

# Corporation of the City of Windsor

Hotline Investigation Report  
NTS-005-FEB-2020

FINAL - May 6, 2020

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# Contents

Executive summary	3
Allegation information	3
Investigation approach	3
Named Employee Specific Procedures:	3
Broader Employee Base Considerations:	3
Summary of procedures and findings	3
Summary of procedures and results	4
Named Employee Specific Procedures:	4
Broader Employee Base Considerations:	5
Recommendations	7
Appendix A: Limitations and responsibilities	9

# Executive summary

## Allegation information

A complaint was received via Concerned Citizen and Employee Hotline which lead to an investigation of the following allegation by Internal Audit under the oversight of the City's Auditor General:

A named employee was not working their expected hours and was departing City operations during business hours to earn additional income elsewhere.

## Investigation approach

For the allegation noted above we developed investigative procedures specific to the named employee as well as items to address the broader employee base. These procedures included items such as:

### Named Employee Specific Procedures:

- Is management aware of how often the named employee left the City (during normal or expected working hours) during this past December to February?
- While the role may permit some flexibility, how does the City know the named employee is completing the required work/that the expected outcomes are achieved?

### Broader Employee Base Considerations:

- Does the City have a formal policy for flexible work arrangements and/or a formal policy regarding additional/alternate employment loyalties outside the City?
- How many personnel does the City have working in flexible positions across the City?
- How many personnel does the City have who are working flexible schedules who are also employed by, or providing significant time/services, to other organizations?
- For these alternative approaches how does the City know each employee is completing their work, that the hours reported were worked or that the expected outcomes were achieved?

Details of our activities may be found in the Summary of procedures and results section later in this report.

## Summary of procedures and findings

Based on the procedures we executed and the results of our testing, a summary of our analysis is included in the Summary of Procedures and Results section of this report.

With regards to the allegation we did not detect evidence to support the allegation as an issue. The named employee does provide services to another organization and receives compensation from that other entity; however, the City has practices in place to manage the flexible work schedule such that the City is aware of the absences and has mechanisms to manage and monitor that the named individual provides the City the employment services for which they are compensated. We did note that formalization of these controls should be enacted. Further, we noted additional improvement which should be implemented for the broader employee base.

## Summary of procedures and results

### 1. Named Employee Specific Procedures:

#	Procedure	Results
1.1	Does management have individual or aggregate records for how many times the Named Employee left the City (during normal or expected working hours) related to this and other types of absence during Dec to Feb?	<p>We inquired with management and were informed that the individual named in the allegation has never left the City office during their working hours. IA was informed that between December 2019 and February 2020 the individual had six separate meetings pertaining to the other organization which were conducted on their personal time. These meetings were approved by their supervisor. The individual often works evenings and weekends and therefore their schedule is adjusted frequently between them and their supervisor. This may lead others, not aware of the situation, to imply that the individual is not working during normal business hours but this is permitted under the work arrangement.</p> <p>We were not able to inspect above mentioned approvals, as they are verbal in nature. The named employee and the supervisor's office are in the same location. The supervisor indicated that daily communication occurs in person. The verbal adjustment of hours has been past practice for many years and with the recent implementation of the Workforce Management system (WFM), future work hours will be adjusted in the computerized time tracking system to reflect actual/adjusted work hours.</p>
1.2	While the role may permit some flexibility, how does the City know the individual is completing 35 hours weekly? How does the City know the hours reported were actually worked, that the expected outcomes are achieved?	<p>We inquired with management and were informed that management staff are not directly monitored on an hourly basis, as is common practice in the public sector and industry. The supervisor is responsible for overseeing that the named employee is completing their 35 hours/week. This is achieved by adjusting the named employee's work schedule on a weekly basis as well as evening/weekend/holiday events occur successfully without any major concerns. Furthermore, the supervisor regularly communicates/visits the named employee during the events they are working.</p> <p>We were unable to inspect the above mentioned communication between the person named in the allegation and their supervisor as prior to the implementation of the WFM, the named employee is a non-union salaried employee therefore there was not any paperwork to support any schedule changes prior to WFM.</p> <p>The Flexible Work Policy, Code of Ethics and Conflict of Interest require disclosure by the named employee via the Conflict of Interest form. We obtained and inspected the Conflict of Interest form submitted by the individual named in the allegation. The form included the date they were to start working with the other organization and also the time they plan to spend i.e., within their personal time. This form was signed by the HR Manager and Supervisor/Manager of the individual named in the allegation.</p>

