Winnipeg

Audit Department

Corporate Leadership Training and Development Audit
September 2011

Leaders in building public trust in civic government

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EXECUTIVE SUMMARY

Corporate leadership development is coordinated by the Employee Development Branch in the Human Resource Planning and Services Division of Corporate Support Services but is also supported separately by the city departments.

Corporate leadership training and development is a key function. The efficiency and effectiveness of the City's service delivery depends in a large part on the skills of the City's workforce. The City can improve its overall performance by making a sound strategic investment in learning and development of its senior leaders. A key indicator of the City's level of investment and commitment is the level of spending on training and development per employee. Currently, the City is only spending a quarter of the average of other government organizations.

The City currently focuses its leadership training and development resources on mid-managers and supervisors with limited focus on the senior leaders who are tasked with leading and shaping our services to respond to the needs of the citizens. This senior leader group is small (245[1]) compared to the total number of employees (9,942[2]) at the City but is vital. Experienced senior leaders are required to inspire and direct the necessary changes to the organization required to address the current and future challenges of continuing to ensure the right level of service is maintained at the right price. Human Resource Planning and Services acknowledges the City's current lack of a formal program to identify, train and develop our future and current senior leaders and is actively working towards closing this vital gap.

The purpose of this audit is to report to the Audit Committee and Council on the performance of the corporate leadership program. The audit was identified in the City Auditor's 2009-2010 Audit Plan and endorsed by the Audit Committee. The objectives of this audit were to:

- determine whether adequate systems, practices and controls are in place to achieve the corporate leadership training and development goals set out in the HR Strategic Plan; and
- determine the extent that the corporate leadership program performance measures are complete, relevant, accurate, balanced and meaningful.

Key Observations and Recommendations

We have made a number of recommendations to improve the performance of the City's corporate leadership training and development program for senior leaders. A summary of all recommendations is attached as **Appendix 2**.

The Human Resource Strategic Plan lists leadership development as a strategic priority acknowledging its importance to the continued growth and success of the City. While this plan is still relevant it is dated. It was last created in 2001 and needs to be updated to more accurately reflect the current challenges and opportunities facing the City.

[1] Number of WAPSO Level 5 and above employees in 2010
[2] Average annual headcount in 2010

The City currently focuses its leadership training and development resources on mid-managers and supervisors with limited focus on the senior leaders. While training and developing the City's middle managers and supervisors is and should remain important the City's current lack of a formal program to identify, train and develop our future and current senior leaders is placing the City at risk both currently and in the future. Human Resource Planning and Services has acknowledged the need for more focus on leadership training and development of it senior leaders and has taken measures over the last few years to address this.

Human Resource Planning and Services has gained an understanding of the desired competencies of the City's senior leaders. Overall, management does not have an understanding of the current skills and competencies of the City's employees due to the limited use of the performance management system and the current limitations of the system. Through the Workforce Planning Database Data Review an understanding of the positions at risk has been achieved but an understanding of what it will take in terms of training and development to address this risk is not known. The City requires this information to accurately assess and prioritize its identification, training and development needs with respect to its senior leaders.

The City currently does not have a system in place to identify and develop high potential employees. Instead it is left to the departments and as a result is done to varying degrees on an informal basis. Given the complexities that exist in municipal management it is more desirable to develop this talent from within the organization than to hire it externally. In order to effectively do this the City requires a system in place to identify and develop these high potential employees.

The City provides senior leaders with limited training and development opportunities compared to other levels of government. Other levels of government use formal mentorship programs, secondments and sponsored higher education to develop their senior leaders. The City's primary reliance on courses offered through its Employee Development Branch limits the development opportunities available to current and future senior leaders. This makes the City a less desirable place for high potential employees and senior leaders to join and stay.

Human Resource Planning and Services has recognized that identification, training and development of leaders is important and has taken several measures to date to improve the leadership program. More investment and work is required to establish a sound leadership program.

MANDATE OF THE CITY AUDITOR

The City Auditor is a statutory officer appointed by City Council under the *City of Winnipeg Charter Act*. The City Auditor reports to Council through the Audit Committee (Executive Policy Committee) and is independent of the City's Public Service. The City Auditor conducts examinations of the operations of the City and its affiliated bodies to assist Council in its governance role of ensuring the Public Service's accountability for the quality of stewardship over public funds and for the achievement of value for money in City operations. Once an audit report has been communicated to Council, it becomes a public document.

AUDIT BACKGROUND

The audit was identified in the City Auditor's Audit Plan for 2009 to 2010 and endorsed by the Audit Committee.

The purpose of this audit is to report to the Audit Committee and Council on the performance of the corporate leadership program.

