

Presented To:	Audit Committee
Presented:	Tuesday, Oct 22, 2013
Report Date	Friday, Oct 11, 2013
Type:	Presentations

Request for Decision

Auditor General Staffing - FTE's

Recommendation

OPTION 1: THAT effective on this date, the Council approve the conversion of 3,654 Long Term Temporary (Contract) hours into 3,654 Permanent hours in support of the intended permanency of Auditor General Office.

OPTION 2: THAT effective on this date, the Council approve the conversion of 1,827 Long Term Temporary (Contract) hours into 1,827 Permanent hours associated with the Senior Auditor position in support of the Auditor General Office's pending recruitment effort.

Signed By

Auditor General
Brian Bigger
Auditor General
Digitally Signed Oct 11, 13

REPORT HIGHLIGHTS

- In 2008, Council approved 3,654 Long Term Temporary (Contract) hours to establish and staff the Auditor General's Office.
- Since 2010, the department has operated with between one and two non-union employees using all or part of the Council approved allotment of Long Term Temporary (Contract) hours.
- In 2012 Council altered the length of employment terms with Audit staff, as well as a perceived stability and permanency of the Auditor General's Office, by reducing the contract terms of Audit Staff to 12 months. (A shift to Short Term Temporary (Contract) status.) Unsurprisingly, the Senior Auditor was offered permanent employment by another local employer, and resigned.
- In 2013 Council shifted the Auditor General's Office back to Long Term Temporary (Contract) status with the signing of a two year employment agreement.
- All the while, Council and Staff have performed extensive due diligence over the Auditor General's Office.
- The work being done by these employees is shown to have special value, is of a permanent nature and requires specialized skills.
- Maintaining contract positions in these circumstances, and over more than two years does not save salary and benefit costs. Instead, costs tend to increase through turnover, loss of productivity and lack of skills.
- The Auditor General's office is down to a single employee once more, and is about to embark upon it's third full recruitment process in the last four years.
- The City would benefit by establishing more stability and permanency of the Auditor General's Office at this time.

FINANCIAL IMPLICATIONS

Significant value for money is lost through increased turnover and loss of productivity. These are direct impacts of uncertainty, instability, and questionable permanency of the Auditor General's Office.

There are no significant financial implications with the conversion of 3,654 Long Term Temporary (Contract) hours to two Permanent positions within the Auditor General's Office.

BACKGROUND

"In fulfilling our roles we commit ourselves to providing high quality service with a citizen focus; managing the resources in our trust efficiently, responsibly and effectively; encouraging innovation and accepting risks; maintaining honest and open communication; creating a climate of trust and a collegial working environment; and, acting today in the interests of tomorrow."

In a 2007 report, the Chief Financial Officer advised the Priorities Committee of Council that financial implications associated with the establishment of an Auditor General's Office would include three permanent full time staff (5,481 permanent hours).

In 2008, Council approved 3,654 Long Term Temporary (Contract) hours to establish and staff the Auditor General's Office. Since 2010, the department has operated with between one and two non-union employees using all or part of the Council approved allotment of Long Term Temporary (Contract) hours.

In 2012 Council altered the length of employment terms with Audit staff, as well a perceived stability and permanency of the Auditor General's Office, by reducing the contract terms of Audit Staff to 12 months. (A shift to Short Term Temporary (Contract) status.) Unsurprisingly, the Senior Auditor was offered permanent employment by another local employer, and resigned.

In 2013 Council shifted the Auditor General's Office back to Long Term Temporary (Contract) status with the signing of a two year employment agreement. All the while, Council and Staff have performed extensive due diligence over the Auditor General's Office. The work being done by these employees is shown to have special value, is of a permanent nature and requires specialized skills.

The Auditor General's office is down to a single employee once more, and is about to embark upon it's third full recruitment process in the last four years. It is the Auditor General's opinion that the outcome of recruitment efforts may be positively impacted by Council's efforts in communicating their support for the stability and permanency of an independent, and properly resourced Auditor General's Office.

DISCUSSION

When long term or permanent work has been known to exist immediately, for example when an increase in the number of Council Support Staff, Building Services Inspectors, or Pioneer Manor staff was required, requests for regular staff positions have been made in the annual budget.

However, as is the case for the Auditor General's Office, requests for regular staffing are often deferred until the need is confirmed or the program benefit is clearly established. In the meantime, annual budget requests include sufficient funding for resources to be obtained through temporary positions filled with contract staff. When appropriate, staff bring requests to convert these temporary positions to regular positions in the annual budget.

Temporary positions occupied with contract employees are not generally sustainable over long periods of time and two years is a logical benchmark to be set for conversion. After two years a contract employee is entitled to enrol in Ontario Municipal Employee Retirement Savings (OMERS).

The benefit package for a Long Term Temporary (Contract) position is otherwise the same as for a Permanent position, except that STD, LTD and Life/AD&D insurance coverage is not available. Therefore there is no significant difference in costs to the City of Greater Sudbury.

As to other employee relations, such as the ability to terminate employment based on performance, there is little difference after more than two years of contract renewal between contract employees and regular employees. Employment Standards Act requirements apply to both and common law rights begin to apply when employment through renewals essentially becomes indefinite. Therefore, maintaining long term contracts does not reduce contingent liabilities in respect of these non-union positions. It is only in the case of unionized workers where dismissals require proof of just cause under labour law and so layoffs require "bumping" by seniority. These positions are not union positions. Indeed, by rule of thumb, it is generally not possible to have long term contract employees in union positions because collective agreements require these workers to become regular employees after a short period of time, usually six months. (Note: The only Unionized Employees falling into the Long Term Temporary category are those covered by Schedule "B" and Letter of Commitment #14(3) - Government Grant Supported work, of the Local 4705 Inside Collective Bargaining Agreement)

The greatest problem with Temporary Contract positions is that, although one may get good qualified staff at the beginning on the hope of the contract becoming permanent, if the contract employees are not eventually converted to regular employees, turnover begins to take place at an increased rate. Generally turnover will cost up to a quarter of the position's annual salary in recruiting and training and in lost productivity. Also, it becomes increasingly difficult to recruit employees with the right skills if there is no prospect of conversion to a regular position. Under the Long Term Temporary (Contract) hours format, highly employable Internal Audit Professionals must leave their permanent full time employment to work under a part time (contract hours) arrangement with the City if they want to work for the Auditor General's Office.

Council has performed it's due dilligence through a national recruitment and selection process, a comparative forensic review during the Transit Kiosk Audit, a review of the Auditor General's Report on Transit by Transit Industry Consulting Specialists, a Professional Peer Review conducted by a representative of the International Institute of Internal Auditors, and an Efficiency/Effectiveness review conducted by a second representative of the International Institute of Internal Auditors.

CONCLUSION

It is evident that:

- The value of the work is clearly demonstrated;
- The long term or permanent nature of the work has been demonstrated;
- The work requires specialized skills that are difficult to retain in a contract employment environment.
- Permanent employee positions are preferred over contracting or outsourcing for Internal Audit work for a number of reasons including knowlege retention, and lower costs.

Maintaining contract positions in these circumstances over more than two years does not save any costs for salaries and benefits nor does it reduce contingent liabilities, rather it costs more through turnover, loss of productivity and lack of skills.

The City would benefit by establishing more stability and permanency of the Auditor General's Office at this time, creating a climate of trust and a collegial working environment and, acting today in the interests of tomorrow.

The benefits can be realized if Council approves the conversion of Long Term Temporary (Contract) hours

into Permanent hours within the Auditor General's Office.