
Statement of Work

Human Resources (HR) Health
Check Engagement – HR Function
Process Assessment & Talent
Management Process Assessment

Submitted on August 8, 2017 for
SPC on Finance on August 14, 2017



August 8, 2017

City of Saskatoon SPC on Finance
222 Third Avenue North
Saskatoon, Saskatchewan S7K 0J5

Statement of Work – Internal Audit Plan – Human Resources Health Check Engagement

Recommendation:

1) That the enclosed Statement of Work for the Human Resources Health Check Engagement be approved.

Please find enclosed the Statement of Work for the above referenced project. Note that the total proposed scope of the project is 460 hours. We anticipate commencing further detailed planning and preparation immediately upon approval of the Statement of Work by the SPC on Finance.

Yours truly,

PricewaterhouseCoopers LLP



Jesse Radu, CPA, CA
Partner

1. Background

The City of Saskatoon (the “City”) Strategic Risk Register contains risk CI-2, which is that “The City’s existing strategies may not be attracting, managing, developing and retaining top talent to support existing and future operations”. This risk was identified as a medium priority for City Council, and based on the risk rating exercise conducted by Corporate Risk has a residual risk severity of 4.6 (which represents “high” residual risk).

The City of Saskatoon employs over 3,900 permanent full-time, part-time and job share employees with 12 unions and associations within the City’s organizational structure. One of the City’s strategic initiatives for 2017 is to “Attract, retain and develop talent with an emphasis on proportional representation”. In addition, there is an initiative currently underway with respect to the adoption of a unified, corporate wide vision and values.

Internal Audit has been requested to perform a project to address the risk outlined above by examining certain processes with respect to strategies being utilised to attract, develop, and retain talent. This Statement of Work is to be carried out subject to the “Internal Audit Services Agreement” dated January 1, 2015 between the City of Saskatoon and PricewaterhouseCoopers LLP and the approved 2017 annual audit plan.

2. Scope

The areas of focus for this project will be primarily: 1) Strategic – Assess the maturity of the key elements of the Human Resources function (“HR”) at the City and 2) Tactical – Develop and execute an improvement plan for up to 2 selected components of the City’s talent management process.

1. **Strategic** – Assess the maturity of the key elements of HR at the City to understand how current and planned practices are assisting or impeding the ability of HR to effectively support the strategic goals of the city and its operating units. Included in this assessment will be the establishment of a high level 3-year HR roadmap determined by prioritizing identified areas for improvement and investment from the assessment.
 - a. Objectives:
 - i. Provide a reliable baseline of the current maturity of key components and activities in HR.
 - ii. Provide an analysis of the future maturity required of HR in order to meet the City’s needs.
 - iii. Provide a high level 3-year HR roadmap, identifying & prioritizing areas for improvement.
 - b. Approach:
 - i. Leveraging our HR maturity model assessment tool and through interviews/focus groups, conduct an assessment of the maturity of the key elements of HR at the City.
 - ii. Identify gaps between the City’s current HR practices & leading relevant HR best practices.
 - iii. Gather “Voice of the Customer” feedback through interviews/focus groups with selected business leaders outside of HR.
 - iv. Through a workshop with selected members from the HR team we will use the results of the maturity model assessment and “Voice of the Customer” feedback to prioritize areas for improvement based on their impact and ease of implementation in supporting the strategic and business needs of the City.
2. **Tactical** – Develop and execute against an improvement plan for up to 2 selected HR activities or processes. The selected activities or processes will be agreed jointly by the City and Internal Audit at the conclusion of the strategic work above, respecting remaining budget and time allocated to the project. Note that change management activities and execution/rollout are out of scope for this internal audit project and will be the responsibility of HR subsequent to conclusion of the internal audit project.
 - a. Objectives:
 - i. Provide a further in-depth analysis of the desired future state of the selected HR activities or processes.

- ii. Identify and execute against gaps for the selected HR activities or processes, with the desired outcome being improved processes, tools, policies, etc.
- b. Approach:
 - i. Determine an appropriate project team from the City to support the selected work streams.
 - ii. Conduct a deep dive assessment of current state vs. required future state for selected areas.
 - iii. Develop business case and project plan to close identified gaps and areas of improvement.