AUDIT OBJECTIVES

The objectives of this audit were to:

- determine whether adequate systems, practices and controls are in place to achieve the corporate leadership training and development goals set out in the HR Strategic Plan; and
- determine the extent that the corporate leadership program performance measures are complete, relevant, accurate, balanced and meaningful.

AUDIT APPROACH

We have conducted the audit in accordance with generally accepted auditing standards. **Appendix 1** provides a flowchart of the audit process.

- We conducted interviews with the management and staff in the Human Resource Planning and Services Division of Corporate Support Services to obtain an understanding of current leadership training and development processes, procedures and practices.
- We obtained and reviewed financial and statistical data related to corporate training and development.
- We reviewed corporate leadership standards, procedures, practices and other relevant background information as well as industry and other jurisdictional data to gain an understanding of corporate leadership training and development within the industry.

AUDIT SCOPE

The audit covered the period January 1, 2005 to December 31, 2010. The scope of our audit included the transactions, processes, policies and practices in place at the Human Resource Planning and Services Division during this period. Our primary focus was on the area of senior leader development and not at the supervisory level. We defined the senior leadership group as employees that are WAPSO[3] level five or above, including the directors and senior management. We believe that this scope affords us the ability to analyze emerging trends without a pervasive risk of losing context in the examination due to continually changing social, environmental and economic circumstances.

We have undertaken appropriate procedures in an attempt to verify the accuracy of the information we were provided. At various times during the review, due to information system limitations, we were unable to obtain information to support our analyses.

AUDIT CONCLUSIONS

Human Resource Planning and Services acknowledge the City's current lack of a formal program to identify, train and develop our future and current senior leaders. However, we are encouraged by some of the more recent efforts by Human Resource Planning and Services Division and the Director of Corporate Support Services to develop a more robust program to identify, train and develop the City's senior leaders. While the progress to date is to be commended, more work remains to bring the City's training and development program for senior leaders to a fully operational and mature state.

The audit work performed led us to the following conclusions:

- systems, practices and controls need to be further developed to achieve the corporate leadership training and development goals for senior leaders set out in the HR Strategic Plan; and
- a performance measurement system needs to be developed to ensure results are complete, relevant, accurate, balanced and meaningful and to assist in the ongoing management of a corporate leadership training and development program for senior leaders.

[3] Winnipeg Association of Public Service Officers

ACKNOWLEDGEMENT

The Audit Department wants to extend its appreciation to the management and staff of the Human Resource Planning and Services Division of the Corporate Support Services.

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City Auditor

September 27, 2011
Date

CORPORATE LEADERSHIP TRAINING AND DEVELOPMENT BACKGROUND

Corporate leadership training and development is primarily the responsibility of the Employee Development Branch of the Human Resource Planning and Services Division which is part of the Corporate Support Services Department. “Training and Development (Leadership)” was identified as one of four strategic priorities in the most recent Human Resource Strategic Plan. The responsibility for the identification, training and development of senior leaders is shared with the city departments.

Corporate leadership training and development is a key function. The efficiency and effectiveness with which the City is able to deliver its services depend in large part on the skills of its workforce. The City can improve its overall performance by making a sound strategic investment in learning and development of its senior leaders. The City currently focuses its leadership training and development resources on mid-managers and supervisors with little focus on the senior leaders who are tasked with leading and shaping our services to respond to the needs of the citizens. Experienced senior leaders are required to inspire and direct the necessary changes to the organization required to address the current and future challenges of continuing to ensure the right level of service is maintained at the right price.

A formal corporate leadership training and development program for senior leaders is not currently in place at the City. The need for this was acknowledged in the Human Resource Strategic Plan and is acknowledged by Human Resource Planning and Services. Currently responsibility for senior leader development has rested with each department both in terms of dedicating financial and human resources. This has resulted in leadership training at this level being completed on an ad-hoc basis.

To date the Human Resource Planning and Services Division and the departments have lacked adequate information to be able to develop and operate an effective and efficient corporate leadership training program.

KEY RISKS

The following potential key risks associated with Corporate Leadership Training were considered in the conduct of the Audit:

- Training and development provided not effective
- Training and development not cost effective
- Inadequate resources to support corporate leadership training and development
- Lack of clear accountability
- Inadequate performance information to effectively manage corporate leadership training

PERFORMANCE ANALYSIS

Few formal performance measures have been established by the Human Resource Planning and Services Division to monitor the performance of the corporate leadership training and development program. This analysis is limited to the performance data that is regularly tracked and reported by the Division. The only information available is the total expenditures captured in PeopleSoft. These financial numbers are for total training and development expenditures and not specifically leadership training and development. We will discuss the need for a more complete set of performance measures in our Observations section of the report.

