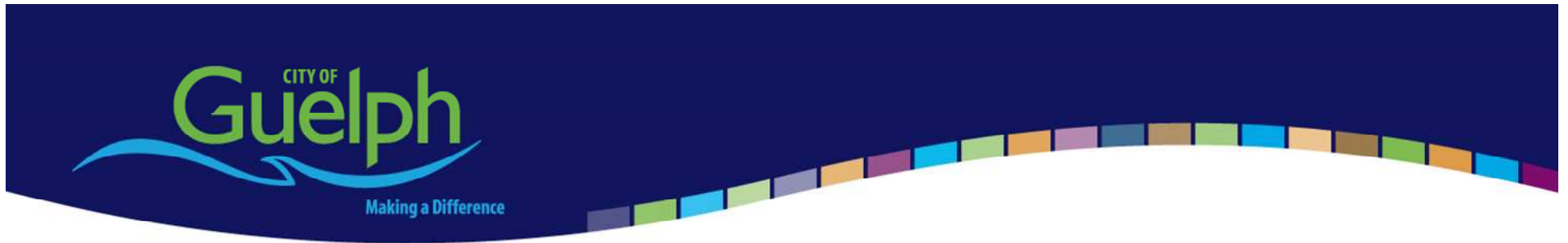
39 Recommendations

- Completed to Date: 12
- To be completed in Q1: 7
- To be completed in Q2: 5
- To be completed in Q3: 6
- To be completed in Q4: 9



Corporate Categorization of Overtime

- Weather Response
- Public Safety
- Legislative/Regulatory Compliance
- Revenue Generation
- Absences
- Management Directed

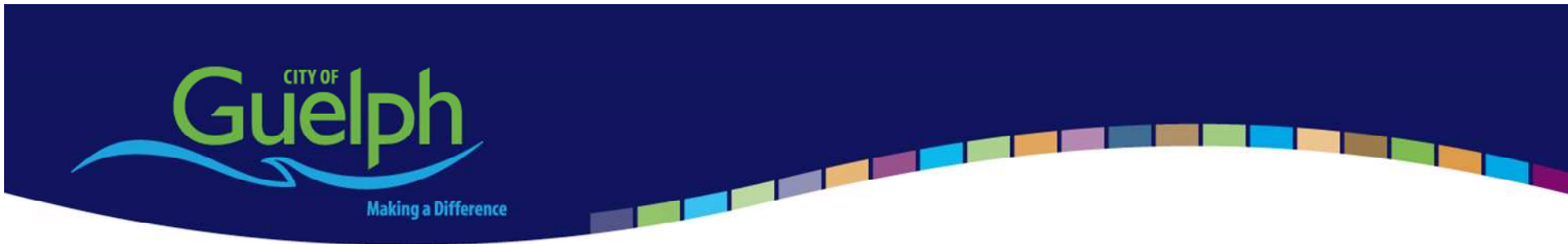


- Business Case Development and Implementation
- Zeroing Out/Rebuilding Overtime Accounts



Compensating Control

- Pre-approval
- Oversight form
- Quarterly reporting back to Audit Committee



Questions

STAFF REPORT



TO Audit Committee

SERVICE AREA Community and Social Services

DATE March 6, 2014

SUBJECT Overtime Audit Implementation Plan

REPORT NUMBER CSS-ED-1410

EXECUTIVE SUMMARY

PURPOSE OF REPORT

To provide management's implementation plan in response to the Overtime Audit dated October 31, 2013; and describe actions that will be taken to complete the recommendations identified within the Overtime Audit.

KEY FINDINGS

The Overtime Task Force has branched into three separate focus areas within the Organization: Management Policies, Financial Practices, and Transit Plan. Each focus area is led by an Executive Director: Al Horsman leading the Financial stream, Derek McCaughan leading the Transit stream and Mark Amorosi leading the Management Practices. Each focus area is supported by a working group encompassed by subject matter experts in that field of expertise and employees from the service departments that are impacted by the implementation of the Overtime Audit recommendations. Over the last few months, the lead groups have met, reviewed and developed implementation plans to complete the recommendations as identified in the Overtime Audit.