**Conclusion:** No further procedures required; however management should document evidence that the individuals in these flexible/alternative work scenarios are performing as required/expected. Management should consider documenting the flexible work program approach, ongoing adaptations (as they occur) and annual assessments thereof. One mechanism already in place is the annual consideration as to if the arrangement should be extended. At a minimum, management should document the assessment of performance over the past year and if the flexible arrangements/alternative work practices met the needs of both the City and the Employee and if the arrangement should be extended into the coming year. This analysis and determination should be documented and retained as part of human resource/personnel records.

## 2. Broader Employee Base Considerations:

#	Procedure	Results
2.1	Does the City have a formal policy for flexible work arrangements?	We obtained and inspected the Flex Time policy and noted that the policy is in place for full time employees who maintain a working week of five days. The policy allows employees to vary their specific working hours, while maintaining a five day work week. Management indicated that the approval of flex time requests are conditional and must meet a number of criteria before being approved. Additionally, the policy indicates that employees are required to be present during the core business hours of 9:30 am to 3:30 pm.
2.2	Does the City have a formal policy with regards to employees who desire, or wish to, hold employment and additional employment loyalties outside the City, where the City is the primary employer?	<p>A Code of Ethics and Conflict of Interest for Staff and Volunteers Policy is in place which is overseen by the CAO's office. The Policy indicates that in such instances as described above, the employee is required to complete the Conflict of Interest form. Such forms are monitored and tracked by the CAO's office.</p> <p>Standards of Employee Department Policy also exist which are considered for the disciplining of the employee.</p> <p>Further, time away from work, (if longer than lunch) is to be recorded in the Workforce Management time and attendance system (WFM) and should be approved by the manager/supervisor.</p> <p>We inspected the City's code of Ethics and Conflict of Interest policies and noted specific language pertaining to employees who hold additional employment outside of the City of Windsor Corporation. The policy also includes disclosure requirements which allow several ways for the conflict of interest to be disclosed. Disclosure can be made by the employee in the potential conflict, by another employee who is aware of a potential conflict or anonymously by reporting to the Chief Administrative Office.</p>
2.3	How many personnel does the City have working in such flexible positions across the City?	<p>We inquired with management and noted that since 2016, five active employees have completed Conflict of Interest disclosures (with respect to such employment arrangements). Management indicated that the employee's secondary employment may continue beyond the year the disclosure form was submitted.</p> <p>The City was not readily able to provide a count or listing of all active employees working in flexible positions.</p>
2.4	How many personnel does the City have who are working such flexible schedules and are also employed by or providing significant time services to other organizations?	We were informed that there are other staff members who are on a flex schedule for a variety of reasons due to the nature of their job. The office of the CAO is aware of five employees who have signed conflict of interest forms.
2.5	For these alternative approaches how does the City know each employee is completing their weekly 35 hours? How does the City know the hours reported were actually	<p>We were informed that the City operates with the philosophy that Non-Unionized staff are salaried employees and are compensated on a salary basis. All Executive Directors, Managers, and Supervisors are required to ensure appropriate timekeeping is maintained, reported, and approved within the WFM time and attendance system.</p> <p>We obtained and inspected the city's hours of work policy (Hours of Work/Overtime for Non-Union Policy). The policy outlines that alternative working schedules may be allowed, given appropriate approval. The regular business hours of the City are Monday to Friday, for an eight hour period daily, less one hour daily eating period. However, the policy does</p>

	worked, that the expected outcomes were achieved?	not explicitly define how time is to be tracked and verified. Alternative working schedules may be authorized in order to best support the needs of an office.
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**Conclusion:** No further procedures necessary however, the City should formalize the annual flexible and additional employment protocols to maintain a complete, accurate and current listing and perspective on personnel in these scenarios. Further, the City should use this listing as a control mechanism to determine that all agreements have an annual review as to past performance and future need. Original agreements, arrangements and modifications should be retained for the period over which the arrangement is in force and for a reasonable period afterwards.

