



Attachment 1

INTERNAL AUDIT REPORT

Workforce Planning Audit

January 2025

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CONCLUSION AND SUMMARY

In 2023, the City of Vaughan hired a consultant to review and assess the City's workforce planning efforts and make recommendations to help with an attraction and retention plan. The City then assembled an internal Attraction and Retention Strategy team to identify and prioritize projects to support the implementation of the consultant's recommendations. While management has made progress in actioning the consultant's recommendations, further opportunities for improvement were identified, including:

- Increasing Human Resources support for departmental workforce planning strategies.
- Improving the Emerging Leaders Program to ensure fairness, consistency and value.
- Expanding job posting strategies.
- Further supporting departmental engagement with post-secondary organizations.

Management is responsible for determining their department's competency and resource requirements to meet service standards for current and future success. Human Resources has an overarching role as experts in recognizing the organization's workforce needs, identifying trends in similar job markets and strategizing methods for recruitment and retention. Human Resources could further contribute to workforce planning on the departmental level by providing pertinent information to departments, such as insight into their overtime usage, succession opportunities and retention issues to improve workforce forecasting and planning endeavours.

To address succession issues and provide advancement opportunities for high performing employees, the City has developed the Emerging Leaders Program. Internal Audit interviewed program participants and administrators and reviewed program material. It was determined that the City may benefit from Human Resources revisiting the program's framework. For example, there are opportunities to achieve the program's objectives by refining admission criteria to ensure fairness for acceptance into the program. The mentorship portion of the program could be enhanced by defining the mentor's needed qualifications, developing methods to optimally match mentors to mentees, and providing a framework to ensure the relationship is a mutually valuable experience. Further, improving Human Resources' program oversight to ensure requirements are being met would provide assurance the program adds value for the City's succession and retention objectives.

Human Resources support departments with their recruitment process by advertising job opportunities to reach suitable candidates and promote the City as an employer of choice. Human Resources posts positions predominantly using the LinkedIn platform and professional departmental affiliations and labour union websites. Departments are responsible for the costs associated with posting jobs on associated professional sites and that of labour unions. During interviews, the hiring team may ask the candidate where they heard about the job opportunity. But having an automatic mechanism to capture that information as the applicant submits a resume may provide the department with a wider range of insight into the most effective place to advertise job opportunities which may also help them manage their budget. This audit also identified

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opportunities to increase awareness in cost-effective ways for part-time/seasonal positions, as well as internal secondment opportunities.

The Campus Ambassador Program's mandate is to gather a team of City employees, including senior leaders, alumni of target schools, and returning/current students who will represent the City of Vaughan by spreading awareness, organizing events, and developing campus specific marketing/outreach to engage with the student network within target colleges and universities. The objective of the program is to engage and promote City services and job opportunities available to emerging talent from college and university programs. Although Human Resources does not have the capacity to provide program oversight, developing a communication strategy to interested departments may produce more engagement. It has also been challenging to keep the Student Recruitment Calendar updated with event dates and contact information. An annual exercise to provide current information may help departments have an on-campus presence for employee branding and a check-in point for various employment opportunities.

During the audit, management took steps to improve the processes. Internal Audit will follow up on the status of outstanding management action plans related to this audit and will report the status to a future Audit Committee meeting.

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BACKGROUND

The City of Vaughan is dedicated to ensuring its public service can effectively meet the needs of residents, businesses, and community members. The world of work is rapidly changing, particularly in a post-pandemic environment. Employers are facing challenges in attracting and retaining top talent and remaining competitive in a crowded marketplace. As a result, a consulting firm was hired to review and refresh the City's attraction and retention strategies to align with best practices to position the City as an Employer of Choice in the years ahead and ensuring it has the human capital required to support continued service excellence.

The Attraction and Retention Plan prepared by the consultant identified 37 recommendations which have been grouped into six categories. Each category included special measures to enhance practices and prepare for future workforce needs and trends. The Attraction and Retention Plan report was received and approved by Council.

