TTC AUDIT COMMITTEE
REPORT NO.

MEETING DATE: July 8, 2011

SUBJECT: INTERNAL AUDIT – EMPLOYMENT SERVICES AND
                                PLANNING AND DEVELOPMENT SECTIONS

INFORMATION ITEM

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RECOMMENDATION

It is recommended that the Audit Committee receive for information the attached Internal
Audit Report.

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Richard G. Beecroft
Chief Auditor

July 8, 2011
01-23

Attachment – Internal Audit Report

CHIEF GENERAL MANAGER'S OFFICE

HUMAN RESOURCES DEPARTMENT

EMPLOYMENT SERVICES
AND
PLANNING AND DEVELOPMENT

Covering Period:
January 2009 to September 2010

FINAL AUDIT REPORT: File No.: 09-10013   **JANUARY 2011**

TABLE OF CONTENTS

EXECUTIVE SUMMARY

This audit assessed the key management and operational controls of the Employment Services, and Planning and Development sections of the Human Resources Department. An Exit meeting was held on March 3, 2011 with the (Acting) Executive Director – Human Resources to discuss the audit findings.

Audit found that the sections are generally well managed and controls are in place. However, Audit identified several areas which require strengthening of the existing controls to minimize risk exposures and costs.

Audit recommended that administrative controls in the Special Placement Program be strengthened, especially for employee file documentation, and that standard procedures for accommodation of employees with Permanent Medical Restrictions be finalized and issued. Recommendations were also made to strengthen controls over the distribution of TTC Employee Passes and ensure adequate documentation is maintained on file to support the replacement of lost or missing Employee Passes. Management agrees with the recommendations and corrective action has been implemented to improve controls.

Other recommendations related to reviewing the hiring process in an effort to reduce the length of time required to fill job vacancies, striving to make the succession planning process more effective in attaining the program's goals, and ensuring that the management information systems provide useful, cost-effective and timely information for administering the Department's programs and operations. Management agrees with the recommendations. However, Management have indicated that due to funding priorities a new corporate management information system has not received approval; therefore, Management is unable to provide a time frame for when action on this recommendation can be commenced.

We wish to express our thanks for the cooperation and assistance from all parties during the course of the Audit.

R.G. Beecroft   Joseph L. Kennelly
Chief Auditor   Audit Manager

FOREWORD

The Human Resources Department is composed of seven sections and reports to the Chief General Manager's Office. This audit focused on two of the sections: Employment Services, and Planning and Development. The major activities of these sections are to:

- ensure that the TTC is staffed with qualified individuals through the implementation of various recruitment programs and outreach initiatives in a manner that is in accordance with established policies, procedures and departmental requirements and/or training schedules
- provide relevant and quality training, and career development opportunities for all employees in the achievement of the TTC's organization goals and objectives

AUDIT SCOPE AND OBJECTIVES

Scope   The audit included a review of key management, operational, administrative and financial controls of the Employment Services, and Planning and Development sections of the Human Resources Department for the period January 2009 to September 2010.

Objectives   To assess the management and operational controls to ensure:

- accountability and reporting relationships are appropriate for the Commission

- due regard for economy, efficiency, and effectiveness

- procedures and processes are in place to measure and report on the sections' activities

To evaluate the adequacy of financial controls to ensure:

- compliance to Legislative and Commission requirements

- the timeliness, accuracy, completeness, and authorization of transactions

- the safeguarding and control of assets and other information

AUDITED ITEMS FOUND ACCEPTABLE

KEY CONTROL	FINDING
Diversity Plan	Performance measures are being developed to evaluate progress towards the TTC's diversity goals.
Tuition Assistance	A system is in place to provide tuition aid to eligible employees. Existing procedures are adequate and tuition aid is properly administered.
Career Counseling	Career counseling services are in place and utilized by TTC employees, e.g., critiquing staff resumes, and training employees through mock interviews, behavioral interviews, and people and leadership skills.
Sensitivity Counseling	The Sensitivity Counseling process is efficiently and effectively managed, and adheres to TTC policies and meets legislative requirements, i.e., Fit for Duty, Bill 168, Conflict (Alternative Dispute Resolution) training.
Hazard and Risk Identification (HIRA)	A current and approved HIRA has been prepared that meets the requirements of the TTC's System Safety Plan.

AUDITED ITEMS FOUND UNACCEPTABLE

FINDING #1

SPECIAL PLACEMENT

OBJECTIVE: To determine that the Special Placement process is efficiently and effectively managed, and adheres to TTC's policies and legislative requirements.

