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Attachment



THE CITY OF
CALGARY
CITY AUDITOR'S OFFICE

Exempt Employee Time Reporting Audit

August 28, 2015

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The City Auditor's Office completes all projects in conformance with the *International Standards for the Professional Practice of Internal Auditing*

Executive Summary

Accurate time recording helps ensure that employees are properly rested in compliance with labour law, and prevents financial losses to the City through inappropriate payouts of unused vacation time. Accurate recording of vacation time is expected as part of ethical staff behaviour. The City's approximately 2,000 exempt (non-unionized) employees typically hold supervisory or professional positions, therefore significantly influence other staff behaviour.

Our audit objective was to determine if internal controls existed and operated effectively during 2014 to support complete and accurate vacation records and compliance with legal and policy requirements. We analyzed vacation data for all exempt employees during 2014 and tested the operating effectiveness of key controls. Data was analyzed from multiple perspectives, such as by vacation entitlement and Business Unit.

Overall, our data analysis of 2014 vacation data indicated exempt employees in general were recording vacation close to entitlements defined in policy, above legal minimums and within amounts that could reasonably be expected to be earned. Furthermore, we found that a suite of controls are adequately designed to provide reasonable assurance of accurate vacation records. The operating effectiveness of individual controls varied, as many controls were people based and were premised on understanding the intent of review and approval.

We identified five exempt employees who did not take a minimum amount of vacation in a manner consistent with Alberta Employment Standards during 2014, 2013 or 2012. Three of the five did not take minimum vacation in two of those three years. Alberta Employment Standards require that employees are provided with vacation time off of either two or three weeks, depending on the employee's length of service.

Although not widespread, these practices could increase the reputational and legal risk to The City. The Administration policy governing payouts of vacation time does not explicitly state that minimum vacation required by employment standards must be met before payout of unused vacation time is made and requires amendment. In addition, take up of payroll compliance training for DeptID owners¹ by Pay Services has been low.

During control testing, we noted opportunities to improve the efficiency of controls for Pay Services and DeptID owners. First, each year employees are required to manually sign off on a printout of vacation balances and transactions. This requirement could be discontinued in areas with strong time entry controls, since the time involved in obtaining the signoff exceeds the benefit. Second, each employee has a different vacation year. This makes it inefficient for supervisors to manage their vacation staff, since they cannot easily interpret reports to quickly track vacation balances and exception reports will generate at different points during the year for each employee. As a result, we recommended HR consider the feasibility of moving to a common vacation base date. Third, use an existing upcoming PeopleSoft upgrade to identify if additional functionality could be used to reduce the effort required by Pay Services to manually follow-up on all unapproved transactions, including unapproved vacation time. This currently requires 1/2 full-time employee per year.

In total, nine recommendations are included in Section 4. HR has agreed to our recommendations and has indicated in their responses a commitment to implement action plans by December 2016.

¹ A DeptID owner is a position in The City that has the responsibility to manage both people and budget.

1.0 Background

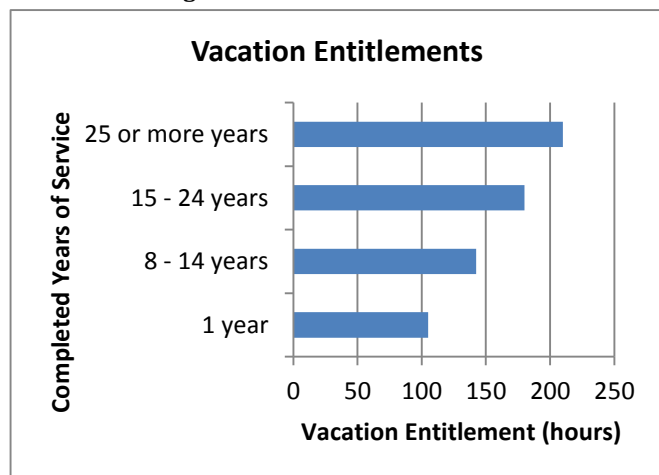
Exempt employees represent approximately 2,000 (13%) of the City's workforce of 15,000 employees. These employees do not belong to a collective bargaining unit and typically hold management or professional positions.

Exempt employees manually enter vacation time in the PeopleSoft system, on an exception basis, which then is routed to their DeptID owner for approval. A DeptID owner is a position in The City that has the responsibility to manage both people and budget. DeptID owners have a number of PeopleSoft reports available to monitor vacation, and training on these is provided through internal training courses. A common vacation base date is not used for exempt employees. Instead each employee has a vacation year based upon their hire date.