An internal team was assembled to assess, prioritize and execute the plan. The Attraction and Retention Strategy team includes staff from Strategic Portfolio Management, the Program Management Office, and the Office of the Chief Human Resource Officer. The combination of members facilitates project management, as well as the specialized HR knowledge.

OBJECTIVES AND SCOPE

The objective of the audit was to evaluate the adequacy and effectiveness of the internal controls, processes, and procedures in place to mitigate the business risks associated with managing workforce planning.

The audit scope includes assessing that:

- Strategic plans are appropriately developed, implemented, and monitored, and align with the City's strategic initiatives and priorities.
- There is adequate management oversight, ensuring the proper execution of the workforce planning strategies.
- Key performance indicators have been developed and management tracks, monitors, and reports on the critical success factors.
- Policies and procedures are regularly reviewed, updated, and applied consistently.
- Information Technology systems are being leveraged and used to their maximum capabilities.

The scope of the audit covered workforce planning activities for the period of January 2023 to October 2024.

This audit was conducted in Conformance with the *International Standards for the Professional Practice of Internal Auditing*.

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DETAILED REPORT

1. *Increase Support for Departmental Workforce Planning Strategies*

Workforce planning requires the analyzing of competencies and human capital to achieve established service standards and the forecasting and preparation to successfully meet the organization's strategic objectives. For the City of Vaughan, each department has its own resource planning needs in order to execute their operational activities. Human Resources provides support by guiding the departments through the hiring process.

This audit determined that departments have developed and implemented workforce planning to varying degrees. Some departments have performed significant analysis and have implemented strategies for recruitment and retention. Other departments have performed some analysis and developed strategies which meet their current operational needs. While some areas tend to be more reactive than strategic in meeting their staffing needs.

However, departments are impacted by unique circumstances. There are departments which are influenced by external forces like legislation, economic trends and population growth. While other departments are mostly composed of union staff and resource planning and staff movement is impacted by the collective agreement. These challenges also result in some departments compensating for their limited resources by providing excessive overtime. While other departments' staff earn their allotted lieu time, but operational demands prevent them from using it. Some people leaders have indicated operational overload makes performance management and succession planning difficult.

The City has not yet developed an overarching workforce planning strategy which may explain differences between departmental methodologies. But we have found Human Resources has information, which if, shared could help departments with their workforce planning endeavours. For example,

- Sharing overtime usage data can provide insight into demand trends and scheduling needs.
- Identifying high performing employees and those who are potential flight risks is an exercise only performed once every two years. Increasing the frequency may help management to be more proactive in addressing employee needs.
- The movement of employees to different positions within the Corporation (e.g., secondments) is not actively tracked. Following employee progress can measure the success of staff development initiatives.
- Participation in exit interviews is voluntary, and the information is rarely shared with departments. Sharing this information may help management identify patterns and possibly implement corrective measures.

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Human Resources will share this information with departments as requested. But pulling the information from the current system is predominantly manual and analysis is time consuming. Also, Human Resources only has one analyst.

The Attraction and Retention Strategy team have identified projects that will support the Attraction and Retention Plan. These projects follow the City's program management framework which is a very comprehensive process and has the tendency to take time to complete. One project is for Human Resources to acquire a new Talent Acquisition Management System which will help with workforce planning data collection, analysis, and reporting. In the meantime, Human Resources may more readily provide the information needed for departments to perform analysis to forecast and develop their workforce planning strategies.

Recommendation

We recommend that management:

- Address Human Resources own workforce planning needs to ensure they have sufficient staff with skills to support their client departments' workforce strategies.
- Ensure that Human Resources, as the owner of the organization-wide workforce strategy, consult departments to assess their informational needs for forecasting operational requirements and help improve their attraction and retention strategies.

Management Action Plan

Management agrees with these recommendations.