ANALYSIS: Special Placement administers the process of assisting employees with permanent medical restrictions ("PMR") to find employment within the TTC that can accommodate their PMRs. Audit selected a sample of open and closed files for detailed review, and noted the following weaknesses:

Employee Accommodation File Documentation
The *Ontario Human Rights Code* and *Workplace Safety and Insurance Act* stipulate that employers are required to accommodate any employee to the extent that the accommodation does not cause the employer undue hardship. Departmental directives require that a "Management Response to Request for Accommodation of Employee" form be completed and retained on file if an employee cannot be accommodated. The reasons for the decision are to be documented on the form and reviewed by each level of Management up to the Deputy General Manager, or equivalent.

Audit found that file documentation is insufficient to support accommodation assessments of employees. The "Management Response to Request for Accommodation of Employee" form is often not used or used only to support why the employee could not be accommodated at the home work location, but not for subsequent attempted placements.

Procedure for Accommodation of Employees
Audit noted an inconsistency with respect to the procedure between the PMR Process Flow and the draft revised Procedure for the Accommodation of Employees with PMR. The Process Flow document stipulates that a follow-up with the employee should occur at one week and four weeks after commencement of employment, while the Procedure indicates that a follow-up is only required if concerns about the employee's ability to perform the alternate job are identified.

The draft revised Procedure for the Accommodation of Employees also does not clearly address the Special Placement Coordinator's reporting responsibilities.

The lack of clear direction, role and responsibility requirements can result in inefficiencies, duplication of duties, and inconsistent performance of work activities.

RECOMMENDATION: Management should:

- strengthen the administrative controls in the Special Placement Program, especially in the area of employee file documentation

- finalize and issue an approved Procedure for accommodation of employees with permanent medical restrictions

MANAGEMENT RESPONSE:

Administrative controls have been implemented and processes further clarified, including communications with employees with Permanent Medical Restrictions. A memo outlining Management's Response to Requests for Accommodation of Employees with Permanent Medical Restrictions was sent to Management Group dated January 26, 2011. As well, a draft Procedure for Accommodation of Employees has been finalized and forwarded to Management Group to ensure management are aware of their responsibilities when accommodating employees with Permanent Medical Restrictions.

Responsibility: Executive Director

Status: Complete

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FINDING #2

EMPLOYEE PASSES

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OBJECTIVE: To determine that employee passes are controlled in accordance with the applicable TTC and departmental policies.

ANALYSIS: Employee passes are issued directly by the Employment Services section to all TTC employees and eligible pensioners on a yearly basis, new employees, employees who have lost or damaged their pass, and, pensioners receiving their first pensioner's pass. Summer and Co-op students are issued passes for the duration of their employment.

Audit testing of controls over employee passes found that there is a risk that employee passes can be misappropriated and issued without approval. The following weaknesses were noted:

Unaccounted For Blank Passes
A sequence check of the blank passes kept on hand noted that 2010 Pensioner Pass #4954 was missing from the sequence with no explanation. Audit's review of the Printed Pass Logs also noted that 2010 Employee Pass #13429 was not recorded in the Logs. When a pass is issued, it is recorded manually in the Printed Pass Logs. Audit found instances of employee pass numbers skipped or duplicated with no supporting documentation to offer a reason.

Pass Acknowledgement and/or Replacement Receipt
A Receipt form is used to provide evidence that an employee has received a replacement pass and agrees to abide by the relevant TTC policies. Receipts are no longer filed due to the volume received, nor are they monitored for completion and return. Receipts that are returned are kept in a box in no particular order. The purpose of the Receipt is lost if it is not tracked or filed.

Annual Pass Distribution
The Employee with Photo Pass Report returned by each Department is not reviewed for missing signatures or annual passes not distributed. Returned expired annual passes are not compared against the Employee with Photo Pass Report to ensure each employee has returned an expired pass when collecting the new pass. There is a risk that employees who

have lost a pass will not be required to pay $25 replacement fee if they fail to return their expired pass.

Lost Passes

Audit found instances where a replacement pass was issued for a lost pass per the Printed Pass Logs but file documentation was lacking. For example in the Logs for three lost passes, the reasons were not adequately documented and considerable time was required going through past records in order to find an explanation. In addition, two instances had no record of collecting the $25 replacement fee or other evidence such as a police report whereby a waiver of the fee may be allowed.

Duplication of Records

Audit noted duplication of effort in updating employee pass records. Staff is required to update the records in three places resulting in multiple records, i.e., each issued employee pass is recorded in the Printed Pass Logs, GuardCard and PhotoPass. Inconsistencies between these records were found as a result of misspellings or omission of data. Furthermore, the PhotoPass is updated in two areas (Lost Pass and Employee Pass), but the two do not always correlate and can show conflicting information.

RECOMMENDATION: Management should strengthen controls over distribution of TTC employee passes and ensure adequate documentation is maintained on file for lost or missing employee passes.

