**Attachment No. 4**

York Region

# *PeopleSoft Time and Labour Module*

**Internal Audit Report**
**The Regional Municipality of York**
**PeopleSoft Time and Labour Module**

Report data: June 14, 2004 (previous report data: NA)

***Risk rating*:**

The results of PeopleSoft Time and Labour module audit are considered to be Moderate risk.

***Audit Description***

We have completed a review of the project management and systems analysis tasks for the implementation of the PeopleSoft Time and Labour Module at York Region. The review focused on assessing system development practices and project management techniques.

***Audit Scope***

The scope of the review included a detailed assessment of project management controls and validation of business and user requirements.

The objective of this review were to:

- Evaluate the adequacy of project management controls including project planning, progress measurement and reporting.
- Evaluate business and user requirements, business processes and system reports.
- Identify areas of potential weaknesses in the project management process and business requirements analysis phase and offer recommendations to remedy identified control deficiencies.

The scope of the review was to:

- Ensure that existing project controls are in place to control costs, scope creep, critical path management and resource constraints.
- Ensure that business and user requirements are analyzed, documented and appropriately implemented.
- Ensure test strategy, test plan and test scripts are complete, accurate and documented.
- Evaluate the effectiveness of management reports produced by the system.
- Evaluate the implementation plans and compare to best practices.

**Internal Audit Report**
**The Regional Municipality of York**
**PeopleSoft Time and Labour Module**

Report data: June 14, 2004 (previous report data: NA)


**Summary of Findings:**

The audit of the PeopleSoft Time and Labour module implementation at York Region was carried out between December 2003 and January 2004. The scope of the audit focused on project management and the methods used to plan, analyze, design and implement the PeopleSoft Time and Labour module.

The audit noted weaknesses in a majority of the stages in the systems delivery life cycle. These stages include: systems planning, requirements gathering, analysis, design, testing and implementation. These weaknesses have created dissatisfaction in the business units and have increased the workload in business processes, which were supposed to be made more efficient with the implementation of the PeopleSoft Time and Labour module.

The audit findings revealed that the Time and Labour module was implemented without a proper analysis of user and business requirements. It was also noted that implementation plans were not communicated to business unit management and there was no formal review of the impact on core business processes that would be affected by the Time and Labour module. Additional weaknesses were noted in the lack of system testing and the absence of key controls and management reports necessary to fulfill management needs.

The impact of the approach used to implement the Time and Labour module is that there are significant errors in management reports used to control time reporting and labour costs. To address the problems of data integrity, ad hoc, stand alone applications have been developed and are being operated to supplement the lack of reports and management information for controlling employee time reporting. Business units have also experienced an increase in workload because of the need to manually verify data being entered into the system, and there is a risk that business records for York Region Time and Labour reporting functions may not be accurate, complete or authorized.

The audit has been rated as a moderate risk to York Region. Contributing to the severity of the weaknesses is that the PeopleSoft project team has a below average complement. This has caused the project team to prioritize project tasks in order to meet project schedules and, in some cases, bypass or eliminate key control processes and quality management project tasks.

Recommendations have been made to strengthen project management methods and system delivery tasks including user requirements analysis, business process analysis, system testing and system implementation strategies. With the implementation of the Priority project management methodology in York Region, and the discipline to follow the methodology, a number of the issues raised in this audit report would be addressed and the weaknesses corrected.

**Internal Audit Report**
**The Regional Municipality of York**
**PeopleSoft Time and Labour Module**

Report data: June 14, 2004 (previous report data: NA)

| Issue | Management Response |
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| **Organizational and Business Process Change Management:**<br><br>York Region has not addressed or managed the organizational and business process changes needed to successfully implement the Time and Labor module throughout its business units.<br><br>PeopleSoft modules such as Time and Labor impact upon all business units and are subject to a number of risks if organizational and business process change is not adequately considered and actively managed.<br><br>Due to the lack of business process and organizational change during the implementation of the PeopleSoft Time and Labour module, York Region business processes are not effective, key controls are missing and the Time and Labour module does not appear to fit with the organization's structure.<br><br>**Recommendation**<br><br>York Region takes steps to ensure that requirements for organizational and business process change are identified, considered and managed in the future.<br><br>We note that the newly introduced project management method "PRIORITY" addresses some elements of organizational change on a project-by-project basis and will support organizational change management within York Region. However, "PRIORITY" does not provide a framework or scope for addressing organizational change across York Region. | A comprehensive program to identify and implement department level business process change opportunities that resulted from the introduction of Time & Labour was not in scope for this project. The scope of this project was to establish electronic capture of the existing pay lists and enable the tracking of daily time details, as identified in the Project Scope and presentations to the Project Steering Committee.<br><br>However, the project team conducted detailed process reviews of the overall payroll process in order to establish a consistent process for managing the coding, data entry, processing and approvals of employee time. In addition, the project team conducted several department workshops to communicate the changes required under Time & Labour and to assist in identifying internal department changes to support the expanded data requirements. Also, the project team worked with each scheduled department on a one-on-one basis, in preparation of rollout of the module, to identify opportunities for changes in the time collection process, as well as to allow for customizations.<br><br>**ACTION**<br>**The adoption of the PRIORITY methodology will assist in formalizing the understanding and acceptance of the agreed scope among all stakeholders.** |

