

City of Mississauga

Internal Audit Report

CITY MANAGER'S DEPARTMENT
HUMAN RESOURCES DIVISION
TALENT MANAGEMENT SECTION
LEARNING & DEVELOPMENT UNIT
PERFORMANCE DEVELOPMENT PROGRAM (NON-UNION, FULL-TIME) AUDIT

October 21, 2024

City Manager's Department
Internal Audit Division

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**City Manager's Department
Human Resources Division
Talent Management Section, Learning & Development Unit
Performance Development Program (Non-Union, Full-Time) Audit**

BACKGROUND

The performance review process at the City is an integral component of employee development and performance management for non-union, full-time employees. It involves ongoing performance discussions for each employee with their manager/supervisor, with the aim of assisting in accomplishing both the City's objectives and the employee's own development goals.

All eligible employees are required to have a Performance Development Program (PDP) agreement every year. This agreement includes a performance goal plan, the City's core/leadership competencies, and an individual development plan (IDP). The IDP is a personalized tool created collaboratively by the employee and their direct manager/supervisor to address professional growth, skill development, and career progression. The PDP agreement is for one calendar year, from January to December.

The performance review process at the City consists of two main components:

1. Performance Review (formal performance appraisal and ongoing performance feedback discussions through quarterly check-ins). For the year 2024, the Q4 check-in was discontinued and reduced to three annual check-ins.
2. Merit Increases - The PDP overall rating contributes to the annual merit increase process (outside the scope of this audit).

The Human Resources Division oversees performance management, including performance reviews, and compensation to support the City's commitment to its employees. The Learning & Development team within the Talent Management Section of the Human Resources (HR) Division is responsible for the development, delivery, and implementation of the PDP process at the City. The HR Systems and Support Services Section assists in ensuring that the PDP agreement is delivered through the SAP SuccessFactors application, which is the platform used by the Talent Management Section to provide and monitor the completeness of the PDP process.

SCOPE

The scope of this audit included an assessment of the key processes, risks, and controls supporting the PDP process for non-union full-time employees (including full-time equivalents), which includes:

- Governance of the PDP (i.e. policies; strategic guidelines and legislation; roles and responsibilities; management oversight, training, record-keeping, and retention);
- Internal control surrounding the PDP process:
 - Delivery of PDP process;
 - Monitoring and reporting; and,
 - Data security and access controls.

The audit focused on PDP agreements launched for the calendar year from January 1 to December 31, 2023.

Out of Scope

The audit did not review the following:

- Performance zone confirmation/merit increase stage (compensation activities) of the PDP process;
- The performance management process for unionized, full time temporary, and part-time employees on the part-time rate schedule;
- The quality of PDP agreements to ensure that goals and objectives meet the SMART criteria (Specific, Measurable, Attainable, Relevant, Timely).

AUDIT OBJECTIVES

The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing. The purpose of the audit was to ensure that:

- A) Policies and procedures addressing activities of the performance development program were developed, adequate, formally documented, and properly communicated to all applicable staff;
- B) Roles, responsibilities, and accountabilities of the various stakeholders in the overall performance development program were clearly documented and were consistently followed;
- C) Criteria used to evaluate performance achievements were clearly established and communicated to all applicable staff;
- D) All eligible employees were provided with a completed performance development plan; and,
- E) Access to employee files and performance development plan databases was limited to authorized individuals and provided on a “need-to-know” basis.

SUMMARY OF OBSERVATIONS

Based on the audit work performed, the City's Performance Development Program (PDP) process is well-established and effectively designed to ensure that all eligible employees receive and complete their Performance Development Agreements. The SuccessFactors system streamlines this process by managing PDP agreements through the process, facilitating quarterly check-ins, and supporting year-end evaluations. The steps required to complete each milestone are consistent and well-structured, reflecting management oversight through established performance evaluation criteria and restricted access to employee files and databases on a “need-to-know” basis.

The PDP Guidelines serve as the primary documentation outlining the various procedures and phases in this process. However, our review identified a few areas where controls could be strengthened. These include establishing acceptable standards for quarterly check-ins, assessing compliance with the process (especially the first quarterly review), enhancing the PDP guidelines and clearly defining the roles and responsibilities of stakeholders.

A detailed list of observations and recommendations was provided to management. Appendix A outlines the detailed recommendations, and the action plans proposed by management. The main observations and recommendations are summarized below.

Establish Quarterly Check-In Standards and Compliance Assessment

The quarterly review process is a crucial component of the Performance Development Program (PDP), ensuring effective and continuous employee development while supporting alignment with the City's objectives. It is designed to monitor and evaluate employees' progress toward their performance goals, competencies, and individual development plans throughout the year. Regular check-ins allow employees and their managers/supervisors to discuss goals, fostering an environment conducive to success through timely, honest, and constructive feedback, and enabling necessary adjustments to goals and development plans.