MANAGEMENT RESPONSE:

There has been some human error involved in the handling of passes with the turnover of new staff. However, enhanced procedures have been implemented in an effort to streamline the processes for the handling, monitoring and tracking of passes.

Responsibility: Executive Director

Status: Complete

FINDING #3

JOB OPPORTUNITY PROGRAM

OBJECTIVE: To determine that the Job Opportunity process is efficient and effective to ensure internal postings are adhering to TTC's policies and meet requirements.

ANALYSIS: The Job Opportunity Program allows TTC employees (union and non-union) to apply for any vacant TTC positions. Two Placement Specialists are responsible for processing the internal "Green Sheet" posting notices.

Audit selected a sample of twelve Job Opportunity postings to review the timeliness of the recruitment process. Audit testing found that the length of time to find a qualified candidate varied from 131 to 264 days.

There is a risk that the lack of timely recruitment increases the possibility that qualified candidates will not be available for hiring. As a result, Management cannot be assured that job vacancies will be filled with the best candidates.

RECOMMENDATION: Management should review the hiring process in an effort to reduce the length of time required to fill a job vacancy.

MANAGEMENT RESPONSE:

We have been continuing to revise and streamline forms and processes in an effort to process and close Job Opportunities in a timely manner. The recruitment and selection process has also been flow charted and we have assigned anticipated timeframes for each part of the process. Some timelines are within the control of the Employment Services Section, but much of the process depends on the hiring department and their ability to work through timeframes on their end. Flowcharting the processes and associated timelines enables the hiring managers to understand how their role affects the outcome of the process. Additionally, staff has been re-assigned from other areas of the Section to assist with the Job Opportunity process.

Responsibility: Executive Director

Status: Complete

FINDING #4

HUMAN RESOURCES PLANNING

OBJECTIVE: To determine that an effective system is in place to sustain an adequate and continuous supply of human resources for TTC's needs.

ANALYSIS: Succession management has been a TTC initiative to ensure that a ready and able pool of candidates is available to fill key roles, when needed. The Planning and Development section is responsible for initiating the process each year by distributing a Workforce Planning Summary to each Department Head (union and non-union), outlining employees who are eligible to retire within one to three years, along with a memo to invite the Department Head to contact the section to start succession management planning.

Audit's review indicates that the TTC succession planning process is not followed, as TTC Departments are not proactive in contacting the Human Resources Department for assistance in succession planning.

RECOMMENDATION: Management should ensure that the succession planning process is effective in attaining the program's goals.

MANAGEMENT RESPONSE:

Agreed, efforts continue to make the succession planning program at the Commission more widely used and recognized as a management tool to assist in the long term planning function for staff turnover. However, this process is a line management responsibility which will be addressed in the very near future through goals and objectives as part of Senior Management's annual Employee Performance Appraisal.

Responsibility: Executive Director

Status: December 31, 2011

FINDING #5

MANAGEMENT INFORMATION SYSTEM

OBJECTIVE: To determine that adequate management information systems are in place to provide useful and timely management reports.

ANALYSIS: The following management system weaknesses were found:

First Aid
Audit's review indicated limitations in the Pathlore software application which is used to manage the First Aid training programs. While Pathlore can identify and list individuals that have taken First Aid courses, it is unable to easily identify or flag:

- individuals that require recertification
- individuals who have not taken the required prerequisite courses in First Aid before enrolling in a certain course
- individuals who have not taken any First Aid courses, but are required to given their position and responsibilities

E-Learning Course Completion
While courses such as Bill 168 are delivered as an e-learning module, the Pathlore application is unable to automatically follow-up and flag instances where e-learning courses are not completed as required. Audit noted that approximately 200 employees required to complete the training e-module had not completed the Bill 168 course as of September 2010. Bill 168 had a compliance deadline of June 15, 2010. Due to employees who are either reluctant or have forgotten to complete the e-module training, the compliance deadline for Bill 168 has not been fully met by all employees.

Employee Performance Appraisals (EPAs)
The monitoring of the TTC's corporate completion rate for annual employee performance appraisals require EPA data to be manually input in the management system. Due to the annual volume of EPAs, the process to update the system is time consuming. Consequently, timely monitoring and maintaining up-to-date information on EPA completion is not achieved.

RECOMMENDATION: Management should ensure that management information systems provide useful, cost-effective and timely information for administering training programs and monitoring EPA completion.

**MANAGEMENT
RESPONSE:**

Current systems allow management the ability to attain statistical reporting, with some limitations. Some of this reporting is available through manual processes, and as a result, efficient reporting is not available. This would require a corporate HRIS system that can be utilized by all departments and supported and prioritized by senior management, Finance and ITS departments. There have been efforts in this regards in the past, however, due to competing priorities, this issue has not received corporate funding. This finding is not under the control of the Human Resources Department.

Responsibility: Executive Director

Status: TBD