| Issue | Management Response |
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| **Business Requirements:**<br><br>The initial business justification for Time & Labour was encompassed within the business case to provide a Y2K solution for York Region's General Ledger system.<br><br>With the acquisition of PeopleSoft, the Finance area's mandate was to implement the Time and Labour module across all York Region departments as a solution to the manual entry of time reports. User and business requirements were not documented in the initial Business Case prepared in 1998. With the current implementation of the Time and Labour module across all York Region departments, business requirements have once again not been documented or analyzed to address user needs within each area.<br><br>As per York Region's normal IT practices, this module was implemented with very little customization or integration to other systems within the specific areas. However, additional steps were not taken to minimize project risks. Specifically we noted the following:<br>➢ Business and user requirements were not formally defined per area and not formally approved.<br>➢ Key business processes were not analyzed to identify changes required.<br>➢ An analysis of workload metrics was not ascertained to ensure that replacing the current process would reduce time and increase productivity. We noted one exception, namely Transportation and Works, which conducted their own analysis of workload impact.<br><br>The lack of documented business and user requirements may result in client dissatisfaction, increased workload, and an increase in complexity to integrate the Time and Labour module with existing business processes and (other) systems. | In 1998, a cross-functional team comprised of representatives from across the corporation was formed to develop Terms of Reference to be included in a Request for Proposal for the provision of a HRIS/Payroll Software System and to subsequently evaluate the proposals and recommend a preferred vendor.<br><br>Included in the terms of reference criteria developed by the interdepartmental team was the business requirement for Time and Attendance functionality that would enable the decentralized submission of payable time and allow for electronic approval of time submitted.<br><br>Time and Labour (T&L) was included in the suite of modules proposed and subsequently purchased from the preferred vendor. Because T&L was not a Y2K critical application and due to resource constraints, its implementation was deferred. In 2002, following the upgrade of the HRIS system to version 8.0, a web based application, the implementation of T&L commenced.<br><br>The primary objective of the project was to establish electronic capture of the existing pay lists and enable the tracking of daily time details, as outlined in the Project Scope document and presentation to the Steering Committee. There was no objective to reduce the time administration process solely through the use of the Time & Labour module. These facts were also communicated during workshops with front line managers and staff during the Design phase of the project.<br><br>It was identified that there would be an increase in keying for some employee groups, particularly for casual and part-time staff, as well as for employees that routinely report a high volume of exceptions to their regular schedules. The increase in keying was inherent in the change from recording bi-weekly time to |

| Issue | Management Response |
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| **Recommendations**<br><br>Business and user requirements for the Time and Labour module should be documented and analyzed for each area. A review of the affected business processes should be conducted to analyze the impact of the current implementation.<br><br>We noted that the newly introduced project management method "PRIORITY" does provide a framework to address the collection of business requirements. | daily time for payroll reporting.<br><br>Time & Labour would contribute to more efficient processing through the use of work schedule processing, automated rules for Statutory Holiday pay calculations and premiums, and through the enabling of 3rd-part time capture integration. However, department-level efficiencies would primarily be realized through the decommissioning of shadow systems and redesigns of their upstream payroll administration processes.<br><br><u>**ACTION**</u><br>**The adoption of a business case development and approval process at the Region will ensure that future projects have a detailed needs analysis and cost-benefit analysis outlined in advance of the development of a charter and scope.**<br><br>The adoption of the PRIORITY methodology will assist in formalizing the understanding and acceptance of the agreed scope and objectives among all stakeholders.<br><br>The methodology will also assist in the monitoring of scope changes and customization undertaken in order to meet specific department requirements during the project. |