The recommendations were broken out as follows:

Management Policies – 24 recommendations

Financial Practices – 15 recommendation

Transit Plan – 5 recommendations*

** The 5 Transit Recommendations have been duplicated in the Management Policies and Financial Practices working groups.*

ACTION REQUIRED

To receive the Overtime Audit Implementation Plan report.

RECOMMENDATION

1. That the March 6, 2014 report entitled "Overtime Audit Implementation Plan" be received

STAFF REPORT

BACKGROUND

In 2013, the City undertook an Overtime Audit, the findings of which were released on October 31, 2013. The Executive Team was directed to lead and report back to Council in 90 days regarding:

1. A **Guelph Transit Transition Plan** to address the critical use of overtime and attendance issues
2. An **Overtime Budget Framework** to implement primary recommendations highlighted in the Executive Summary specific to expenditures including:
 - a. 2.5% corporate wide target budget in 2014 (recommendation #20)
 - b. approval, allocation process and tracking system to pilot the budget change in 2014 (recommendation #15)
 - c. cap on all annual overtime banks (recommendation #19)
 - d. zero-based approach to overtime budgeting in 2015 (recommendation #14)
 - e. a training program for all management staff on the administration of overtime to ensure both accountability and consistency during this transition period until a corporate overtime policy is approved
3. An expedient approach to developing a **Corporate-wide Overtime Policy** including a review of other municipal policies and comparators and their alignment of respective collective bargaining agreements and administrative practices (recommendation #13)
4. A **Complete Overtime Audit Implementation Plan** – as per our Audit practice, staff must now detail necessary time and resources required to respond to the recommendations, including an acknowledgement of key inter-dependencies between recommendations
5. A **Series of meetings with Bargaining Units** to involve union leadership in options and actions related to labour related recommendations around the shared goal of increasing fairness, consistency, transparency and accountability in the use of overtime

Further, the Executive Team has placed a **moratorium on all overtime and lieu time usage** with the exception of approved overtime to address legislated or safety/emergency matters, e.g. winter storms. These exceptions will be granted with approval of management in advance of or at the immediate time of need, and must be in compliance with collective agreements.

STAFF REPORT

The Executive Team will receive and review a series of corporate wide reports related to Attendance Management, Overtime and Lieu Time banks on a monthly basis.

REPORT

The Overtime task force was created in November 2013 to manage the results of the Corporate Wide Overtime Audit Report. The Task Force is separated into three focus areas (Management Policies, Financial Practices, and Transit Plan) and are led by members of the Executive Team. The Task Force began to identify and assign the 39 recommendations of the Overtime Audit to each lead group. The status update report outlining the recommendations and status of each is attached (ATT-1).

The working groups are comprised of the following teams:

Management Polices Lead: Mark Amorosi	Financial Practices Lead: Al Horsman	Transit Plan Lead: Derek McCaughan
Colleen Clack	Dean Wyman	Katherine Gray
Brad Coutts	Peter Busatto	Christine Warne
Jim Mairs	Katrina Power	Fred Gerrior
Flavia Tranquilli-Nardini	David Godwaldt	Phil Meagher
Kerry Pletch	Andrew Zoller	Bill Barr
Vikki Dupuis	Rod Keller	Wenqi Zhou
Tina McKinnon	Sarah Purton	Kari Laursen
David Godwaldt		Rod Keller
Rod Keller		
Tara Baker		
Kiran Suresh		
Peter Rider		
Darrell Mast		

These groups were responsible for identifying the resources required to respond to the recommendations including an acknowledgement of key inter-dependencies between recommendations and creating work plans for the implementation of all the recommendations.

STAFF REPORT



Through the work of the Task Force working groups 12 of the 39 recommendations have been completed, and as identified in the implementation plans, 27 recommendations are in-progress and are anticipated to be completed in 2014.

