

Administrative Response – Disability Assistance Program Internal Audit

ISSUE

The internal audit for the Disability Assistance Program (DAP) is now complete. The Administration's response to the internal auditor's (PwC) recommendations is required.

BACKGROUND

Human Resources (HR) is currently in the initial phases of a transformation, executed to ensure that HR has the capacity and expertise to support the City of Saskatoon in managing strategically its human capital, while driving towards the achievement of the City of Saskatoon's Strategic Plan.

On March 4, 2019, a report was carried forward to the Standing Policy Committee – Environment, Utilities and Corporate Services. This report was developed to analyze trialing a third party contractor to manage the City's absenteeism programs. The report demonstrated that the City of Saskatoon manages attendance under two programs:

1. The Disability Assistance Program (DAP) for longer-term injuries and illnesses.
2. The Attendance Support Program (ASP) addresses short-term sporadic absence issues.

It was noted following the completion of this initial report, that in order to achieve best practice, these programs should be separated and that absenteeism (ASP) be a performance management tool, best managed by an employee's direct supervisor or manager.

The DAP is a program that is now led by HR Operations - Total Rewards (one of the new HR Department's centres of excellence). The primary purpose of a DAP is to provide consistent and proactive support for ill or injured employees (focusing on ability rather than on injury, illness, or disability), while providing a safe return to regular or accommodated work duties (ensuring the work is meaningful and productive). At the same time ensuring legislative compliance and confidentiality.

This report was triggered by that initial report and it captures what was found in the subsequent audit, and what HR intends to do about it.

CURRENT STATUS

City Administration has thoroughly reviewed the report provided by the latest internal audit. Some of the stand-out themes and critical areas that require further analysis and/or immediate action to mitigate financial risks associated with long-term illnesses (disability) are as follows:

- A lack of clarity in regards to roles and responsibilities of the DAP program.
- Ineffective alignment to current best practices.
- An insufficient blend of management processes to address all phases of the absence/disability continuum (not properly addressing risks associated with absenteeism).

This audit further indicated that a stagnant DAP model does not deliver the strategic results required (i.e. a Healthy, Engaged and Safe workforce) and that resource constraints only allowed DAP to focus on a small portion of what is considered best practice. The report provides a list of twenty-four recommendations (gaps) that the City of Saskatoon has analyzed and intends to implement. Some of these are quick wins and some require more strategic planning and analysis.

DISCUSSION/ANALYSIS

Administration agrees with all the recommendations in the report. Of those recommendations (numbers as per pages 38/39 of the report):

Impact vs Effort	Recommendations
Quick Wins	<p>Three are complete or are nearly complete.</p> <ul style="list-style-type: none"> 9. Develop Standard Communication template 15. Compile absenteeism reports on spreadsheet 16. Implement standard filing practices <p>Six have been initiated.</p> <ul style="list-style-type: none"> ○ Establish a Communication process ○ Establish framework to outline management of absenteeism <ul style="list-style-type: none"> 4. Update processes and forms 6. Develop RACI Chart for DAP 11. Increase HRBP involvement 18. Support divisions in analyzing data
More Strategic Planning & Integration Required	<p>Thirteen are being further analysed as part of the HR Strategy, DAP model, and Fusion (ERP) deployment.</p> <ul style="list-style-type: none"> ○ Establish policy for absenteeism 5. Collaborate with unions - “one approach” to absenteeism 8. Outsource needs evaluation and case management 10. Increase training for managers 12. Refocus HWC role to enhance support 13. Implement technology 14. Explore opportunities to reduce funding to sick plans 17. Implement case management technology 19. Investigation ways to record indirect costs 21. Create dashboards for greater metrics 22. Develop performance indicators 23. Build key performance indicators into technology platform 24. Report on annual basis on self-assessment measures <p>Two are to be investigated for feasibility.</p> <ul style="list-style-type: none"> 7. Investigate approved medical professional list 20. Measure cost of absenteeism by including intangibles and social costs.

HR is in a transformative state and the strategic recommendations from this internal DAP audit fit well with the transformation plan. Most of the recommendations classified in this report will be used to inform HR's long-term strategy. This vision will include an enhanced co-sourced DAP service delivery model, and it will evolve DAP to align with industry best practice, while addressing the risks identified.

IMPLICATIONS

Many of the recommendations and associated costs in the audit report point to enhanced systems and technology platforms to better manage data, and reporting. At the time of this report it is anticipated that Fusion (ERP) could have the capability to address this. Therefore the City could avoid costs of \$39,000 annually and the upfront cost of \$72,000 – \$190,000 as is recommended in the report.

Prior to the launch of updated DAP model, a legal review will be conducted, as there are potential legal concerns that need to be addressed.

There are no known social or environmental impacts.

NEXT STEPS

The HR Department will continue to implement the recommendations that have been initiated, and will build the further recommendations into the HR Transformation plan and the development of the new, co-sourced model for DAP.

APPENDICES

1. DAP Audit Value Versus Effort Matrix

Report Approval

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Attachment 1: DAP Audit Value Versus Effort Matrix