| Issue | Management Response |
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| **Time and Labor Implementation Strategy:**<br><br>The implementation strategy and approach for PeopleSoft Time and Labor was based upon a number of assumptions and inadequately defined approaches. The project team seemed to make a number of assumptions and did not adequately manage the associated project risks. The assumptions were as follows:<br>➢ York Region's business practices would be changed to align with the PeopleSoft Time and Labor processes. The impact of this assumption was not analyzed or documented.<br>➢ The project team did not track the time spent in regards to implementing PeopleSoft Time and Labour, therefore a total cost for implementation could not be attained.<br>➢ York Region would deploy PeopleSoft Time and Labor with only minor modifications and customizations as per normal IT practices. No analysis, financial planning or budgeting was done or allowed within the original scope to determine the impact on business units that would require customized interfaces to meet their business needs.<br>➢ Basic reporting with only minimal special reports and ad-hoc queries would be needed during the early project phases and would provide acceptable improvements over reports from existing systems. This would leave the task of analyzing reporting requirements and reporting enhancements until after all groups were transitioned. No upfront assessment was done to determine if any group required higher levels of reporting functionality during the early phases.<br><br>It would appear that the project scope was too narrow and only focused on the implementation of the technology (i.e. the PeopleSoft module) and not on a mix of | Assumptions (1) and (3) are consistent with the original mandate of the PeopleSoft initiative, and have been in place since implementation in order to:<br><br>• minimize risks to the ongoing support and maintenance of the system;<br>• maximize the use of limited support staff resources and budget;<br>• encourage the adoption of "best-practices" implied within the application design; and<br>• encourage the elimination of duplicate processes and systems in department.<br><br>These assumptions recognize the responsibility and authority of the departments to conduct business, as they require.<br><br>**<u>ACTION</u>**<br>**The adoption of the PRIORITY methodology will assist in formalizing the understanding and acceptance of the agreed scope, and underlying assumptions, among all stakeholders.**<br><br>Regarding Items (3) and (4), the primary objective of the project was to establish electronic capture of the existing pay lists and enable the tracking of daily time details, as outlined in the Project Scope document and presentation to the Steering Committee. Specific tools to support these functions were assessed and incorporated as appropriate. Enhancements that related to overall time management, time capture, or attendance management were not part of this scope.<br><br>The project team evaluated enhancement requests by individual departments, including supplementary reports, rule programs and customized data entry pages. These enhancements were identified during the Design phase workshops, as well as during individual department preparation meetings. |

| Issue | Management Response |
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| people, processes and technology.<br><br>Consequently, York Region does not have a reliable estimate of how much effort and time is being spent to implement the PeopleSoft Time and Labor module. There is also a lack of analysis of the changes required to time reporting business processes and the costs incurred in creating interfaces for supporting systems.<br><br>Failure to manage project costs and the impact on business process changes caused by the implementation of a new system, can lead to real or perceived problems; including not meeting business requirements, escalating costs, delays, frustration, and user push back.<br><br>**Recommendation**<br><br>York Region should change the current approach being used to implement the PeopleSoft Time and Labor module. Specifically, processes need to be established to ensure that:<br>➢ Business unit management participates formally throughout the project;<br>➢ Formal project planning is completed and business processes and key controls are documented and analyzed;<br>➢ Business process change requirements are identified and addressed;<br>➢ Impacts upon all business units are identified, understood and acceptable to management;<br>➢ Project costs are tracked; and,<br>➢ Project scope and risks are managed.<br><br>We note that the newly introduced project management method "PRIORITY" addresses most of these controls and can be used to complete the implementation of Time and Labor. However, in order to accomplish this, the key areas of business requirements and impact must be addressed before proceeding. | The details of these items are recorded in the electronic files of the project.<br><br>Many enhancements, which did not impact the fundamental operation of the system, and did not substantially increase project timelines or alter the scope of the project, were incorporated into the system. In other cases, these requests were deferred until the completion of the rollout, to subsequent phases (i.e. 3rd-party integration), or were cancelled in favour of alternative solutions that would be targeted for integration.<br><br>ACTION<br>**The adoption of the PRIORITY methodology will assist in formalizing the understanding and acceptance of the agreed scope, and underlying assumptions, among all stakeholders.**<br><br>Regarding item (2), project time tracking was maintained for consulting resources in order to manage the "burn rate" of consulting time against the original purchase orders. Staff time tracking was monitored for overtime costs, which were charged against the initiative. However, regular functional and technical staff costs were booked to the operating department accounts, and were not part of project status reporting. Detailed estimates of staff resource costs can be provided to management, if requested.<br><br>ACTION<br>**The adoption of the PRIORITY methodology will assist in formalizing the requirements of project status and budget reporting.** |

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## PeopleSoft Time and Labour Module

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| Issue | Management Response |
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| **System Acceptance:**<br><br>The PeopleSoft Time and Labour module project team did not document and receive approval of business requirements, did not document project acceptance criteria or obtain signoff for system implementation. The system acceptance processes are informal and the Time and Labour module was rushed into live operation.<br><br>We noted that communications from the project team included high level acceptance criteria, discussion of issues and actions taken to address project issues. However, we found no evidence that the business units agreed to the acceptance criteria, nor was there evidence of signoffs from the business units authorizing Time and Labor to go live. Only one email from the project sponsor was found authorizing a go live (for EMS).<br><br>Discussions with users indicated that business unit managers had outstanding concerns regarding issues and the go live decision, and they felt that the implementation was being rushed. They also felt that the go live decision was out of the hands of the business unit managers.<br><br>For EMS, there were approximately 30 issues identified prior to and during production. Some of these related to business processes. Not all of the issues were resolved and others were deferred. Three issues relating to system accuracy and integrity were identified during the pilot and did not get resolved before implementation. We have noted these issues elsewhere in this report.<br><br>We found no evidence of communications from senior business unit managers supporting go live decisions.<br><br>Failure to establish user acceptance criteria, obtain support from senior business unit | Overall business requirements were documented and reviewed with the Steering Committee during the Design phase of the project. This phase included management and front-line staff workshops to determine common business practices, identify gaps and assess unique requirements. The key items from these sessions were recorded in the T&L Issues Log and tracked for resolution, as well as through numerous email reports and communications.<br><br>Production readiness was determined through detailed unit, integration and parallel testing with each scheduled department. During unit testing, the project team worked with each client to identify critical enhancement requirements that fell within the scope of the project, in order to obtain approvals to set a cutover date.<br><br>Each target group was requested to sign-off on the parallel test as authorization to proceed to production. Any outstanding issues were identified and added to the Issues log for future resolution, either immediately in production or in future phases. Ultimately, the Director for the respective area was responsible for the decision to proceed to production, confirmed through email or during a cutover meeting.<br><br><u>ACTION</u><br>**The adoption of the PRIORITY methodology will assist in formalizing the documentation of acceptance criteria, issue management and resolution, and sign-off requirements among all stakeholders.** |