The Overtime Task Force will begin to create Key Performance Indicators (KPIs) to monitor overtime across the organization and measure the success of the implementation of the audit recommendations. The Task Force will report back to Audit Committee at a future date.

CORPORATE STRATEGIC PLAN

Organizational Excellence

- 1.1 Engage employees through excellence in leadership
- 1.2 Develop collaborative work team and apply whole systems thinking to deliver creative solutions
- 1.3 Build robust systems, structures and frameworks aligned to strategy

Innovation in Local Government

- 2.1 Build an adaptive environment, for government innovation to ensure fiscal and service sustainability
- 2.2 Deliver Public Service better
- 2.3 Ensure accountability, transparency and engagement

DEPARTMENTAL CONSULTATION

Corporate and Human Resources
Finance and Enterprise Services
Operations, Transit and Emergency Services
Planning, Building, Engineering and Environment Services
Community and Social Services

COMMUNICATIONS

Communications will continue to flow through Audit and Standing Committees

ATTACHMENTS

ATT-1 Working Group Quarterly Status Update Report – Q1

Report Author

Derrick Thomson
Overtime Audit Task Force Steward

STAFF REPORT



“original signed by Al Horsman”

Approved By

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Recommended By

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at end of:

X	Q1 2014
	Q2 2014
	Q3 2014
	Q4 2014

IMPLEMENTATION SCHEDULE					Status of Recommendation(s)		
Rec #	Recommendation	Responsibility	Management Action Plan	Target Completion Date	Not started <i>state reason & estimated start date</i>	In progress <i>estimated completion date and reason if delayed</i>	Completed <i>if completed when and how</i>
Audit Report: OVERTIME AUDIT Report Issued: NOVEMBER, 2013							
MANAGEMENT POLICIES							
CSS Key Findings & Recommendations							
1	Reset the tone at the top and commit to making overtime cost reduction one of the primary priorities for the ET in 2014.	Mark Amorosi	Agreed. Immediate action has been taken to assert ET direct oversight over the management of overtime and standby pay and to make it a significant priority.			Two information sessions have already occurred with all NUME staff to communicate Senior Management's expectations around the use of overtime in the organization. ET will review overtime reports as part of their standing agenda items.	Completed
3	Managers need to be held accountable for implementing the attendance management program and these results should be visible to the ET on a regular basis.	Mark Amorosi	Agreed. The Executive Team will now review monthly reports related to overtime, standby and lieu time data, and ensure management is immediately controlling costs as per the moratorium on overtime.	Q1 2014	In Progress	The Executive Team will now review monthly reports related to overtime, standby and lieu time data. The working group is currently developing a number of management reports for ET's review. HR to produce reports by March 1, 2014	
6	ALL overtime should be approved by Supervisor, Manager, or Executive Director in advance.	Mark Amorosi	Agreed. All overtime will be approved in advance or approved at the time of assignment by management. Legislated and emergency situations provide some discretion as outlined in the staff report.		In Progress	All overtime will be approved in advance or approved at the time of assignment by management. For Legislated and emergency situations, staff have developed a compensating control mechanism to allow supervisors to monitor on a weekly basis overtime that falls under this category.	Completed
Corporate Culture							
7	Eliminate the two-hour rule.	Mark Amorosi	Agreed. Financial considerations will be identified in staff reports of the 90 Day Task Force.			HR developed recommendations based on review of legislation, comparative analysing of municipal practices. Recommendation to Council in March 2014	Completed
8	The overall objective, within the constraints of the collective agreements, should be to achieve consistent practices within employee groups. Management should commit to consistent practices within employee groups.	Mark Amorosi	Agreed.	Q4 2014	In Progress	As each Collective Agreement is negotiated, HR conducts training for all management staff on interpretation and administration of Collective Agreements. Also, a number of online resources exist re: managing in a unionized environment.	
9	Ensure that base pay differentials at the management level accurately reflect expectations for emergency call outs and after hour availability.	Mark Amorosi	Agreed. Financial considerations will be identified in staff reports of the 90 Day Task Force.	Q2 2014	In Progress	HR to review Management positions to identify those which include compensation for standby/ call out etc. by Q2. HR to develop policy for compensation for eligible management positions for call out etc. by Q2 - in consultation with affected departments.	
10	Once corporate-wide deviations in overtime practices have been addressed and clear policies and rules are in place, payroll should have the authority to escalate these issues and refuse to process the transaction.	Mark Amorosi	Agreed.	Q3 2014	In Progress	Corporate OT Policy will include Roles/Responsibilities and formalize HR's role to process 'approval' transactions. (The working group will begin to design a 'two stream' internal reporting system – where staff in both Finance and HR (Payroll in particular) are empowered to bring forward issues directly and independent of the Service Areas they are assigned to, if those staff believe that a matter is not being addressed according to corporate policy or approved process). Payroll will not process questionable transactions absent approval and escalate to GM HR, ED CHR and relevant GM, ED of service area. Finance role to be completed by Finance	