The Internal Audit recommendations will be addressed through individual projects within the Attraction and Retention Program. These projects are designed to address the identified challenges and opportunities, ensuring a comprehensive and strategic approach to workforce planning, Human Resource support, and organizational improvement.

Management acknowledges the need to strengthen Human Resource's capacity to better support departmental workforce planning. To address these recommendations, a comprehensive Human Resource Operating Model will be developed.

Human Resource will create a clear, structured Human Resource Operating Model that aligns Human Resource roles, responsibilities, and functions with the organization's workforce planning requirements. The goal is to align the Human Resource organizational structure to ensure roles are strategically focused on workforce planning, data analysis, and business partnering; and potentially reorganize Human Resource to include designated roles or teams specifically focused on workforce planning support. The target date for completion is Q4, 2026.

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Human Resource will also establish a consistent, overarching workforce planning strategy that supports all departments and aligns with organizational goals through the Succession Planning project by:

- Collaborating with departmental leaders to develop a city-wide workforce planning framework that addresses operational and strategic needs.
- Leveraging Human Resource data and insights (e.g., overtime trends, exit interviews) to proactively identify workforce risks and opportunities.
- Providing tools, templates, and guidelines to departments to standardize workforce planning practices.

The target date for completion is Q4 2026.

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2. *Improve the Emerging Leaders Program to Ensure Fairness, Consistency and Value*

Succession planning involves identifying key positions which could cause the organization to be at risk if the position was vacant while identifying high-performing employees who may be well suited to move into those roles. The City's Emerging Leaders Program's primary focus is to:

- Support the organization's ability to achieve its community, corporate, departmental and strategic goals and priorities; and,
- Ensure the continued effective performance of the organization by planning and supporting the development and replacement of key positions over time.

Through interviewing the Emerging Leaders Program's administrators, participants, and mentors, it was determined that there are opportunities to be more strategic in achieving the program's objectives.

For instance, although the program is driven by identifying key positions, it is the employee who initiates the application process, not management. There is the possibility program participants may not be the high-performing employees which would be appropriately suited for those high risk positions.

The program's application process consists of the employee submitting a letter of intent, current resume and a self-assessment. However, those items will not be considered unless the employee's manager completes a favourable assessment. Considering that the program requires a commitment of the managers time and effort outside of their daily obligations and knowing that their employee's assignments may impact the department's operations, the manager's evaluation may be unfavourably biased.

Once the application to the program has been accepted, the candidate appears before a panel of senior managers to make a presentation of their accomplishments and answer questions. Although a scoring guide has been developed to assess the candidate, we found that not all candidates were evaluated by the same leaders. Additionally, it was noted that one candidate was granted admittance after a panel member assessed the candidate as unprepared and not ready for the leadership program. It is unclear what criteria was used to determine the suitability for admitting this employee into the program.

The largest part of the program is experiential learning which requires both the participant and their direct manager to take dual responsibility for the creation and management of the employee's learning and development plan. However, those who were interviewed indicated that stretch assignments were rare and their managers had little involvement in the program. Without a degree of oversight, it's questionable whether participants are following the program.

Mentorship is a significant aspect of the program. However, we found that an expressed interest is the only requirement for being considered a mentor. There are no program instruction or training for mentors. Also, there are no guidelines on how Human Resources

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match program participants with their mentors. Developing a mentorship framework may provide a more consistent experience for both the mentees and the mentors.

There are two levels to the Emerging Leaders Program, the Aspiring Leaders Program and the Aspiring Senior Leaders Program. With the exception of a 360 Degree Assessment, meaning the participant from the Aspiring Senior Leaders Program receives feedback from senior leaders, colleagues and direct reports, the two levels are the same. Without different participation requirements, learning and progression opportunities are limited.

Further, acceptance into the program guarantees graduation. There is no criteria for evaluating successful participation or a deliverable at the end of the program.