| **Issue** | **Management Response** |
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| mangers and obtain formal signoff, can lead to expectation gaps, uncertainty and frustration in users, which could ultimately jeopardize the success of the project.<br><br>**Recommendation**<br><br>Implement formal project management steps for documenting user requirements, user acceptance criteria and formal signoff from senior business unit managers.<br><br>We note that the newly introduced project management method "PRIORITY" addresses these recommendations.<br><br>York Region should use "PRIORITY" for the remainder of the Time and Labor Implementation. | |

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| **Testing:**<br><br>During our discussions with the Project Team, we noted that a test strategy and test plan was not thoroughly completed. During our review of the sample test cases provided, the following was noted:<br><br>➢ User acceptance testing performed in the Quality Assurance environment indicates that the test cases do not include regression testing for system application changes.<br><br>➢ All critical extracts, feeds and reports were not tested to ensure accuracy and completeness.<br><br>➢ Live production data is used in the test environment.<br><br>➢ Validation of system testing was limited.<br><br>Inadequate testing from incomplete tests, limited coverage and/or insufficient depth would not detect key processing logic errors. There is a risk that such logic errors, when implemented in production could negatively impact system performance, data integrity and customer service. Additionally, erroneous data could be propagated to other systems.<br><br>The lack of formal documented test cases, complete with expected results, will create an insufficient system test plan. Not completing required system test plans increases the risk of a possible loss of system availability and continuous operation.<br><br>Use of production data in the test environment, may result in Personal and Confidential data being made available to unauthorized users.<br><br>**Recommendations**<br><br>1) Develop a formal test strategy, which would include documented test cases and | Time and Labour testing followed the original Testing Strategy of the PeopleSoft "SEPTYR" implementation project. As a result, no additional documentation was produced specifically for Time & Labour. The testing strategy encompassed the following elements, as laid out in the original documentation:<br><br>Installation – not applicable<br>Configuration<br>Functional/Unit Testing<br>Inter-module Testing<br>Conversion – not applicable<br>Interface – not applicable<br>Performance – incorporated into parallel testing<br>Security – incorporated into parallel testing<br>User Acceptance<br>Parallel<br>Report Testing<br><br>This strategy was referenced by the project during the planning phases of the project and incorporated into the overall project plans.<br><br>Individual Test Scripts were developed for configuration, unit and inter-module tests, which were constructed during the design phase of the project, and completed prior to deployment. Test Scripts were partly signed off by the payroll manager, prior to receiving go-live authorization.<br><br>User Acceptance Testing was performed through hands on payroll replication trials in Time and Labour, as part of the user-training plan. For our purposes, parallel testing concluded overall User Acceptance and system validation. The project team has detailed system reports and reconciliations from each UAT trial and parallel test.<br><br>Inter-module testing was validated through batch balancing of transactions transferred from Time & Labour to Payroll. This process |

| Issue | Management Response |
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| test plans. Test cases and test plans should ensure that they address functions outside of the change being implemented. This is to ensure that the change being implemented does not have an adverse impact on other functions within the application.<br><br>2) Ensure system enhancements are adequately tested in the testing environment before being promoted into the production environment.<br><br>3) All system interfaces should have formal test plans and test cases to provide assurance that accurate and complete feeds are processed and report control totals are accurate.<br><br>4) Ensure that the test environment provides adequate controls to secure confidential and sensitive information. Production data should be erased when testing is completed.<br><br>The new project management methodology "PRIORITY" provides a framework, which should be utilized when addressing these issues. | is a continuing step in production processes. Required configuration or scripting changes in the application were validated through repetitive unit testing and online validation, or incorporated into following UAT or parallel tests.<br><br>**ACTION**<br>**The adoption of the PRIORITY methodology will assist in formalizing the documentation of acceptance criteria, test strategies and scripting, as well as sign-off requirements among all stakeholders. This work will also be supported through the application testing activities of the Disaster Recovery project.**<br><br>Current practice for application testing and development at the Region is to use copies of the production environment, due to limited staff resources to separate production support and development activities, and department demands to test with real data samples. Each development/testing database has identical application security in place.<br><br>**ACTION**<br>**Scripting will be used to lock non-essential accounts after the creation of the instance.** |