Vacation policy for exempt staff is defined in the Exempt Staff Policy (Administration Policy HR-LR-006). Key aspects of this policy include:

1. Vacation entitlements increase based upon years of service. These start at 105 hours upon completion of one year of service, up to a maximum of 210 hours after 25 years of service (see figure 1).
2. Each year a maximum of 37.5 vacation hours can be banked for future use. The cumulative amount banked cannot exceed 300 hours.
3. Employee with large vacation entitlements can request the payout of their fifth and subsequent weeks' vacation.

Figure 1: Vacation Entitlements



The City is subject to Alberta Employment Standards, in which employers must provide a minimum vacation entitlement of two weeks (70 hours), after each of the first four years of employment. After five years employment the entitlement increases to three weeks (105 hours).

This audit was conducted as part of the City Auditor's 2015 Annual Audit Plan. This audit was selected as accurate recording of time away from work is an essential part of ethical staff behaviour. Furthermore, accurate time recording helps ensure that employees are properly rested in compliance with labour law, and prevents financial losses to the City through inappropriate payouts of unused vacation time.

2.0 Audit Objectives, Scope and Approach

2.1 Audit Objective

The objective of this audit is to determine if internal controls exist and were operating effectively during 2014 to ensure exempt employees accurately record vacation time taken and support compliance with legal and policy requirements.

2.2 Audit Scope

The audit scope is recording of vacation taken by exempt employees during 2014. Other absence types, including Rearranged Work Week (RAWW), Compressed Work Week (CWW), and sickness are excluded.

2.3 Audit Approach

Our audit approach consisted of data analysis on 2014 vacation data and testing of internal controls. Data analysis was designed to identify employees that were:

- Not taking sufficient vacation, or were not recording the vacation taken.
- Taking excessive amount of vacation beyond amounts accrued/banked.

We also tested the suite of controls used to address the audit objectives identified previously. These are listed in the risk assessment (see Appendix A) and include:

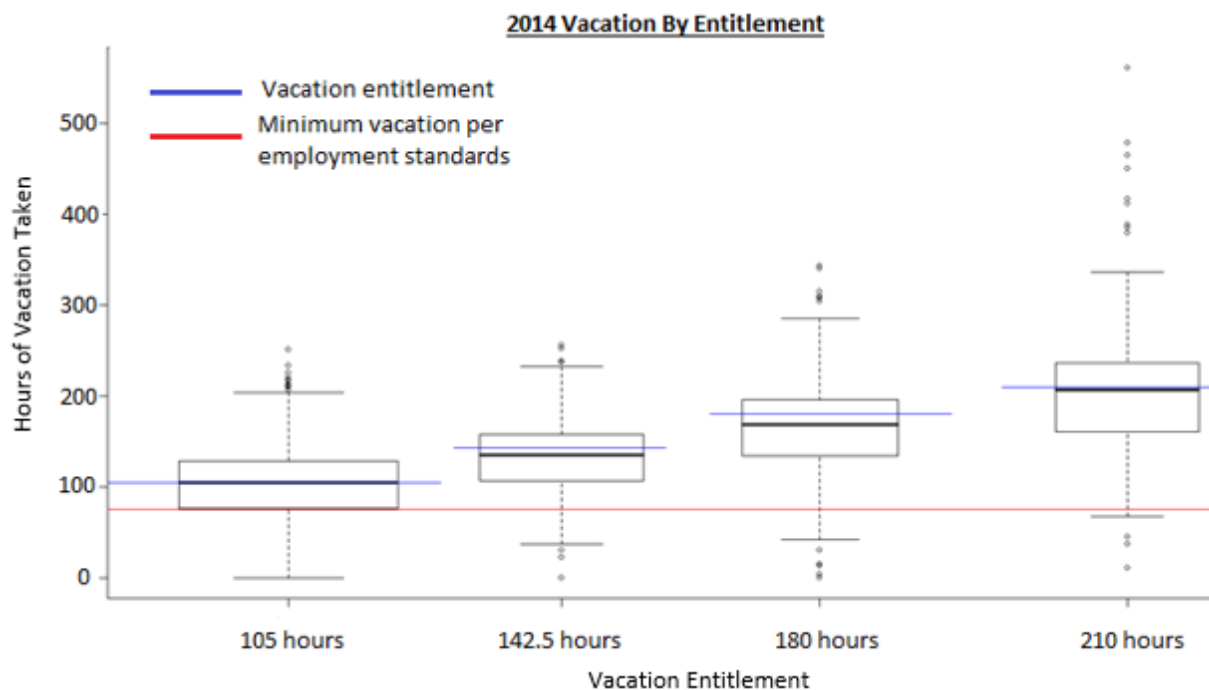
- Corporate policy.
- Preventative controls over the approval of vacation time, including payouts of time, such as system workflow.
- Detective controls used by managers to monitor vacation, such as annual signoffs, corporate wide reporting and monitoring by Pay Services.