3. Phases

The project will consist of four distinct phases comprising 7 key activities (please refer to Appendix for illustration):

Phases within the “Strategic” scope area of the project

1. Project Mobilization – conduct a detailed kick-off meeting with key project stakeholders to align on the work plan and scope, team roles and project management, agree on and document a request list, identify the project sponsor, agree on the HR processes to be reviewed, and establish success criteria and reporting formats. The outputs of the mobilization phase will be a final document request provided to relevant individuals, a summarized work plan, a list of the specific HR processes to review, and a project management dashboard.
2. Fieldwork (in Appendix see “2. Review current state and identify future needs” and “3. Prioritize areas for improvement”) – conduct a detailed examination of the submitted document requests, develop focus group and interview templates, conduct the desired number of focus group sessions with appropriate members of the HR team and other stakeholders (maximum of 5 sessions with a maximum of 10 people each), conduct the desired number of one-on-one interviews with appropriate members of the HR function and other stakeholders (maximum of 10 interviews of up to 1 hour each).

The engagement team will also perform research and conduct a gap assessment against leading HR best practices (tailored to the City) and identify key opportunity areas to focus on. The conclusion of the fieldwork phase will include a ½ day workshop with the appropriate stakeholders to validate the findings from the fieldwork, discuss best practices, and prioritize areas for improvement.

3. Reporting (in Appendix see “4. Finalize HR Function Health Check report”) – at the conclusion of all elements of the fieldwork phase above, a draft report will be written and submitted to the key stakeholders for review. The draft report will include an executive summary, an indication of what is currently working well, areas for potential improvement, an illustration of maturity levels across identified capability areas, an assessment of the degree of adoption of cultural values across selected capability areas, and actionable recommendations to mitigate the HR strategic risk and enable a more strategic HR function.

Phase within the “Tactical” scope area of the project

4. Design, Construct and Implement (in Appendix see 5, 6 and 7 on second page) – upon acceptance of the Strategic report by the key stakeholders, PwC will work with Administration to identify 1 to 2 priority recommendations from the report to implement. PwC will assist with the drafting of appropriate tools/templates/guides to assist Administration in accelerating the implementation of identified priority recommendations. The implementation tools will be reviewed with the appropriate stakeholders, however in-depth implementation plans will be led and completed by the City’s Administration.

4. *Deliverable*

Strategic - The deliverable from the strategic scope area of the project will illustrate maturity levels across identified capability areas and make recommendations relevant to the mitigation of the identified HR corporate risk and will include a high level 3-year HR roadmap. The deliverable is intended to provide the City with an opportunity to design and develop leading practices across the talent management lifecycle (attract, retain, develop and deploy) to enable organizational strategies and priorities, as well as to identify opportunities for items such as improved employee experience, increased effectiveness of HR operations, and cost savings.

Tactical - The deliverable from the tactical scope area of the project will be in the form of a report that provides qualitative and quantitative findings stemming from the 1 to 2 prioritized talent management lifecycle items selected by Administration based on the outcome of the Strategic scope area of the project. This deliverable will include tools, templates and/or guides to support the execution of the selected priority areas and will highlight the key elements of the business case for each area.

5. *Timeline*

The intent is to perform the fieldwork for the engagement, subsequent to the mobilization phase being completed, over an 8-week period of time. The strategic scope area of the project would represent approximately the first half of the project and the tactical scope area the second half. At the conclusion of each scope area, we will provide a draft of the deliverable for stakeholder review.

Upon stakeholder acceptance of the strategic draft deliverable, we will commence work with Administration on the tactical scope area. Subsequent to completion, both deliverables will be summarized and presented to the SPC on Finance.

The timeline is an estimate and may change based on the availability of required information and the availability of members of the City of Saskatoon Administration, including HR.

6. *Stakeholders*

The key stakeholders of the project from the City of Saskatoon Administration are as follows: City Manager, GM of Corporate Performance; Director of Employee Experience and Performance; Director of Strategic Negotiations, Total Rewards and Workforce Analytics; and Director of Corporate Risk.