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| **Issue** | **Management Response** |
| **Project Management:**<br><br>During discussions with the Project Team in December 2003, it was noted that there was no formal Project Management methodology being used, but rather an informal, ad-hoc process. We found that at the project level the following processes were not in place:<br><br>➢ Procedures and standards to accurately monitor and report project progress.<br><br>➢ Project management procedures and standards to conduct adequate feasibility studies of the business processes within each area.<br><br>➢ Project review processes to ensure that project management methodology and requirements are being followed.<br><br>➢ Project documentation standards.<br><br>A lack of a formal project management methodology can result in escalating project costs, project resources being over utilized, business needs not being adequately addressed and project timelines not being met. In addition, project issues may not be identified and raised to management.<br><br>**Recommendation**<br><br>The Time and Labour Project use the Project management's methodology "PRIORITY", which was implemented by York Region in the Fall of 2003. This will provide a formal project management methodology to be utilized for the implementation of the Time and Labour module across new business areas. | The project management process was conducted informally, given that at the time of this project there were no accepted standards governing project management methodologies. However, the project did follow the Deloitte & Touché Express/Total Municipal methodology employed during the original implementation in 1999. Key deliverables and milestones were incorporated into the project plan for Time and Labour, which followed the Design, Develop, Test, Train and Deploy phases of Express.<br><br>Periodic update meetings with the Steering Committee, which was comprised of Directors and Managers from all of the major Departments, provided checkpoints of the major milestones through the Design and Development phases. The Steering Committee was the focus of the Conference Room Pilot, where the final prototype of the Time & Labour module was authorized.<br><br>With the switch to the final three phases of the project, the focus of the project was at a department level. Regular project team meetings continued with the Sponsor to provide status updates through the Testing, Training, Deployment and post-implementation support of the departments.<br><br>**ACTION**<br>**The adoption of the PRIORITY methodology will assist in formalizing the overall project management methodology at the Region.**<br><br>The project suffered some delays in completing the Design and Development phases of the project, related to delays in reaching department consensus on business procedures, legislative and union rules governing aspects of payroll, and the availability of staff resources. However, the majority of delays were in the Deployment phase, primarily due to |

| Issue | Management Response |
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| | department scheduling through the summer holidays, and through budgeting and year-end activities.<br><br>The project team was required to take on the responsibility of the consultants on the project, as the contracts for these resources expired in advance of the planned rollout. In this respect, the overall project costs were significantly minimized, as the project team capitalized on the knowledge transferred from the consultants, and allowed the project to proceed and adjust to the long scheduling delays.<br><br>**ACTION**<br>**The Region will continue to obtain and apply the best mix of resources to meet the project objectives and adapt to internal and external influences that affect the project.** |

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| Issue | Management Response |
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| **Administrative Processes:**<br><br>A number of administrative processes supporting PeopleSoft Time and Labor are not being executed in a timely fashion. The system is not meeting service levels defined in the 1998 Payroll/HRIS System RFP.<br><br>➢ Status changes such as terminations, transfers and leaves are taking up to two months to process. This has resulted in overpayments. Additionally, this could result in underpayments.<br><br>➢ As previously noted, some management reports (e.g. The Payroll register) are not available when required.<br><br>➢ As a result of reporting inaccuracies, one department is manually reviewing 100% of data entered into Time and Labor.<br><br>Overpayments cannot be easily recovered. Underpayments, especially in the case of a unionized employee could involve potential penalties depending on the specific collective agreement.<br><br>**Recommendations**<br><br>➢ Analyze and document the Time and Labor administration processes.<br><br>➢ Ensure that key controls are in place and the key business processes work effectively.<br><br>➢ Define service level metrics for Time and Labor processes. | The items identified in this section of the audit report either fall outside the scope and/or functional capabilities of the Time & Labour module or reflect issues arising in the production, or the learning curve during Deployment. Specific items notes are listed below:<br><br>(1) Terminations, transfers and other similar HRIS transactions are part of Human Resource business processes, and are not part of Time & Labour. The issues existed prior to the implementation of the module. The project team reviewed these issues with Human Resource Services and the departments, in preparation for Deployment, in order to impress the need for close communications and the opportunity for changes in process.<br>(2) The payroll register report is not intended for department management, but is specifically a payroll report to facilitate the preparation of the final confirmation of the payroll data. This report was distributed on a limited basis prior to Time & Labour to assist departments in validation of their time collection and the data entry process. Time and Labour includes several reports that support the analysis and validation of department time entry. Payroll performs batch balancing of approved time, uploaded to the payroll module.<br>(3) Inaccuracies related to prior-period adjustments have resulted in design problems in custom programming during post-production. As a result, the affected departments have temporarily increased their monitoring of the system during the approval process. As these issues have been resolved, the validation process has returned to expected levels. However, it remains Department responsibility to validate its submission to payroll. |