3.0 Results

Our audit assessed both 2014 exempt vacation data, and controls. The results of this assessment are detailed below.

3.1 Analysis of 2014 Vacation Data

Our analysis of 2014 exempt employee vacation data indicated that, on average, vacation recorded complies with policy and legal requirements. The box plot below shows median vacation (black lines) taken is close to vacation entitlements (blue lines) that are defined in policy. Also, the 75% of the data (starting at the bottom of the boxes) is consistently above minimum vacation required by employment standards. The vacation recorded by each employee in the 2014 calendar year may be different to their annual entitlement, since the employee vacation entitlement runs from the annual anniversary of their hire date. For example, an employee with a hire date of July may use their entitlement either in July-December of that year, or January – June of the following calendar year.



We selected and reviewed a sample of 13 data outliers and did not find any policy non-compliance. These included employees that took large amounts of vacation, less than seventy hours vacation² and no vacation.

² Seventy hours was chosen since Alberta Employment Standards require all employees to take at least two weeks' vacation.

3.2 Assessment of Internal Controls over Vacation Records

The suite of internal controls (detailed in Appendix A) are adequately designed to provide reasonable assurance over accurate vacation records. These controls include approvals, policy, training, reports to management and annual signoffs.

Testing of controls identified variations in effectiveness. Controls are primarily manual, and rely on understanding the importance and intent of review, monitoring and approval.

Five exempt employees had approved vacation payouts in situations where the employee did not appear to take sufficient time off work to comply with Alberta Employment Standards. Our testing did not identify this as a widespread problem but these practices could increase the reputational and legal risk to The City. These instances reflect that supporting policy does not explicitly state that payouts can only be made when legislated minimum rest periods are met. Furthermore, less than 25% of DeptID owners have taken training covering the management of vacation. We raised recommendations 1 and 5 regarding policy and training.

Requiring mandatory consecutive vacation is a strong control to reduce the risk of misappropriation. The exempt staff policy includes a section allowing staff to take vacation in periods of less than one week but does not balance it with a recommendation that staff take a minimum amount of consecutive vacation time off. This makes it more difficult for management in higher risk areas to require staff to take a minimum amount of consecutive vacation. Recommendation 3 suggests amending the exempt staff policy to recommend that employees take a minimum amount of planned consecutive time off.

We also identified controls where efficiency could be improved. For example focusing manual signoffs on higher risk areas (recommendation 4), simplifying the management of vacation for DeptID owners by using common vacation year for each employee (recommendation 6) and evaluating PeopleSoft functionality to reduce manual follow-up by Pay Services on mass approved time (recommendation 9). During testing we observed sharing of a user ID: Pay Services will address this by working with IT to obtain the necessary access or backup resources to eliminate the need for a shared password.

4.0 Observations and Recommendations

4.1 Vacation Payout - Policy

Pay Services pay out vacation where employees have not taken the minimum time off, required by the Province of Alberta Employment Standards Code (Part 2, Division 6), if it is authorized by a Business Unit Director. These payouts affect a small number of exempt employees but represent non-compliance with Provincial Employment Standards. We examined all eight exempt employees that received payouts in 2014 and either 2013 or 2012 that were granted under Administration's Policy on Compensation (22 payout transactions in total). Five of these employees did not take legislative minimums in at least one year.

Payouts of the fifth and additional weeks of vacation are granted by the Exempt Staff Policy and comply with Alberta Employment Standards Code. Administration's Policy on Compensation (HR-TR-004) gives Business Unit Directors the authority to additionally (i.e. vacation which is not the fifth and additional week) authorize payouts on an exceptional basis:

- "To respond to extraordinary personal circumstances;
- To accommodate employees who are retiring or have been designated as "totally disabled" and are eligible to receive pay in lieu for both banked and current entitlements;
- To accommodate those employees who have been requested to defer or cancel their scheduled vacations because of operational necessity."