at end of:

X	Q1 2014
	Q2 2014
	Q3 2014
	Q4 2014

IMPLEMENTATION SCHEDULE					Status of Recommendation(s)		
Rec #	Recommendation	Responsibility	Management Action Plan	Target Completion Date	Not started	In progress	Completed
					state reason & estimated start date	estimated completion date and reason if delayed	if completed when and how
11	The ET should commit to uphold corporate policies	Mark Amorosi	Agreed.			Two information session have already occurred with all NUME staff to communicate Senior Management's expectations around the use of overtime in the organization. ET will review overtime reports as part of their standing agenda items.	Completed
12	The corporate-wide overtime policy should address this practice specifically.	Mark Amorosi	Agreed. Financial considerations will be identified in staff reports of the 90 Day Task Force.	Q1 2014	In Progress	It is anticipated along with the "zeroing out" exercise, a corporate wide overtime policy will be developed to form the business case analysis that will occur in the first quarter of 2014. The Corporate Overtime Policy will be completed by HR in Q1 and will include union consultation.	
	Policy						
13	Create a corporate-wide policy for the use of overtime and standby pay as tools for managing the City's business.	Mark Amorosi	Agreed. Financial considerations will be identified in staff reports of the 90 Day Task Force.	Q1 2014	In Progress	It is anticipated along with the "zeroing out" exercise, a corporate wide overtime policy will be developed to form the business case analysis that will occur in the first quarter of 2014. The Corporate Overtime Policy will be completed by HR in Q1 and will include union consultation.	
15	Use 2014 as a trial period to test and refine service level standards and overtime rules.	Mark Amorosi	Agreed.	Q4 2014		The service level standards and overtime rules will be developed in concert with the work of the Management Policies group.	
16	Develop a corporate-wide policy that defines which staff are required to respond to after-hours business and whether the base salary and collective agreements reflect this expectation.	Mark Amorosi	Agreed. Financial considerations will be identified in staff reports of the 90 Day Task Force.	Q1 2014	In Progress	It is anticipated along with the "zeroing out" exercise, a corporate wide overtime policy will be developed to form the business case analysis that will occur in the first quarter of 2014. See response to #9.	
17	Develop a corporate-wide labour relations strategy with short and long-term objectives to reduce overtime costs.	Mark Amorosi	Agreed.	Q2 2014	In Progress	1. Each Collective Agreement to be reviewed and proposed language to be developed to ensure clarity in OT eligibility, eliminate pyramiding where it may exist, negotiate flexibility for working hours etc. a) short term - meet with each bargaining agent to seek MOU to change OT language by Q2 (June) b) long term - negotiate changes as part of collective bargaining 2014 - 2016	
18	Develop a corporate-wide policy that sets out the criteria for the use of casual and part-time staff to accomplish City work.	Mark Amorosi	Agreed. Financial considerations will be identified in staff reports of the 90 Day Task Force			CSS / OTEs will develop the policy in consultation with HR by Q2 Determined that the existing collective agreements provide the requested criteria for the usage of part-time staff	Completed
19	Establish an annual one-time limit for banked overtime.	Mark Amorosi	Agreed. For bargaining unit employees, this will require negotiation during each collective bargaining round. Financial considerations will be identified in staff reports of the 90 Day Task Force	Q4 2014		For bargaining unit employees, this will require negotiation during each collective bargaining round. 2014- 2016 - for ATU, CUPE, Fire, OPSEU	
	CSS Key Findings & Recommendations						
26	Management should commit to adhering to rules governing employee groups.	Mark Amorosi	Agreed. Service Area will develop a communication strategy for all managers and supervisors.	Q1 2014	In Progress	HR to send communication to management covering rules/Collective Agreements in Q1 to all departments.	
27/28	The City should develop a long-range labour relations strategy to support CSS programming and services to align workers' schedules with customer service requirements. Resolve this with staff and union.	Mark Amorosi	Agreed. Service Area will work with Labour Relations to further explore these opportunities.	Q2 2014		1. Each Collective Agreement to be reviewed and proposed language to be developed to ensure clarity in OT eligibility, eliminate pyramiding where it may exist, negotiate flexibility for working hours etc. a) short term - meet with each bargaining agent to seek MOU to change OT language by Q2 (June) b) long term - negotiate changes as part of collective bargaining 2014 - 2016	