In 2023, there were four check-ins throughout the PDP process; all quarterly check-ins are a requirement. However, despite the City's emphasis on the importance of these check-ins, there is no established acceptable rate for compliance, leading to a lack of clear criteria to evaluate whether the objectives of the PDP are being effectively met.

During the audit, we noted significant variability in the quarterly check-in completion rates, ranging from 74% to a high of 92%, highlighting the need for greater consistency. Quarter 1 showed the lowest completion rate, although it is the most critical of the check-ins, as it defines the performance goals and competencies for the year. Employees are also unable to view their PDP agreements until a quarterly check-in has been completed. Furthermore, we noted that the completion percentages decrease as we move up the leadership hierarchy. The discrepancies in the completion percentage underscore the importance of the quarterly check-ins and indicate a critical need for a strong *'tone at the top'* to ensure uniform compliance across the leadership team.

Enhance PDP Materials for Employees and Leaders

The Learning & Development team has developed extensive documentation to guide leaders and employees throughout the PDP process. This PDP-related information is accessible within Job Aids and other documentation on the HR portal, as well as through email correspondence. The Performance Development Program (PDP) Guideline is the main documentation for the PDP process; however, we noted some areas in the document that could be improved, which include:

- Provide more details related to the program's purpose and objectives.
- Provide clarity on the scope of the employee groups who are excluded from the PDP process and provide alternative options for their assessment.
- Provide more information on the requirements related to competencies and individual development goals. Currently, the PDP Guideline primarily focuses on performance goals, but the PDP agreement is a combination of performance goals, competencies, and individual development goals.

Additionally, the launch of the PDP agreements and the changes to the PDP Route Map and Workflow, specifically the removal of 2024 Q4 check-ins, were carried out without the formal documentation of system approvals. We also noted that the review of privileged users was

completed but not documented. This lack of formal documentation and approval could lead to potential issues with compliance and accountability in the process.

Define the Roles and Responsibilities of Stakeholders

An effective Performance Development Program requires clearly defined roles and responsibilities for all stakeholders, which must be communicated effectively to foster accountability and compliance throughout the process. Key stakeholders of the PDP process include employees, managers/supervisors, HR and the Extended Leadership Team (ExLT).

Currently, the documentation of roles and responsibilities is limited and primarily focused on the leader's role. While the Learning & Development and HR Management Systems teams are aware of and understand their responsibilities, these were not formally documented. The Leadership Team approved the PDP implementation and ensured its alignment with the City's goals at its inception; however, their support and commitment needs to be more explicitly outlined to establish a clear *'tone at the top.'* The absence of centralized and comprehensive documentation regarding the roles and responsibilities of all stakeholders may lead to unclear expectations and misunderstandings. This lack of clarity can result in inefficiencies, duplication of efforts, diminished accountability, and non-compliance within the PDP process.

CONCLUSION

The audit found that the design of the PDP process, along with its procedures and protocols, is well-established, and that the initiation and management of the PDP agreements are conducted in a robust and effective manner. However, the PDP process could greatly benefit from establishing a clear standard for quarterly check-ins and ensuring compliance with the various phases of the process, reinforced by strong leadership support. Furthermore, there is an opportunity to further enhance PDP-related documentation and clearly define roles and responsibilities to reduce confusion and enhance accountability.

This audit has resulted in ten (10) recommendations. Management has agreed and committed to completing three (3) recommendations by March 2025, three (3) by June 2025, one (1) by September 2025, and the remaining three (3) by December 2025.



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Human Resources Division
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Summary of Audit Recommendations**

Rec	Recommendation	Priority (H/M/L)	Comments/Status	Category
1	<p>That the Learning & Development team update the PDP documentation, which should:</p> <ul style="list-style-type: none"> • includes all relevant details such as defined purpose, scope and roles and responsibilities. • be regularly reviewed and updated to ensure all links are accurate and lead to relevant and current resources. • include details on the established process for goal setting and performance management for employees on Leaves of Absence (LOAs). • include guidelines for performance goals, competencies, and development plans, in addition to the monitoring and reporting processes. <p>Access to these documents and any changes should be communicated to all employees and managers/supervisors.</p>	M	<p>The Learning & Development team will ensure that the PDP Guideline document is updated to provide current and relevant links to all the required documents for PDP process.</p> <p>In particular, we will update the IDP section of the guidelines to mandate that all employees create at least one IDP, specify completion responsibilities and deadlines, and differentiate between IDPs and performance goals.</p> <p>To be completed by June 30, 2025.</p>	Effectiveness and efficiency of operations and programs
2	<p>That the Human Resources (HR) Management Systems team create and enforce a formal procedure for documenting periodic review of privileged users and approving any changes to the existing PDP workflow and for initiating PDP agreements. This will ensure that all privileged users are appropriate, and all modifications are reviewed and authorized by the relevant authorities before they are put into effect.</p>	H	<p>The HR Management Systems team will document a formal process for launching PDP changes in production. Formal approvals and process flow documents to be created on the approval process. Documentation on auditing privileged users (Administrators) will be created to ensure only relevant authorities can perform configuration requests.</p> <p>To be completed by June 30, 2025.</p>	Safeguarding of assets
3	<p>That the Learning & Development team enhance the existing documentation with detailed documentation that provides more comprehensive specifics on the roles and responsibilities of employees, managers/supervisors and ExLT within the PDP process. This documentation should be consolidated into a single, easily accessible resource.</p>	H	<p>The Learning & Development team will develop a RACI model to clearly identify roles and responsibilities for employees, managers/supervisors, HR, and ExLT within the PDP process.</p>	Effectiveness and efficiency of operations and programs