HR-TR-004 states that "Employees will be eligible to request a pay-out of that portion of their entitlement which was deferred if they are unable to take the vacation with the next twelve month period, subject to the requirements of the Alberta – Employment Standards." We observed that the policy does not explicitly state that payouts cannot be made (even with Business Unit Director authorization) unless legislative minimums have been met. The policy does not list any consequences of non-compliance. Vacation payouts under HR-TR-004 were made to less than 2% of exempt employees during 2014.

HR-TR-004 does not clearly state that legislative minimums must be met in all payout circumstances. Furthermore, Pay Services do not believe they have the authority to reject a payout transaction that has been approved by a Business Unit Director.

Recommendation 1

Labour Relations revise Administration's Policy on Compensation (HR-TR-004) to:

- State explicitly that payout of vacation cannot be made where legislative minimum vacation has not been met, without exception.
- Require documentation for payouts made under this policy (where legislative minimum vacation has been met) indicating the policy provision the payout has been approved under.

Management Response

Action Plan	Responsibility
<p>Agree.</p> <p>Update HR-TR-004 to explicitly state that vacation payouts cannot be considered unless the payout request is over and above legislated minimums. Exceptions need to be escalated to General Manager.</p> <ul style="list-style-type: none"> - Update X509 to include high level reason for payout request <ul style="list-style-type: none"> ▪ Extraordinary personal circumstances ▪ Pending retirement/totally disabled ▪ Deferred/cancelled for operational reasons - Include statement that legislated minimums cannot be paid out under any circumstances. 	<p><u>Lead:</u> Manager, HR Total Rewards</p> <p><u>Support:</u> Manager, HR Support Services</p> <p><u>Commitment Date:</u> December 31, 2015</p>

4.2 Vacation Payout - Documentation

Fourteen vacation payout transactions lacked supporting information to verify compliance with Administration’s Policy on Compensation (HR-TR-004). Retaining documentation helps ensure that a process is performed consistently, in accordance with policy and procedures.

We examined 22 vacation payout transactions granted under HR-TR-004 for the period 2012 – 2014. The following documentation deficiencies existed:

- Two transactions for the same employee lacked evidence of the required Director approval.
- One payout transaction lacked any supporting documentation.
- Eleven transactions lacked documentation explaining the policy provision supporting the payout.

Noting the reason a Business Unit Director authorized the payout, e. g. hardship, is not currently required in the documentation. However, it would help identify when a payout is not in compliance with HR-TR-004. HR-TR-004 does not include requirements for retention of supporting payout information.

Recommendation 1 above addresses this observation.

4.3 Mandatory Consecutive Vacation

The Exempt Staff Policy does not require exempt employees to take a minimum amount of consecutive days off work. Mandatory consecutive vacation of a five day period or more is a best practice recommended by the Association of Certified Fraud Examiners as a control to reduce the risk of misappropriation. Generally consecutive vacation requires another individual to step in as relief and may identify errors or unauthorized activity. Implementing mandatory consecutive vacation has not been included in previous drafts of the Exempt Staff Policy. As a minimum, this should be considered for roles with responsibility for asset and financial management, such as Finance, IT, and Supply.

Recommendation 2

Labour Relations revise the Exempt Staff Policy to recommend exempt employees to take a minimum amount of planned (Rearranged Work Week days, Compressed Work Week days, vacation) consecutive time off on an annual basis.

Management Response

Action Plan	Responsibility
<p>Agree.</p> <ul style="list-style-type: none"> - Update HR-LR-006 to recommend that a minimum amount of vacation (i.e. legislated minimums) be taken as consecutive time off on an annual basis. - Include in training/materials for DeptID Owners. 	<p><u>Lead:</u> Acting Manager, HR Labour Relations</p> <p><u>Support:</u> Manager, HR Support Services</p> <p><u>Commitment Date:</u> December 31, 2015</p>

4.4 Shared User IDs

During the audit, we observed that password controls were breached. Two payroll employees shared a user name and password (user ID) for the PeopleSoft Human Resources system. This was used to run certain batch processes when the employee that normally performed these functions was away. Although both employees had the necessary system access, sharing the ID avoided the need to set up parameters for running jobs (PeopleSoft run control ID) and enabled access to documentation stored on one user's personal drive. Sharing user IDs means that accountability for transactions cannot be established.