Succession planning and leadership development is a key component of the City's Service Excellence Strategic Plan. Providing development opportunities to staff through the Emerging Leaders Program may help contribute to the City's retention strategies. However, the program may not be optimally designed to ensure high performing employees are being identified and prepared to compete for high risk positions when/if they become available.

Recommendations

We recommend that management revisit the design, efficiency and effectiveness of the Emerging Leaders Program to ensure that it better aligns with immediate succession planning needs under the Attraction and Retention Strategy. This may include:

- Revisiting employee eligibility for the Emerging Leaders Program and how they are accepted into the program
- Program requirements and expected deliverables by both the employee and mentor.
- Revisiting mentor eligibility and ensuring mentors receive adequate training.
- Evaluating whether two levels of the program are still required.

Management Action Plan

Management agrees with these recommendations.

The Emerging Leaders Program will undergo a comprehensive redesign to align with the City's succession planning objectives as part of the Succession Planning Project. Key improvements include refining the selection process to ensure fairness and consistency. As well as ensuring an enhanced oversight for managers to actively support participants and monitor their progress, driving greater value and outcomes.

A structured mentorship framework will also be developed to provide consistent and meaningful support, including mentor eligibility criteria, formal training, and a strategic matching process. The program's two levels will be evaluated to determine their effectiveness and identify opportunities for differentiation or consolidation. The Succession Planning project will improve program efficiency, ensure participants are prepared for key positions, and

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support broader succession planning efforts, ultimately contributing to the City's long-term workforce stability and retention goals. The target date for completion is Q4 2026.

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3. *Expand Upon Job Posting Strategies*

When a department begins their recruitment process, one of the ways Human Resources will assist them is by posting the job on the City's website, LinkedIn and the department's selection of professional affiliations and/or labour unions, as well as with post-secondary institutions. The goal is to reach qualified candidates and promote the City as an employer of choice.

We found that Human Resources uses most of their advertising budget on the Corporate LinkedIn account. However, only five jobs can be posted at any one time. Human Resources and the hiring manager will agree upon the length of time the job is posted on LinkedIn. Human Resources believe the arrangement is sufficient as they tend not to experience long wait times for posting job opportunities. This assumption may be subjective as they have not performed an analysis to determine if they are achieving optimal exposure.

Departments are responsible for the costs associated with posting jobs on associated professional sites and that of labour unions. During interviews, the hiring team may ask the candidate where they heard about the job opportunity. But having an automatic mechanism to capture that information as the applicant submits a resume may provide the department with a wider range of insight into the most effective place to advertise job opportunities which may also help them manage their budget.

Many of the City's services are performed by part-time and seasonal staff. Recreation Services has a permanent presence on the City's job opportunities webpage. Parks, Forestry and Horticulture Operations may benefit from the same arrangement. Currently, they follow prescribed timelines for seasonal postings and sometimes lose potential candidates to other municipalities which post earlier. Collecting year-round submissions may expedite the hiring process.

Internal postings for secondment positions are emailed once with the request that the receiver print and post for staff without a City email account. Posting in this manner may result in a secondment opportunity being overlooked or only reaching a limited audience. Having a permanent home for secondment postings on the Vaughan Online (VOL) website may provide more exposure for internal recruitment and support retention efforts for staff who are considering career development opportunities.

As the facilitator of posting jobs for the organization, it may be prudent for Human Resources to consider enhancing their job posting strategy by reaching more possible candidates in the most cost-effective way.

Recommendation

We recommend that management:

- Investigate and analyze job posting strategies to determine how to reach the maximum number of qualified candidates.

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- Investigate the possibility of electronically capturing job posting placement during the application process.
- Consider providing Parks, Forestry and Horticulture Operations with a permanent presence on the City's job opportunities webpage for their part-time and seasonal positions.
- Consider having a permanent home for secondment announcements on the VOL.

Management Action Plan

Management agrees with these recommendations.