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| **Issue** | **Management Response** |
| | **ACTION**<br>**The project team will continue to highlight opportunities to optimize business and/or system processes to the department responsible.**<br><br>**Supplementary reporting to support department information requests will continue to be managed through the Customer Service Request process, managed jointly between ITS and the support department, on behalf of its clients.**<br><br>**Supplementary Time & Labour reporting will be developed as part of the project requirements, with any major reporting additions following the completion of the rollout.**<br><br>**Production incidents and problems will continue to be analyzed and addressed in order to maintain a stable environment. Application changes will continue to follow the standard development process.** |

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| **Management Reporting:**<br><br>Management reports being produced by the Time and Labour system are not accurate. We also noted that they are insufficient reports to provide adequate management controls. Some reports being produced are not provided on a timely basis.<br><br>During an interview with the Manager of EMS, we noted the following deficiencies with the management reports produced by the Time and Labour System:<br><br>➢ York Region (ROY) Summary Time Card Report" does not accurately reflect the summary information for an employee's recorded time, as compared to the employee's individual Time Card entries as shown on the "ROY Time Card Report by Name". As of February 4, 2004, sampling was conducted using one EMS paramedic location 611. There were 12 individual time cards which did not reflect the same information as displayed on the Summary Time Card Report.<br><br>➢ "ROY Employee Overtime Bank Report" does not accurately reflect the overtime recorded of an employee, when compared to the system view of the employee's overtime bank. As of February 4, 2004, sampling was conducted using one EMS paramedic location 611. There were 11 overtime banks reflecting a negative balance and 7 additional banks reflecting incorrect amounts.<br><br>The lack of accurate and timely management reporting can result in errors going unnoticed, increased workload and management's loss of confidence with the reports produced by the system. | The accuracy of Time & Labour reports was validated during development testing, prior to migration to production. However, there have been a number of production-related circumstances that have influenced the report results:<br><br>Timing Issues – Like the majority of the PeopleSoft system, Time Administration processing in Time & Labour occurs on a batch basis. Depending on the volume of updates to be made the process can take from five to thirty minutes. Reports are only as current as the completion of the last process run. There have been many circumstances where this timing problem has caused a discrepancy between reports.<br><br>Time Exceptions – the Time & Labour system is designed to perform internal validations of many aspects of the time entry. When the Time Administration program encounters exceptions, the time data for the problem employee is suspended until the exception is resolved.<br><br>Data Entry Errors – In some occasions, there have been time entry errors, or employee job changes, that produced unexpected results after Time Administration processing. The project team continues to support these issues on an individual basis.<br><br>Process Failures – occasionally, the Time Administration process fails due to employee configuration or data problems. At this time, there will be discrepancies in the reporting until the errors are cleared and resolved.<br><br>Production Problems – As noted earlier, there have been production problems concerning design errors in the customized rules that calculate Statutory Holidays, and Guaranteed Hours Adjustments. These errors caused |

| Issue | Management Response |
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| **Recommendations**<br><br>1) All Management Reports produced by the system be reviewed and tested to ensure the accuracy and completeness of the information.<br><br>2) Management should determine and document report requirements and other appropriate reports to meet the business needs and ensure that these reports are produced on a timely basis. | erroneous prior period reversals for these time entries. Temporary workarounds and subsequent programming changes have nearly eliminated the occurrence of these problems.<br><br>In addition, procedure issue in the administration of Overtime has caused ongoing discrepancies in the Overtime banks for employees that have had "Record Adjustments" to accommodate late entries in payroll, after the department deadlines. The production support process has been analyzing the problem, and is implementing a permanent solution to correct the historical records.<br><br>**ACTION**<br>**Production incidents and problems will continue to be analyzed and addressed in order to maintain a stable environment. Application changes will continue to follow the standard development process.**<br><br>**The project team will also continue to work with the department users to ensure that procedures are followed, and to provide ongoing training to ensure that proper knowledge transfer has taken place.**<br><br>**The project team will continue to highlight opportunities to optimize business and/or system processes to the department responsible.** |