Recommendation 3

Pay Services ensure passwords have been changed, review transactions by the user name, and reinforce to employees that passwords must not be shared.

Management Response

Action Plan	Responsibility
<p>Agree.</p> <p>Phase 1 (Immediate): Passwords ONLY shared between HRSS Functional Analyst role and back-up during planned periods of absence for the purpose of running pay and reset upon her return to work. In addition, HRSS functional will be asked to leave her laptop logged off during her absence from the work area unless she is contacted for emergency reasons and asked to log on.</p> <p>Phase 2: Identify all pay processes (i.e. missing run controls, access/security role issues) that currently prohibit full pay run back up. Log remedy to obtain necessary access or identify alternate back up resource to eliminate need for shared passwords.</p>	<p><u>Lead:</u> Manager, HR Support Services</p> <p><u>Support:</u> Supervisor, Corporate Pay, HR Support Services,</p> <p><u>Commitment Date:</u> September 30, 2015</p>

4.5 Leave Accrual Signoff Process

Completion of the leave accrual sign off varies across The City. Variation in completion indicates the process is not operating effectively, which increases the risk that inaccuracies in vacation reported are not identified and corrected.

Annually all City employees, including exempt staff, are required to sign the Employee Leave Accrual Sign-off report confirming vacation, banked vacation, overtime and lieu balances are correct. This report lists both the balances and transactions (e. g. vacation taken), impacting these balances. Compliance with this requirement varies widely across the corporation, some business units are fully compliant but others have low rates of compliance. For example, four large Business Units (ranging in size from 244 - 3,158 employees) had less than a 50% return rate.

Low return rates in some Business Units may be due to employees not reporting to a regular worksite. As a result, supervisors need to meet their employees in the field to obtain the sign-off. City employees, dependent on role, report time on an exception (only exceptions to a defined schedule are reported) or positive basis (all time worked is recorded). Positive time may be reported through a Business Unit application and/or timekeeper. The risk of omitting to record vacation time is lower for Business Units with positive time reporting and strong controls over their business unit application. As a result, in these circumstances the cost of obtaining a sign off on the leave accrual report may exceed the benefits.

Although Pay Services will follow-up with individual supervisors to try and obtain these signs offs, they do not have a process for reporting non-compliance with the leave balance report to Senior management.

Redesigning the Leave Accrual Signoff process would make this control more effective in identifying inaccuracies in vacation reported, and more efficient to operate.

Recommendation 4

Pay Services redesign the leave accrual sign off process by:

- Reviewing the scope of the control, potentially excluding groups of employees subject to strong positive time reporting controls.
- Establishing a process to report on and action non-compliance.

Management Response

Action Plan	Responsibility
<p>Agree.</p> <ul style="list-style-type: none"> - To review the control benefits of the leave accrual sign off process for positive time reporters and modify process to exclude the year end sign off requirement if determined to be a non-value added control. - Expand year end leave accrual sign-off status report done for financial liability reporting to Sr. Management. 	<p><u>Lead:</u> Manager, HR Support Services</p> <p><u>Support:</u> Pay Services Supervisor, HR Support Services</p> <p><u>Commitment Date:</u> April 30, 2016</p>

4.6 Limited DeptID Participation in Training

Less than 25% of DeptID owners have taken training covering management of vacation. Failing to complete these courses contributes to inefficient payroll processing, since without training, there is an increased risk that DeptID tasks are not performed correctly or in a timely manner, leading to manual follow-up by Pay Services.

Pay Services offer two courses as part of The City's Learning for Municipal Excellence (LFME) training, named "Pay and Benefits" and "Introduction to PeopleSoft Reporting". Participation in these courses is low with only 23% of DeptID owners completing the former course and 14% completing the later (out of total population of 1,120 active DeptID owners). The training has been available to DeptID owners for more than four years, and has a nominal cost to attend (\$125/\$95) charged to the DeptID. Training lasts half a day for each course. These courses cover the DeptID owner's responsibility in relation to the payroll process and HR reports that they can run to fulfil their responsibilities in managing staff vacation.

There are 17 people management courses within LFME and no decision has been made to make key courses mandatory for DeptID owners.