at end of:

X	Q1 2014
	Q2 2014
	Q3 2014
	Q4 2014

IMPLEMENTATION SCHEDULE					Status of Recommendation(s)		
Rec #	Recommendation	Responsibility	Management Action Plan	Target Completion Date	Not started	In progress	Completed
					state reason & estimated start date	estimated completion date and reason if delayed	if completed when and how
29	Consider cross-training staff or using external contractors.	Mark Amorosi	Agreed. Service Area will look for opportunities to cross train staff within operational, technical and collective agreement limitations.			Cross training has not occurred. External contractors not feasible given IATSE Collective e Agreement.	Completed
30	Management should commit to adhering to rules governing employee groups.	Mark Amorosi	Agreed. Services Area will develop a communication strategy for all managers and supervisors.	Q1 2014		HR to send communication to management covering rules/Collective Agreements in Q1 to all departments.	
31	All overtime needs to be approved in advance.	Mark Amorosi	Agreed.			All overtime will be approved in advance or approved at the time of assignment by management. For Legislated and emergency situations, staff have developed a compensating control mechanism to allow supervisors to monitor on a weekly basis overtime that falls under this category.	Completed
OTES Key Findings & Recommendations							
34	Continue work with HR to redefine part time roles.	Mark Amorosi	Agreed. Financial considerations will be identified in staff reports of the 90 Day Task Force.			CSS / OTES will develop the policy in consultation with HR by Q2 Determined that the existing collective agreements provide the requested criteria for the usage of part-time staff	Completed
36	Using data from the yet to be implemented reporting system for major weather events, re-establish contingency funds in a reserve to smooth overtime costs for winter control.	Public Works	Agreed. Financial considerations will be identified in staff reports of the 90 Day Task Force.	Completed			Effective January 2014, Public Works is tracking overtime related to major weather events through WAM work orders. This information will help inform the amounts recommended annually for contribution to the Operating Contingency Reserve to assist in smoothing overtime costs for winter control. The 2014 Tax Supported Operating Budget includes a \$75,000 contribution to this reserve.
37	Enforce rigorous scheduling of vacation time.	Mark Amorosi	Agreed.	Q4 2014		Emergency Services will develop an SOP to reflect managements expectations with regards to vacation schedules.	
PBEE Key Findings & Recommendations							
38	Conduct a business process review to evaluate the service delivery model. Research EPO and spills response operations in other regions or municipalities to compare Guelph practices and implement opportunities for efficiencies that are identified through this process.	Wastewater Services - General Manager	Agreed. A business process review for EPO / Spills Response will be completed to evaluate service delivery model. Will include: o Update of Sewer Use By-law; o Review of service levels; o Capacity review (i.e. right number of staff, right skill set); o Best Practice Review - EPO / Spills response operations in other regions or municipalities; o Implement opportunities for efficiencies identified.	Q3 2014		As recommended in Wastewater Treatment Master Plan, Request for Proposal is under development for an update to the Sewer Use by-law and the best practise review. As a result of the Overtime Audit, the RFP has been expanded to include the service level and capacity review. <u>Process Timelines:</u> • Request For Proposal and selection of Consultant - Q1, 2014 • Completion of the evaluation and recommendations - Q3,2014 • Implementation of the recommendations - Q4, 2014 onwards	