# Recommendations

Finding	Recommendation & Action Plan
<b>1. Formalize evidence of ongoing flexible/alternative work arrangements</b>	
<p><b>Observation</b></p> <p>In conducting tests we noted several items where documented evidence was not available:</p> <p>Evidence of agreements to day to day modified hours may be verbally discussed and not documented.</p> <p>Annual review of the arrangements and performance as well as agreement to continue the arrangement is not consistently and formally documented.</p>	<p><b>Recommendation</b></p> <p>Management should consider documenting the flexible work program approach, ongoing adaptations (as they occur) and annual assessments thereof.</p> <p>One mechanism already in place is the annual consideration as to if the arrangement should be extended.</p> <p>At a minimum, management should document the assessment of performance over the past year and if the flexible arrangements/alternative work practices met the needs of both the City and the Employee and if the arrangement should be extended into the coming year. This analysis and determination should be documented and retained as part of human resource/personnel records.</p> <p><b>Management action plan:</b> Employees will be required to use Workforce Management to record time away from work to be approved by their respective supervisor/manager. Annual performance appraisals are performed with each employee and this will be an opportunity to discuss/alter an employee's work hours if necessary.</p> <p><b>Responsible party:</b> Manager Community Development; Executive Director Human Resources</p> <p><b>Due date:</b> March 31, 2021</p>

Finding	Recommendation & Action Plan
<b>2. Formalize central insight into all flexible/alternative agreements in effect</b>	
<p><b>Observation</b></p> <p>In conducting tests we noted that:</p> <ol style="list-style-type: none"> <li>1. The existing Flexible Work policy requires annual agreement to extend the terms of the respective working arrangement.</li> <li>2. The City is not able to readily identify how many flexible/alternative arrangements are in effect at this time nor a complete list of who these personnel are.</li> </ol>	<p><b>Recommendation</b></p> <p>The City should formalize the annual flexible and additional employment protocols to maintain a complete, accurate and current listing and perspective on personnel in these scenarios.</p> <p>The City should use this listing as a control mechanism to determine that all agreements have an annual review as to past performance and future need.</p> <p>Original agreements, arrangements and modifications should be retained for the period over which the arrangement is in force and for a reasonable period afterwards.</p> <p><b>Management action plan:</b> Currently the Code of Ethics &amp; Conflict of Interest policy are notations in the annual Performance Appraisal forms which provides for discussion between the supervisor and the employees during their Performance Appraisals as it relates to any conflicts, during these appraisals managers will continue to discuss any Conflicts that have arisen or may arise in the upcoming year. As well, all new staff sign off on a declaration that they have received and read the Conflict of Interest policy. For employees wishing to have a continuous flex time arrangement/schedule, the current Flex Time form needs to be completed and as per the Flex Time procedures---“approvals will be granted for specified periods not to exceed one year...” we will look to see if these approved Flex Time requests can be maintained in the Workforce Management system as opposed to manually by departments as is currently the case</p> <p><b>Responsible party:</b> Executive Director of Human Resources</p> <p><b>Due date:</b> March 31, 2021</p>

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# Appendix A: Limitations and responsibilities

## Limitations inherent to the internal auditor's work

### Internal control

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

### Future periods

Our assessment of controls is for the period specified only. Historic evaluation of effectiveness is not relevant to future periods due to the risk that:

- the design of controls may become inadequate because of changes in operating environment, law, regulation or other; or
- the degree of compliance with policies and procedures may deteriorate.

### Responsibilities of management and internal auditors

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

We endeavour to plan our work so that we have a reasonable expectation of detecting significant control weaknesses, and if detected, we shall carry out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected.

Accordingly, our examinations as internal auditors should not be relied upon solely to disclose fraud, defalcations or other irregularities which may exist.

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