Recommendation 5

Human Resources identify key mandatory LFME courses for new DeptID owners and ensure these employees complete this training. Furthermore, existing DeptID owners that consistently fail to perform their payroll related responsibilities (e. g. time approvals), should be required to take these courses.

Management Response

Action Plan	Responsibility
<p>Agree (Partially).</p> <p>HR agrees with the importance of LFME training as it relates to pay critical DeptID Owner responsibilities and supports the promotion of this training to potentially improve our levels of non-compliance. HR does not support making this a mandatory requirement at this time because a direct correlation between this specific training to our experience has not yet been established.</p> <ul style="list-style-type: none"> - Prepare a dedicated communication plan (campaign) that focuses on: <ul style="list-style-type: none"> ▪ the critical payroll controls & DeptID Owner responsibilities ▪ the audit findings/recommendations ▪ metrics to share current issues/risks associated with non-compliance ▪ Individual Responsibility, Collective Accountability ▪ Promote DeptID Owner training available (LFME) - Identify and regularly communicate all the recommended LFME courses to facilitate payroll compliance (Take 5 Quarterly reminders – reiterate key messages from dedicated communication campaign) - In quarterly reporting to Sr. Management on non-compliance items (UV>6months, Pay Confirmation, Unapproved Transactions), encourage applicable LFME Course to individuals on report – reiterate key messages from dedicated communication campaign. 	<p><u>Lead:</u> Manager, HR Support Services</p> <p><u>Support:</u> Payroll Documentation Training and Audit Specialist, HR Support Services</p> <p><u>Commitment Date:</u> September 30, 2015</p>

4.7 Vacation balance reporting

Seven employees had unauthorized vacation balances which increased between Q2 2014 and Q2 2015. Unauthorized vacation should decrease over time through management by the supervisor and employee. Unused vacation represents a financial liability to The City, and, if unmanaged, risk of non-compliance with the Province of Alberta Employment Standards Code.

Employees that fail to use or bank their vacation entitlement in the year after it is accrued are highlighted on the Unauthorized Vacation Balance report. This report is automatically sent to the supervisor through the PeopleSoft system. The employee and the supervisor have six months to resolve the condition before it is flagged on the Leave Plan Management report, which is distributed to the Senior Management Team.

The Q2 2014 employees Leave Plan Management report listed 45 exempt employees. This represents approximately 2% of exempt employees, indicating that supervisors are generally reviewing unauthorized vacation balance reports and working with employees to reduce balances. Of those 45 employees, 15 remained on the Q2 2015 report. Of these 15 employees, 8 showed an increase in unauthorized vacation balance. Of the 8 employees, 1 was not a true exception, since the employee had submitted an intent to retire, and City practice (documented on the City's intranet), allows such employees to accumulate unauthorized vacation banks. An error had been made in the preparation of the Leave Plan Management reports by failing to exclude these cases. However, the remaining 7 cases were true unauthorized vacation balances which should have been reduced and eliminated through supervisor and employee action.

Attending training (see 4.6 above) will assist supervisors in managing vacation. In addition, The City does not use a common vacation base date for exempt employees which means each supervisor must manage a different vacation year for each employee. Establishing a common vacation base date may assist in simplifying and streamlining the management of vacation balances by allowing supervisors to monitor and manage a consistent vacation year for all exempt employees.

Recommendation 6

Human Resources prepare a business case to determine the feasibility of moving all exempt employees to a common vacation base date.

Management Response

Action Plan	Responsibility
<p>Agree.</p> <p>Prepare a report that comprehensively weights the pros, cons and organizational readiness to move exempt to a common vacation base date for vacation administration at the City of Calgary.</p>	<p><u>Lead</u>: Director, HR</p> <p><u>Support</u>: Manager, HR Support Services</p> <p><u>Commitment Date</u>: December 31, 2016</p>

Recommendation 7

Pay Services exclude employees that have submitted intent to retire from the Leave Plan Management report.

Management Response

Action Plan	Responsibility
<p>Agree.</p> <p>Compile pending retirees for reporting purposes - manually flag all pending retirements on the UV > 6 month report as an approved exception (Audience: Senior Management).</p>	<p><u>Lead</u>: Manager, HR Support Services</p> <p><u>Support</u>: Payroll Documentation Training and Audit Specialist, HR Support Services</p> <p><u>Commitment Date</u>: July 31, 2015</p>

4.8 Mass Approval Process Efficiency

Pay Service's mass approval procedures lack defined timeframes for follow-up and escalation. In addition, the manual follow-up process is labour intensive. A lack of timeframe for follow-up and escalation increases the risk that vacation taken is not approved by the supervisor. A labour intensive process is costly to the City in terms of employee time.