Financial

The financial results for the Employee Development Branch are highlighted in Exhibit 1 below. These expenses include the salaries of Employee Development Branch employees and the costs for external instructors that are not already covered through the CUPE and WAPSO education Funds. Salaries and benefits and costs for external trainers makes up 69% (2006) to 94% (2009) of the total expenditures of the Branch (See Exhibit 2). Total Branch expenses does not reflect the indirect costs of the City employees that act as guest trainers and facilitate the majority of the courses offered through the Employee Development Branch. The Employee Development Branch has been operating well within budget for the last five years with the exception of 2010 and budget and actual expenses have been relatively stable over this period. Their ability to operate under budget is primarily due to the use of the CUPE and WAPSO Education Funds to fund programs that would have otherwise been initiated and funded by the Employee Development Branch. These funds were established 2006 and 2009 respectively and have been fully utilized since inception except for $36,887 out of the available $500,000 in the CUPE Educational Fund in 2010. The CUPE Educational Fund has been reduced by half in the recent collective agreement further limiting training and development opportunities offered to the City's employees.

Exhibit 1

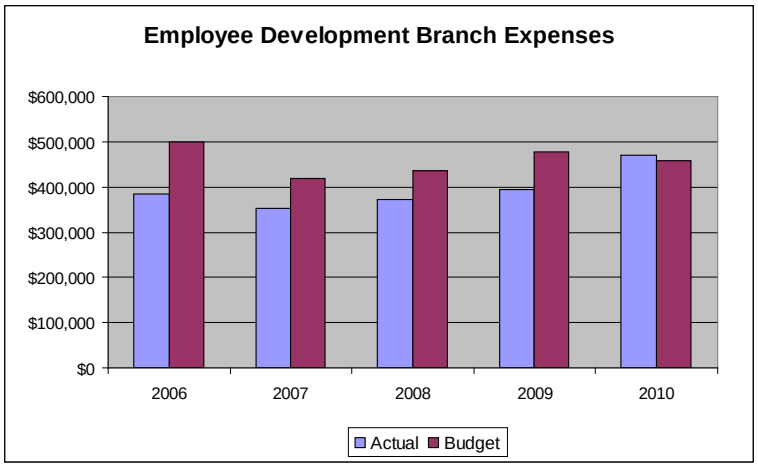
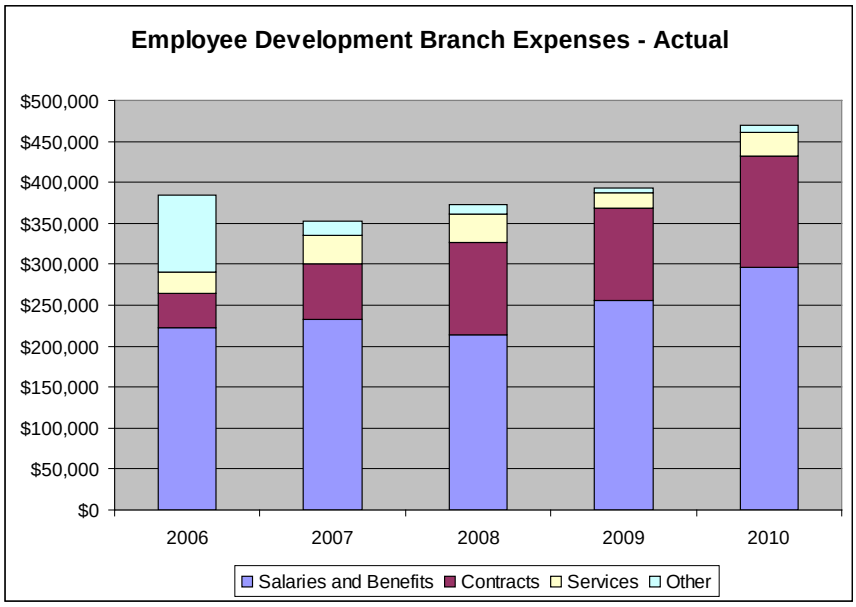


Exhibit 2



The total training expenditures (excluding Employee Development Branch expenses) for the City are shown in Exhibit 3. In all five years actual expenditures have been lower than the budgeted amounts. Also note that the amended budget increased by 9.2% over the five year period with actual expenditures increasing by 46.5% over this same period. The City is getting better at ensuring the training and development resources made available are used.