7. *Budget*

Our fees are based on actual hours incurred at the agreed upon hourly billing rates in the “Internal Audit Services Agreement” dated January 1, 2015. Specifically, sections 6(4) and 6(6) of the “Internal Audit Services Agreement” specify hourly rates to be charged. We estimate that our fees for the completion of our services under this Statement of Work will be \$80,000 plus out of pocket expenses and applicable taxes, which will be charged on an actual basis. We estimate out of pocket expenses to be \$8,000.

Appendix – Illustration of Phases of Project

Assess and recommend.

	1. Project Mobilization	2. Review current state and identify future needs	3. Prioritize areas for improvement	4. Finalize HR Function Health Check report
	Week 1	Weeks 2-3		Week 4
Key Activities	<ul style="list-style-type: none"> Kick-off meeting to mobilize the team <ul style="list-style-type: none"> Review scope Project plan Establish project management cadence moving forward Identify stakeholders that will be included in interviews and workshops Schedule meetings Submit document request to support the review (for example, HR Strategy, current operating model and organization structure etc.) Agree on template for weekly project updates 	<ul style="list-style-type: none"> Review documentation requested Conduct interviews with Stakeholders from the HR Function and business to understand: <ul style="list-style-type: none"> Current HR operating and Service delivery What's going well Areas for improvement Voice of the customer feedback Conduct maturity model assessments with the HR teams Collate findings and input to the draft Health Check Report template 	<ul style="list-style-type: none"> Design and facilitate workshop (1/2 day) with key HR stakeholders to <ul style="list-style-type: none"> Validate findings inc. maturity level, operating and service delivery model observations, voice of the customer feedback Align on gap areas Prioritise areas for improvement and getting HR "fit for growth" Conduct alignment meetings on recommendations moving forward Collate findings and input to the Health Check Report template. 	<ul style="list-style-type: none"> Prepare final report and review with Stakeholder group. Report is expected to include: <ul style="list-style-type: none"> Purpose and Executive summary Detailed report and findings Recommendations for the City of Saskatoon's HR department moving forward Immediate next steps Present final results to HR Leadership Team Agree phase 2 project
Outputs	<ul style="list-style-type: none"> Project plan Document request Template for weekly updates 	<ul style="list-style-type: none"> Facilitation of 1/2 day workshop and documented outputs First draft of HR Function Health Check report Transfer of knowledge to the HR team 		<ul style="list-style-type: none"> Final HR Function Health Check report incl. 3-Year HR Road Map Established priorities list
PwC Tools	<ul style="list-style-type: none"> HR Process Maturity Diagnostic Tool™ Global thought leadership from PwC's Strategy& and The Katzenbach Center HR Transformation and Transform™ Consulting Methods and Tools 			

Design and construct new tools and processes and draft an implementation plan.

	5. Design	6. Construct	7. Implement
	Week 5	Week 6-7	Week 8
Key Activities	<ul style="list-style-type: none"> • Kick-off meeting to mobilize phase 2 team <ul style="list-style-type: none"> – Review scope – Project plan – Establish project management cadence – Identify stakeholders that will be included – Schedule meetings • Review <ul style="list-style-type: none"> – Current practice/tools – Leading practices/tools – Agree design criteria • Prepare design options 	<ul style="list-style-type: none"> • Construct and enable new process and tools • Develop and agree targets, re-write policies • Test processes and tools through scenario • Develop roadmap for implementation <ul style="list-style-type: none"> – Training – Communications – Change management considerations 	<ul style="list-style-type: none"> • Implement solutions, conduct transition support and evaluate benefits realization • City of Saskatoon execution • PwC support is available budget permitting
Outputs	<ul style="list-style-type: none"> • Project plan • Document request • Template for weekly updates • Design options 	<ul style="list-style-type: none"> • New tools • Process documentation • New policies • Roadmap for implementation 	
PwC Tools	<ul style="list-style-type: none"> • Global thought leadership from PwC's Strategy & and The Katzenbach Center • HR Transformation and Transform™ Consulting Methods and Tools 		