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| Issue | Management Response |
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| **Training:**<br><br>A training program implemented for Time and Labour is limited to system tasks and does not provide an effective means to transfer the information and knowledge of overall system functions to the end user.<br><br>The training, which is provided, is entwined with the user acceptance testing which the Business Area completes prior to its implementation into the production environment.<br><br>Ongoing training and support is limited and does not address areas such as:<br>➢ New Hires<br>➢ Staff Replacements<br>➢ New system enhancement<br><br>A lack of formalized and continuous training support results in inadequate knowledge transfer of system features to users. The outcome may result in increased errors, increased workload and increased user frustration.<br><br>**Recommendation**<br><br>We recommend a formal training program be implemented to provide a structured approach separate from user acceptance testing. This should encompass ongoing training for new employees, as well as training on system enhancements.<br><br>We note that the newly introduced project management method "PRIORITY" addresses the need to develop user manuals and training materials. However, it does not provide detailed guidance on what the training materials should cover and does not cover the need for ongoing training. | Training programs were developed to prepare and support both Department and Human Resource Services staff in the proper usage of Time and Labour, as per the scope of the project, as well as its place within the existing business and system processes.<br><br>A detailed procedures manual illustrates all the system transactions, processes and reports within the system, and departments were encouraged to supplement the manuals with their own business process materials.<br><br>Hands-on user training during the individual department preparations, UAT's and parallel testing provided the most comprehensive exposure to the varied types of transactions encountered during a payroll cycle. It also allowed each training session to be customized to suit individual departments and users. A simulated process would not allow users to interact with the system along with their own business procedures and paperwork.<br><br>This process is repeatable for any department and/or new user to the system.<br><br>The training process encompassed discussions of non-Time & Labour processes, particularly the impact of HRIS transactions. However, general HRIS and Payroll processes were not altered through Time & Labour, and staff training in these areas remains the responsibility of the support area.<br><br>ACTION<br>**Overall training programs for HRIS and Payroll processes remain the responsibility of the support departments. Time & Labour will need to be incorporated into these programs.** |

| Internal Audit Report<br>The Regional Municipality of York<br>PeopleSoft Time and Labour Module<br><br>Report data: June 14, 2004 (previous report data: NA) | |
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| **Issue** | **Management Response** |
| **System Edit Controls:**<br><br>System edit controls, detective and preventive, are not adequate to ensure that information processed by the system is complete, authorized and accurate. As a result, erroneous information could be processed by the system and propagated to downstream system(s). Also, there is a risk that erroneous or inconsistent business information could be embedded in the PeopleSoft systems without being detected.<br><br>In discussions with the Manager of EMS and Manager of Public Health, the following was noted:<br>➢ Rates can be adjusted in the system and not be detected. There is no exception report, which is generated to indicate a rate change.<br><br>➢ 84-hour rule for location 611 within the EMS area of Health does not always calculate correctly. There were 5 instances in the pay period ending January 24, 2004, which did not calculate correctly.<br><br>➢ Overtime banks, sick banks and statutory holiday banks are not an accurate reflection of the time used or owing by employee.<br><br>➢ Overtime banks can go into a negative balance. As of February 4, 2004, sampling was conducted using one EMS paramedic location 611. There were 11 overtime banks reflecting a negative balance.<br><br>➢ Vacation banks can accumulate over 40 vacation days.<br><br>**Recommendations**<br><br>1) Sufficient testing should be completed to ensure that adequate automated controls exist to validate the completeness and accuracy of all system edit controls. | Time & Labour contains many system edits and controls to monitor data entry and identify exceptions. These controls are supplemented by existing Payroll validation processes, as well as internal reports and online inquiries.<br><br>A number of the online validations have been turned off, in favour of batch validations and exception processing, in order to streamline data entry.<br><br>Where appropriate, gaps in online audits are addressed through supplementary reports and/or queries.<br><br>Rate Overrides was identified as a gap during the project. Rate Overrides are utilized to assist in the calculation of Acting Pay for unionized employees. A temporary measure has been in place to support the audit of this field, through the use of an on demand query to identify instances where rates have been manually entered. This information is available at the request of the department approver. An online report is pending development to enable ad hoc department review.<br><br>Overtime and Statutory Holiday banks have been discussed earlier in this report, and are considered a production issue. A permanent resolution for these issues is currently in development.<br><br>Sick Banks are a Benefits module program that is managed through a custom process within Payroll. Time and Labour does not have any direct influence on these records, further than basic time entry.<br><br>Vacation Banks are a Benefits module program that is administered in the Benefits module. Time and Labour does not have any direct influence on these records, further than basic |

| Issue | Management Response |
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| 2) Sufficient documentation and training should be provided to ensure the business areas are aware of their reconciliation and control procedures.<br><br>3) The project team should document, analyze, and implement system edit control requirements. | time entry.<br><br>__**ACTION**__<br>**Supplementary reporting to support department information requests will continue to be managed through the Customer Service Request process, managed jointly between ITS and the support department, on behalf of its clients.**<br><br>**Supplementary Time & Labour reporting will be developed as part of the project requirements, with any major reporting additions following the completion of the rollout.**<br><br>**Production incidents and problems will continue to be analyzed and addressed in order to maintain a stable environment. Application changes will continue to follow the standard development process.** |