Exempt staff record vacation time by entering the time in the PeopleSoft self-service system. Vacation time recorded is routed to their supervisor for approval by the PeopleSoft system. However, if the supervisor does not provide system approval of the vacation time recorded prior to the payroll run, Pay Services will approve all outstanding time ("mass approval"). This ensures that employees receive payment for their vacation time and avoids the need to process pay off-cycle for these employees. Pay Services then retroactively follow-up with the

supervisor to obtain an e-mail approval for this mass approved time. In 2014 6% of exempt transactions followed this process.

We tested this manual process for the pay periods between 12/15/2014 – 4/5/2015 and Pay Services were able to provide us with retroactive email approvals for 52 of 56 records selected in our sample. If our sample of 2015 was representative of 2014, then we can conclude approximately 99.6% of all vacation transactions are subject to a documented manager approval. At the time of testing, the 4/56 mass approvals without supporting documentation had been outstanding for 47, 47, 89 and 146 days since the original mass approval.

Pay Services estimate that it takes approximately 1/2 full-time employee per year to follow-up on mass approvals. Mass approval transactions peak during holiday months reflecting a failure of supervisors to delegate approval authorization in their absence. Pay Services believe there is a lack of awareness from supervisors on the importance of approvals and process understanding. Training and awareness could reduce the number of mass approval transactions, and therefore reduce the effort required to follow-up retroactive approvals (see #6 above). In addition, an upgrade of PeopleSoft will commence in 2016. An update of technology may provide an opportunity to reduce the manual nature of the retroactive approval process, for example by allowing supervisors to approve vacation after payroll has been run.

Recommendation 8

Pay Services update their procedure documentation to include timeframes for mass approval follow-up and escalation.

Management Response

Action Plan	Responsibility
<p>Agree.</p> <p>Timeline framework to be drafted and communicated to the responsible Senior Pay Analysts role responsible for mass approval follow-up.</p>	<p><u>Lead:</u> Manager, HR Support Services</p> <p><u>Support:</u> Senior Pay Analyst, HR Support Services</p> <p><u>Commitment Date:</u> August 15, 2015</p>

Recommendation 9

Human Resources evaluate additional functionality as part of the scope of the next PeopleSoft upgrade to reduce or eliminate manual follow-up of mass approved vacation.

Management Response

Action Plan	Responsibility
Agree. To be reviewed as part of the next HCM upgrade.	<u>Lead:</u> Director, HR <u>Support:</u> Manager, Pay Services, Manager, Enterprise Support Services, IT Leader, Enterprise Support Services Project Center <u>Commitment Date:</u> December 31, 2016

5.0 Appendix A: Risk Assessment

Audit Objective	Business Objective	Risk	Description of Risk Impact	Controls in Place <i>Note: The suite of controls listed address both risks.</i>
To determine if internal controls ensure exempt employees accurately record vacation time taken.	Be as efficient and effective as possible, reducing costs and focusing on value-for-money.	Vacation records are inaccurate or incomplete due to fraudulent or erroneous recording of vacation time.	Vacation is paid out and taken leading to financial losses.	Business unit directors approve all vacation payouts or adjustments that are not expressly authorized in the exempt employee vacation policy. As required, DeptID owners' review unauthorized vacation balance reports that are pushed to their queue in PeopleSoft.
			Fraudulent activity damage The City's reputation.	Annually, managers and employees sign off on a leave accrual balance report to confirm the accuracy of leave balances for the preceding year.
				As required, new managers complete the courses "Pay and Benefits" and an "Introduction to PeopleSoft HCM" reporting to ensure that they are familiar with key PeopleSoft reports for monitoring employee vacation, for example the leave accrual balance report.
			Employee do not take sufficient vacation due to a supervisor's failure to properly manage employee time off.	Legal noncompliance with Alberta Employment Standards code.
				On a quarterly basis, Pay Services sends reporting on non-compliant vacation banks to the Senior Management Team.
		Burned out employees resulting in poorer service delivery.		The exempt staff policy clearly defines expectations for the management of exempt employee vacation.
		Reduced opportunity for discovery of fraud during employee absences.		As required, managers approve vacation time within PeopleSoft.