at end of:

X	Q1 2014
	Q2 2014
	Q3 2014
	Q4 2014

IMPLEMENTATION SCHEDULE					Status of Recommendation(s)		
Rec #	Recommendation	Responsibility	Management Action Plan	Target Completion Date	Not started	In progress	Completed
					state reason & estimated start date	estimated completion date and reason if delayed	if completed when and how
39	Reduce the number of individuals on standby for each week.	Solid Waste Resources - General Manager	Agreed. Cross-training program will be developed to reduce the number of individuals on standby for each week from three to two.	Q1 2014		Cross Training Development Process and Schedule: - Identify training requirements and costs - Jan 2014 - Confirm issues/compliance with Collective Agreement - Jan 2014 - Advise staff of changes - Jan 2014 - Schedule training - Jan 2014 - Complete training - Q1 2014 - Reduce staff on standby accordingly - Q1 2014	
FINANCIAL PRACTICES							
2	Implement the recommendations from the Organization Assessment Report related to the use of management resources and hold managers accountable for monitoring and controlling their overtime costs.	Al Horsman	Agreed. Management continues to work through the recommendations from the OA. ET has identified priority work to significantly improve business process to optimize resources to free up capacity and reassign to areas where there is identified need. Financial considerations will be identified in staff reports of the 90 Day Task Force.	Q4 2014		A review of Timekeeping processes is being undertaken with the objective of streamlining and centralizing resources and reassigning to managers currently without admin support. Also, the work to be done by the Business Process Improvement Specialist will further assist in optimizing processes for this purpose. Any shortfall in admin support for managers remaining will be requested as part of the 2015 Operating budget process.	
	Reporting:						
4	Implement the recommendations found in the Kronos Optimization Report and centralize the creation and distribution of management reports.	Al Horsman	Agreed. Financial considerations will be identified in staff reports of the 90 Day Task Force.	Q4 2014		A separate implementation plan is being developed as part of the Corporate Technology Strategic Plan and will be reported back to Audit Committee and Service Area Standing Committees.	
25	Implement the recommendations found in the KRONOS Optimization Report.	Al Horsman	Agreed. A payroll audit will be done; it is a requirement for this recommendation to be implemented.	Q3 2014		A separate implementation plan is being developed as part of the Corporate Technology Strategic Plan and will be reported back to Audit Committee and Service Area Standing Committees.	
5	Costs of lieu time taken should be transparent in the financial reporting for each service area.	Al Horsman	Agreed. Financial considerations will be identified in staff reports of the 90 Day Task Force.	Q3 2014		This will be incorporated into the HR needs assessment being undertaken as part of the Corporate Technology Strategic Plan - ERP/WAM Steering Committee.	
22	Create a tracking and reporting system that makes all sources of overtime drivers visible to management.	Al Horsman	Agreed.	Q4 2014		This will be incorporated into the HR needs assessment being undertaken as part of the Corporate Technology Strategic Plan - ERP/WAM Steering Committee.	
	Budgeting:						
20	Establish a baseline overtime target of 2.5% of base salary and wages for 2014. Mechanisms to achieve this could include establishing a reserve fund from the projected savings and drawing down actual, valid overtime costs.	Al Horsman	Agreed and see recommendation #14.	Completed		The 2014 Tax Supported Operating Budget was approved by Council on December 5, 2013. The approved budget for overtime costs at a corporate level is 1.9% of base salary and wages.	Completed
14	Implement a zero-based budget approach to overtime for 2015.	Al Horsman	Agreed.	Q3 2014		Service Areas will work with their assigned Financial Analyst, the Business Process Improvement Specialist and HR to develop a business case for the overtime requirements of their service area.	
21	Develop a business model that identifies service level standards, baseline labour requirements and drivers for overtime in 2014 in order to establish the overtime budget for 2015.	Al Horsman	Agreed. Financial considerations will be identified in staff reports of the 90 Day Task Force.	Q3 2014		Service Areas will work with their assigned Financial Analyst, the Business Process Improvement Specialist and HR to develop a business case for the overtime requirements of their service area.	
23	Every service area should have its own overtime budget line so that financial reporting enables visibility and control.	Al Horsman	Agreed.	Q3 2014		This will be done for the 2015 Operating Budget process.	
	Department Specific:						