Through the Human Resource Marketing and Communications project, Human Resource will develop a Human Resource Marketing and Communications Plan to enhance job posting strategies, expand outreach, and optimize advertising budgets. This includes analyzing platforms to identify the most effective channels for reaching qualified candidates while ensuring cost-efficiency and increased applicant diversity. The target date for completion is Q1 2026.

The Talent Acquisition Management System project will be configured to automatically capture how applicants learned about job postings during the application process. This data will provide insights into the most effective posting strategies and inform future decisions to maximize outreach. The target date for completion is Q4 2025.

A permanent job opportunities webpage will be created for Parks, Forestry, and Horticulture Operations to allow year-round submissions for part-time and seasonal positions. This will help build a continuous pipeline of candidates and reduce hiring delays. The target date for completion is Q1 2025.

A dedicated webpage on the Vaughan Online (VOL) platform will be established for secondment opportunities. This will improve visibility, ensure consistent communication, and support internal career development and retention efforts. The target date for completion is Q2 2025.

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4. Further Support Departmental Engagement with Post Secondary Organizations

For success, an organization should develop a pipeline of talent for workforce planning. Having a recruitment presence at secondary and post-secondary institutions has proven to be a good resource. Still, there are opportunities to enhance current programs.

Human Resources have issued the Student Recruitment Governance Program guide to help with the student hiring process for internships, co-op placement and the summer student program. The guide includes posting timelines, selection criteria, and on-boarding requirements. The guide also provides a framework for the Campus Ambassador Program.

The Campus Ambassador Program's mandate is to gather a team of City employees, including senior leaders, alumni of target schools, and returning/current students who will represent the City of Vaughan by spreading awareness, organizing events, and developing campus specific marketing/outreach to engage with the student network within target colleges and universities. The objective of the program is to engage and promote City services and job opportunities available to emerging talent from college and university programs. Unfortunately, we were unable to find much participation in this program.

Although Human Resources does not have the capacity to provide program oversight, developing a communication strategy to interested departments may produce more engagement. It has also been challenging to keep the Student Recruitment Calendar updated with event dates and contact information. An annual exercise to provide current information may help departments have an on-campus presence for employee branding and a check-in point for various employment opportunities.

Recruitment efforts should include the development of relationships with post secondary organizations and cultivate pipelines to feed the talent pool. This can be done by having a presence on-line and at in-person events, marketing the City with key messages and gaining recognition from respectable sources.

Recommendation

We recommend that management:

- Develop a communication strategy to encourage departments to participate in campus recruitment initiatives.
- Perform an annual exercise to ensure the Student Recruitment Calendar contains current and complete information.

Management Action Plan

Management agrees with these recommendations.

A marketing and communications campaign will be launched to encourage all staff to utilize the existing Student Recruitment Governance Program. This campaign will include clear

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messaging about the program's benefits, timelines, and the importance of participating in campus recruitment initiatives to build a talent pipeline. The target date for completion is Q1 2025.

The Student Recruitment Calendar within the Student Recruitment Governance Program will be reviewed and updated annually. This process will ensure that event dates, contact information, and timelines for internships, co-op placements, and summer student programs remain current and accurate, providing departments with the tools needed to maintain an on-campus presence. The target date for completion is Q1 2025.

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5. *Develop a Standard Operating Procedure for Compensation Review*

The City of Vaughan is dedicated to meeting the service needs of residents, businesses and community members. To achieve service excellence and continue to be an employer of choice, the City needs to attract and retain sufficient talent. Ensuring employees are paid fairly and competitively is requisite for effective service delivery.

One of the 37 recommendations from the consultant was for Human Resources to update the compensation percentile benchmark used to establish non-union salary guidelines. At the time of the consulting engagement, the City was benchmarking at the 50th percentile (half of the comparators paid more in salaries than the City of Vaughan and the other half paid less) — a practice established in 2003.

