

## **HUMAN RESOURCES- SUCCESSION PLANNING AUDIT**

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### **EXECUTIVE SUMMARY**

The City Auditor's Office issued the Human Resources- Succession Planning Audit Report to Administration on May 24, 2017. The report includes Administration's response to four recommendations raised by the City Auditor's Office to improve efficiency of the succession planning process, strengthen the talent pool available to The City of Calgary (The City), and help identify and develop early and diverse talent. Administration accepted all recommendations and has committed to the implementation of action plans no later than December 31, 2019. The City Auditor's Office will track the implementation of these commitments as part of our on-going follow-up process.

### **RECOMMENDATIONS**

1. That Audit Committee receive this report for information; and
2. That Audit Committee recommend that Council receive this report for information.

### **RECOMMENDATION OF THE AUDIT COMMITTEE, DATED 2017 JUNE 22:**

That Council receive this Report for information.

### **PREVIOUS COUNCIL DIRECTION / POLICY**

Bylaw 30M2004 (as amended) established the position of City Auditor and the powers, duties and functions of the position. Under the City Auditor's Office Charter, the City Auditor presents an annual risk-based audit plan to Audit Committee for approval. The City Auditor's Office 2016/2017 Annual Audit Plan was approved on December 10, 2015. The City Auditor is accountable to Council and subject to the oversight of Audit Committee under Bylaw 48M2012 (as amended).

### **BACKGROUND**

This audit was undertaken as part of the approved City Auditor's Office 2016/2017 Annual Audit Plan. The objective of this audit was to assess the effectiveness of the succession planning process across the organization by assessing the established process for General Manager and Director positions, and processes utilized in a sample of Business Units (BUs) addressing Manager, Supervisor and technical/professional positions. Testing included interviews with several members of The City's Senior Management Team and a review of succession plans and related supporting documentation.

### **INVESTIGATION: ALTERNATIVES AND ANALYSIS**

Overall, our audit testing determined that The City's succession planning process is designed and operating effectively. We identified two areas where processes could be improved to support efficiency and assist in strengthening the talent pool. Firstly, although BUs are encouraged to customize succession planning to meet their needs, we noted inconsistent awareness and use of Human Resources (HR) succession management guidance and tools. Creating new approaches with a lack of awareness of corporate standards and principles could result in an inefficient and inconsistent approach to succession planning. We recommended that HR reinforce awareness and utilization of HR guidance and tools for all City BUs.

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Secondly, we observed that the succession planning process is manual and not integrated with other HR systems. Although this is in-line with most external organizations, there is an opportunity to improve efficiency and support early talent identification to increase the talent pool available to The City. We recommended that HR consider leveraging technology in the succession planning process and integrating with other HR systems in the longer-term.

During the course of the audit, we also observed other opportunities for improvement based on interviews with several members of The City's Senior Management Team. We recommended the identification/enhancement of rotational and cross-BU development positions, cross-departmental sharing of best practices, and further manager guidance on candidate readiness assessment and inclusion. We believe management action on these opportunities will further strengthen the talent pool and help identify and develop early and diverse talent.

### **Stakeholder Engagement, Research and Communication**

This audit was conducted with Human Resources acting as the principal audit contact within Administration and the assistance of the Senior Management Team and staff in sampled BUs.

### **Strategic Alignment**

Audit reports assist Council in its oversight of the City Manager's administration and accountability for stewardship over public funds and achievement on value for money in City operations.

### **Social, Environmental, Economic (External)**

N/A

### **Financial Capacity**

#### **Current and Future Operating Budget:**

N/A

#### **Current and Future Capital Budget:**

N/A

### **Risk Assessment**

The activities of the City Auditor's Office serve to promote accountability, mitigate risk, and support an effective governance structure.

Succession planning helps to build resiliency by addressing continuity risk for critical positions while also increasing leadership capacity, employee engagement, retention, and productivity. During periods of significant change or challenge, such as the current economic downturn, effective succession planning ensures there is a strong talent pool of personnel available with the corporate values and behaviours needed to lead The City now and in the future.

### **REASONS FOR RECOMMENDATIONS:**

Bylaw 48M2012 (as amended) states: "Audit Committee receives directly from the City Auditor any individual Audit Report and forwards these to Council for information."

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**ATTACHMENT**

AC2017-0487 HUMAN RESOURCES- SUCCESSION PLANNING AUDIT