at end of:

X	Q1 2014
	Q2 2014
	Q3 2014
	Q4 2014

IMPLEMENTATION SCHEDULE					Status of Recommendation(s)		
Rec #	Recommendation	Responsibility	Management Action Plan	Target Completion Date	Not started	In progress	Completed
					<i>state reason & estimated start date</i>	<i>estimated completion date and reason if delayed</i>	<i>if completed when and how</i>
24	Departments should track annual frequency for overtime drivers relevant to their business units.	Al Horsman	Agreed. Financial considerations will be identified in staff reports of the 90 Day Task Force.	Q4 2014		Annual tracking to commence in 2014 with consideration given to reporting in service area annual reports to demonstrate historical patterns or trends with the objective of informing future budgeting and cost control. Support to be provided by the Business Process Improvement Specialist.	
32	Consider setting a threshold for overtime costs incurred beyond which cost/benefit analysis is required.	Al Horsman	Agreed. Service Area work with Finance and Human Resources to develop a cost benefit matrix to trigger management decisions.	Q2 2014		Service Area work with Finance and Human Resources to develop a cost benefit matrix to trigger management decisions.	
35	Do the cost benefit analysis to determine value of additional FTEs vs overtime costs.	Al Horsman	Agreed. Service Area has completed this work. Findings indicate we are short approximately 2 FTEs, assuming the 2 FTEs proposed in the 2014 Operating Budget are approved.	Completed			Analysis done by Public Works as part of the 2014 Budget process. Two additional FTE's were approved; therefore, budget is still short two FTE's.
36	Using data from the yet to be implemented reporting system for major weather events, re-establish contingency funds in a reserve to smooth overtime costs for winter control.	Al Horsman	Agreed. Financial considerations will be identified in staff reports of the 90 Day Task Force.	Completed			Effective January 2014, Public Works is tracking overtime related to major weather events through WAM work orders. This information will help inform the amounts recommended annually for contribution to the Operating Contingency Reserve to assist in smoothing overtime costs for winter control. The 2014 Tax Supported Operating Budget includes a \$75,000 contribution to this reserve.

TRANSIT PLAN							
33	Management should urgently develop and implement a 90-day plan to transform this business unit.	Transit	Agreed	Completed			Recasting Guelph Transit initiative was presented to the OTES Committee on February 4th, 2014.

STAFF REPORT



TO **Audit Committee**

SERVICE AREA **CAO - Administration**

DATE **March 6, 2014**

SUBJECT **Internal Audit Report - Cash Controls and Compliance**

REPORT NUMBER **CAO-A-1405**

EXECUTIVE SUMMARY

PURPOSE OF REPORT

To provide the Committee with a report on the internal audit of cash controls and compliance throughout 2013.

KEY FINDINGS

Compliance with existing policies and procedures is excellent and controls were found to be effective and consistent in all locations.

There were no significant discrepancies in any of the cash counts. Minor variances less than \$10 were noted in a few locations.