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	These roles and responsibilities should be communicated and incorporated into training materials and sessions for both managers/supervisors and employees, ensuring everyone understands their contributions to the PDP process.		To be completed by June 30, 2025.	
4	That the Learning & Development team, with support from the Leadership Team, establish an acceptable check-in rate to ensure compliance with quarterly check-ins and to effectively assess whether performance objectives are being met. This acceptable rate will provide a clear benchmark for evaluating adherence and identifying areas for improvement.	H	The Learning & Development team, in collaboration with the Leadership Team, will establish a realistic acceptable check-in rate. To be completed by March 31, 2025.	Achieving the organization's strategic objectives
5	That the Learning & Development team establish a review and communication mechanism to regularly assess check-in rates, and ensure the necessary training, support, and resources (e.g. dashboard) are available for proper check-in procedures for managers/supervisors.	M	The Learning & Development team will: - Require managers/supervisors to include a mandatory performance goal (or as part of the “defining success” section) on their PDP Agreement related to ensuring check-ins and all other PDP program components adhere to program timelines. - Add language to the Leadership Competency Guidelines document for “Developing Talent” that strengthens leadership accountability for the PDP program for front-line, middle and senior management. - Regularly promote available tools for ExLT to track completion of PDP program elements (i.e. PDP dashboard) for their divisions as part of our regular PDP emails to leaders. To be completed by September 30, 2025.	Effectiveness and efficiency of operations and programs

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6	That the Learning & Development team implement periodic checks on the Performance Goals to verify that each employee sets a minimum of 3 to 5 performance goals with appropriate weight distribution. Additionally, establish clear consequences for managers/supervisors when there is non-compliance to reinforce accountability and promote timely and effective adherence to the PDP process.	M	The Learning & Development team will establish more robust auditing of performance goals after Q1 check-ins, similar to what is done for the Q3 audit where the Human Resources Business Partners are involved and follow up with the impacted managers/supervisors. To be completed by December 31, 2025.	Effectiveness and efficiency of operations and programs
7	That Learning & Development, in collaboration with HR Management System Services, assesses the system functionality for adding and removing Core and Leadership Competency goals. This review should evaluate the potential risks and benefits of implementing restrictions on system access and controls, as well as the implications for employees' development objectives.	L	The Learning & Development team, in collaboration with HR Management System Services, will conduct an assessment of the SuccessFactors system to evaluate its associated risks and benefits. HR will look to implement any controls possible to restrict changes. To be completed by December 31, 2025.	Effectiveness and efficiency of operations and programs
8	That the Learning & Development team ensure all employees provide at least one IDP and establish regular monitoring to track IDP completion and fulfillment. This should include regular checks to ensure that IDPs are being created and followed through on.	M	The Learning & Development team will establish a mechanism to track IDP completion and fulfillment. This should include regular checks to ensure that IDPs are being created and followed through on. To be completed by December 31, 2025.	Effectiveness and efficiency of operations and programs
9	That the Learning & Development team conduct a thorough review of current training materials and programs related to the PDP to ensure training covers all essential topics, including goal setting, competency understanding, and PDP tool usage. The team should also consider implementing periodic reminders about training opportunities and ensure that new hires and recently promoted	M	The PDP eLearning module is currently being updated to ensure it is current and reflective of all changes made to the PDP program. This update is scheduled for completion by the end of Q1, 2025.	Effectiveness and efficiency of operations and programs

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	employees receive comprehensive training information during the onboarding process.		To be completed by March 31, 2025.	
10	That the Employee and Labour Relations team ensure that the new centralized case management system has the capacity to track, manage PDP complaints and analyze appeal data, such as the total number of cases and their resolution methods.	M	The Employee and Labour Relations team is currently in the process of scoping the requirements to implement ServiceNow which will have the capacity to track and manage all complaints, investigations and grievances. This would enable the ability to capture and analyze appeal data which includes total number of cases and resolution/outcomes. To be completed by March 31, 2025.	Reliability and integrity of financial and operational information