| Issue | Management Response |
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| **Production Support:**<br><br>Some implementation deliverables have not been formally completed. For example, in reviewing the EMS implementation, there were approximately 30 issues identified prior to and during production. Some of these related to process differences, some were resolved and others deferred. Three issues relating to system accuracy and integrity were identified during the pilot and did not get resolved before implementation. Consequently, post-implementation problems may arise.<br><br>There are no formal plans or a process for supporting the production environment after implementation. Without documented operating and support procedures and information, reliance has to be placed on the project team to support the production environment after implementation. As a result, project resources may have direct access to production programs and data. There is a high risk that unauthorized changes could go undetected.<br><br>There are no formal plans and procedures for addressing and resolving post implementation problems. When production issues arise, appropriate priority may not be assigned to the issue and management may not be able to adequately assess the number of production problems and the root cause. As a result, client service and system integrity may be affected.<br><br>The lack of formal production support and production environment operating plans increases the risk that unauthorized changes could be made to PeopleSoft data and that business records and reports could not be validated or trusted.<br><br>**Recommendations:**<br><br>1) Formal production support documentation should be established for operating, | The tracking and resolution of outstanding issues is administered through the Project Issues Log, as noted earlier. The project team worked directly with the departments to resolve any critical items, and to manage an action plan to prioritize additional issues post-implementation.<br><br>The go-live decision by the respective Directors and Managers within the departments was made based on the progress made against all of the identified items.<br><br>Production support, development and project activities will continue to be provided by resources from the functional and technical teams. These resources have a multiple roles due to resource constraints that do not permit the segregation of these roles to independent teams.<br><br>Production issues are managed through the existing incident management process in place at the Region. Department user incidents are directed, as much as possible, through the Region's Service Desk. Payroll / Time & Labour functional personnel will continue to interact directly with their technical counterparts to set priorities, analyze problems, and test resolutions.<br><br>Technical support for Time & Labour will continue to be transitioned from the primary project resource to the full application support team, as the rollout of the module progresses. However, there will remain a gap in functional support, as there is no identified back-up for this position.<br><br>**ACTION**<br>**Production incidents and problems will continue to be analyzed and addressed in order to maintain a stable environment. Application changes will continue to follow** |

| Issue | Management Response |
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| supporting and maintaining the PeopleSoft production environment.<br><br>2) Formal plans and procedures for addressing and resolving post implementation problems should be established to ensure all production requests are prioritized and steps are taken to resolve them in a timely manner. | **the standard development process.**<br><br>**Time & Labour technical support will continue to transition to the ERP Application Support Team, as rollout progresses.**<br><br>**A Functional resource plan will be determined, within the limitations of approved complement and budget.** |

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| Issue | Management Response |
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| **Segregation of Duties:**<br><br>Currently, the project team consists of the same individuals who are responsible for making system changes, testing the changes and supporting the system in the production environment. They are also responsible for other duties within the organization.<br><br>With the added responsibilities, the Time and Labour Project team has limited available time and resources to carry out the necessary project responsibilities while focusing on maintaining on-going operations and support.<br><br>The lack of necessary resources allocated to the Project team may result in critical tasks, necessary processes, metrics and business analysis not being adequately completed. It may also increase project delays.<br><br>The lack of necessary resources may also result in the inability to provide adequate segregation of duties, since both individuals have special privileges to the Test and Production environments. There is a high risk that unapproved changes could go undetected.<br><br>**Recommendation**<br><br>Management should analyze the current allocation of resources in the PeopleSoft Project Team. Management should also segregate duties in the development, test and production environments. | Production support, development and project activities will continue to be provided by resources from the functional and technical teams. These resources have a multiple roles due to resource constraints that do not permit the segregation of these roles to independent teams.<br><br>Technical support for Time & Labour will continue to be transitioned from the primary project resource to the full application support team, as the rollout of the module progresses. However, there will remain a gap in functional support, as there is no identified back-up for this position.<br><br>**ACTION**<br>**Time & Labour technical support will continue to transition to the ERP Application Support Team, as rollout progresses.**<br><br>**A Functional resource plan will be determined, within the limitations of approved complement and budget.** |

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| **Observations relating to the "PRIORITY" project management method:**<br><br>We reviewed York Region's new project management method, "PRIORITY", against our findings for the Time and Labor project to ascertain to what extent it would have helped to avert the issues we have seen.<br><br>"PRIORITY" provides a comprehensive framework, tools, documentation templates and a set of processes for project management. Had it been available and applied to Time and Labor many of the issues we found could have been avoided or minimized. However, "PRIORITY" would not have eliminated all of the findings.<br><br>"PRIORITY" does not provide detailed guidance as to what goes into the content of many of its deliverables. It relies upon the skill and judgment its practitioners.<br><br>"PRIORITY" also does not provide direction on issues outside of the scope of managing projects. Production issues such as key controls in production and ongoing training are beyond its scope.<br><br>Out of project scope issues represent a risk to York Region's ongoing operation. The residual risks identified in this report may not be a complete list.<br><br>**Recommendation**<br><br>York Region should ensure that it is addressing these concerns through other processes and reviews. | As noted, PRIORITY is a project management methodology and as such was not intended specify the "how to" of system development and implementation activities.<br><br>Typically, organizations that do significant systems development work have additional methodologies such as Business Process Analysis and Change Methodology; Systems Development Methodology; Systems Implementation and Rollout Methodology; System Testing Methodology; Technology Integration Methodology, etc. These methodologies are currently not in place at the Region.<br><br>**ACTION**<br>**The PMO will review with management and the major projects the need for additional methodologies.** |

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*Original signed by*

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**Ken Hill**
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