The number of petty cash funds inside of City Hall creates additional work in reconciliations and replenishment of funds and it is recommended that these be consolidated in one fund that is dispensed at the front service counter.

FINANCIAL IMPLICATIONS

N/A

ACTION REQUIRED

Audit Committee to receive the Internal Auditor's report on Cash Controls and Compliance CAO-A-1405.

RECOMMENDATION

1. That the Audit Committee receive the Internal Auditor's report, CAO-A-1405 "Cash Controls and Compliance Audit".

BACKGROUND

As part of the internal audit work plan and due diligence requirements, the internal auditor conducts surprise cash counts at all City facilities throughout the year. The

STAFF REPORT



locations are randomly selected and a set of standardized templates and checklists are used to evaluate the cash controls in place and the level of compliance with existing policies and procedures.

In 2013, a total of 35 cash counts were completed.

As of December 31, 2013 the City had a total of 45 individual Petty Cash holdings and a total of 46 individual Cash Floats.

REPORT

The internal auditor and finance staff have been working together to ensure that cash holdings are verified at least once per year and that controls are adequate to ensure the security of petty cash and cash floats throughout the City.

The objectives of the cash audits are to:

- Evaluate the internal controls for cash holdings throughout the City including Petty Cash and Cash Floats at all locations.
- Ensure cash holdings are intact and reconciled to financial reports.
- Assess the current level of compliance with the existing policies and procedures.
- Identify and investigate irregular or questionable transactions.

The scope for these reviews includes:

- Conduct surprise cash counts of all cash floats and petty cash over \$500 at all City facilities; a total of 23 counts were completed. Complete a "Control Checklist" for each review location.
- Conduct random surprise cash counts of smaller cash holdings throughout City facilities; a total of 12 counts were completed. Complete a "Control Checklist" for each review location.
- Reconcile physical counts to ledger amounts provided by Finance.

The audits for 2013 resulted in the following key findings and recommendations:

1. There were no significant discrepancies in any of the cash counts. Very minor variances (less than \$10) were noted in a few locations.
2. Compliance with existing policies and procedures is excellent and controls were found to be effective and consistent in all locations.

3. A "Lost and Found" envelope was being stored in the Transit vault with approximately \$350 that had accumulated over a number of years. As there is no City policy for lost and found items of value and staff were uncertain how to deal with the funds. The cash was subsequently handed over to the Police Services for donation to charity. City Bylaw has a draft policy they plan to bring forward in 2014 to deal with lost and found items of value.

There is only one recommendation resulting from this audit.

There are currently 14 individual petty cash funds being held at City Hall in various departments.

It is the auditor's recommendation that all of these City Hall petty cash funds be consolidated and centralized at the front counter with either Service Guelph or alternatively, with Taxation. This would eliminate duplicated work for Finance and Departmental staff in reconciling and replenishing multiple locations and also reduce the risk of loss.

The same authorization process would be followed for disbursement of funds to staff but would be handled only by front counter staff.

Discussions with Finance staff and Service Guelph are underway to determine the best method of handling this transition.

Conclusion

Cash holdings at the City are well controlled and staff responsible for cash are compliant with existing policies and procedures.

Deficiencies noted in 2012 have all been corrected in 2013 and no further deficiencies were noted.

CORPORATE STRATEGIC PLAN

1.3 Organizational Excellence – Build robust systems, structures and frameworks aligned to strategy.

2.3 Innovation in Local Government – Ensure accountability, transparency and engagement.

STAFF REPORT



DEPARTMENTAL CONSULTATION

Finance and Enterprise as well as Community and Social Services staff were consulted in the development of this proposal.

COMMUNICATIONS

N/A


ATTACHMENTS

N/A

A handwritten signature in black ink, appearing to read "Loretta Alonzo", is positioned above a horizontal line.

Report Author

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A handwritten signature in black ink, appearing to read "Ann Pappert", is positioned above a horizontal line.

Approved By

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