Using the comparators of Brampton, Mississauga, Oakville, York Region, Richmond Hill, and Markham, the consultant confirmed that the City of Vaughan, on average, paid well below some of the comparators. The next step was to match positions to similar positions in the comparator organizations having regard to job title, job information, organizational charts, and 2023 annual job rates (maximum rates). The consultant provided a proposed schedule to pay rates to reflect the 75th percentile.

The Attraction and Retention Strategy team considered implementation of this strategy as a priority to gain some traction within the municipal job market. The new salary and step progression were approved and implemented in July 2024.

The initiative to update the compensation percentile benchmark is considered complete, but the consultant also recommended subsequent steps to keep the City competitive. These include:

- Adopting a practice of periodically reviewing positions on a three to four year cycle to ensure competitive pay practices in light of changing demographics and work practices in the municipal sector.
- On an annual basis it is recommended that new and changed positions be evaluated using the job evaluations system, and that pay equity compliance is reviewed.
- Increases to the salary grid be determined by conducting a review of comparator organizations to determine an average of the comparator group projected salary grid increases. This information, together with information relating to CPI increases will inform the appropriate salary grid adjustments having regard to maintaining a sustainable compensation framework.

Currently, Human Resources does not have a formal standard operating procedure (SOP) for compensation review. Without documenting the process and setting out timelines to perform the recommended activities, the City could again fall behind comparators and be less effective at attracting and retaining employees.

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Recommendation

We recommend that management develop a Compensation Review for Management/Non-Union Employees SOP and include the consultant's recommendations.

Management Action Plan

Management agrees with this recommendation.

As part of the Attraction and Retention Program, the City of Vaughan will address the recommendations outlined in the audit observations through the Job Description Review Project by developing a formal Standard Operating Procedure (SOP) for Compensation Review. This SOP will be developed to document all steps, timelines, and processes for periodic and annual reviews. This will ensure competitive pay practices are maintained to support the City's ability to attract and retain top talent while aligning with service excellence objectives. The target date for completion is Q4 2025.

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6. *Develop a Standard Operating Procedure for Collective Bargaining*

Collective bargaining provides the City and the union with opportunities to contribute to positive labour relations and enhance the City's ability to attract and retain talent. Human Resources contributes to the process by researching and benchmarking economic trends, benefit programs, and health and safety needs. Organizations such as the Ontario Municipal Human Resources Association (OMHRA) help to identify trends and provide negotiation recommendations. Other websites like the Ministry of Labour Relations provide guidance for legislative compliance. Websites such as Stats Canada and the Bank of Canada provide economic trend information.

In addition to researching current and projected conditions, there are some formal and informal steps to be taken. Examples include establishing logistics for negotiations, confirming the members of the bargaining team, and the development of proposals. Management use an unofficial checklist of steps to be taken and reference past collective agreements for consistent wording.

The bargaining team is also made up of management representatives. They rely on Human Resources representatives to educate them on the process to help them achieve optimal bargaining results.

Apart from the above, collective bargaining is proceeding without a formal standard operating procedure (SOP). While using a checklist provides a degree of guidance, it may not be a comprehensive list of all required tasks, and it does not provide direction of how to achieve the objectives of the negotiation. The informality of the checklist also makes it difficult to transfer information and implement best practices.

An SOP to support the collective bargaining process may provide Human Resources and the bargaining team with a more effective and efficient way to address the needs of the Corporation, staff and the City's residents.

Recommendation

We recommend that management develop a Collective Bargaining SOP and provide training for new bargaining team participants.

Management Action Plan

Management agrees with this recommendation.

HR will create a formal, comprehensive SOP for collective bargaining that outlines all steps involved in the process, from initial research and benchmarking to post-negotiation follow-ups.

HR will also develop and implement a training program for new bargaining team participants to ensure they understand the SOP, the collective bargaining process, and the key principles of positive labor relations. This documentation will also support knowledge transfer in case of turnover within the bargaining team. A digital repository for all collective bargaining materials will be established. The target date for completion is Q4, 2025.