Exhibit 3

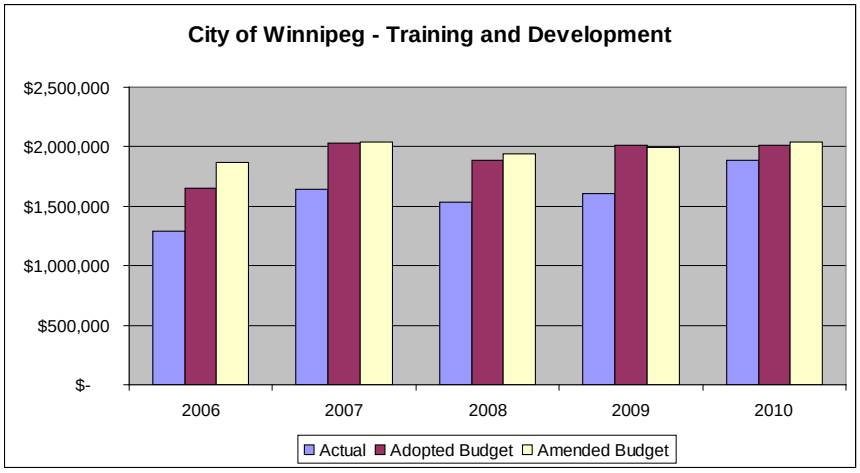


Exhibit 4 breaks down how the actual training and development expenditures are distributed amongst the various departments and funding sources. The Winnipeg Police Service (WPS) at 25.9% is the largest single department in terms of training and development spending, followed by Water and Waste at 15.7%. Expenditures from the CUPE Education Fund make up 24.5% but are spread throughout all the City departments with CUPE employees.

Exhibit 4

Training and Development Expenses

	Budget		Actual	
WPS	$ 381,456	18.7%	$ 488,830	25.9%
CUPE Education Fund	$ 500,000	24.5%	$ 463,113	24.5%
Water and Waste	$ 288,220	14.1%	$ 296,215	15.7%
CS - Bus Tech Server Mgmt	$ 183,492	9.0%	$ 133,705	7.1%
Public Works	$ 154,361	7.6%	$ 130,876	6.9%
WAPSO Education Fund	$ 86,667	4.3%	$ 86,667	4.6%
Other	$ 73,352	3.6%	$ 82,634	4.4%
Community Services	$ 95,722	4.7%	$ 62,933	3.3%
Fire Paramedic	$ 133,510	6.6%	$ 53,744	2.8%
PP&D	$ 12,046	0.6%	$ 28,093	1.5%
Transit	$ 21,650	1.1%	$ 25,827	1.4%
Corporate Finance	$ 32,910	1.6%	$ 20,766	1.1%
Corporate Services *	$ 74,261	3.6%	$ 15,283	0.8%
	$ 2,037,647	100.0%	$ 1,888,685	100.0%

* - excluding CUPE Education Fund, WAPSO Education Fund and CS Tech Server Mgmt

The level of spending per employee is a key indicator of an organization's level of commitment to training and development. The City's training and development costs per employee (includes training and development expenses plus Employee Development Branch expenses) is $237/employee for 2010. This is considerably less than the $787and $986 per employee the Conference Board of Canada calculated as the average for all employees and all government bodies respectively for 2008. The City's current level of spending is only a quarter of the average of the government organizations surveyed by the Conference Board of Canada. Some of the difference may be attributed to the City not fully capturing all its training and development costs but from these numbers it is clear the City does not invest in training and development at the rate that other government organizations do.

OBSERVATIONS AND RECOMMENDATIONS

The remainder of this report details our observations and recommendations. We believe the issues identified are important and implementing the recommendations will assist the management of the Human Resource Planning and Services Division in achieving better results in the delivery and management of corporate leadership training and development. A complete summary of our recommendations is attached as **Appendix 2**.

HR Strategic Plan addresses leadership development but has not been fully implemented

We noted that the most current HR Strategic Plan was approved by Council in July 2001. This plan is over ten years old and should be revisited and updated to reflect the current environment. In the 2001 HR Strategic Plan "Leadership Development" was identified as a strategic priority in addition to a "More flexible workforce possessing a different mix of skills and knowledge". The HR Strategic Plan went on to state that the "Focus will be on leadership development" as "the organization will face a management crisis". It noted that "enhanced staff development and organizational effectiveness will also be achieved through a variety of work opportunities, including job rotations, secondments, mentoring, etc.". The 2001 HR Strategic plan also refers to the need for "performance management and performance feedback systems".

The 2001 HR Strategic Plan clearly addresses leadership training and development. To date limited efforts have been made to develop the future senior leaders of the City that will oversee and manage the City's departments. This is a concern at the senior leader level since leadership development is essential to ensure that departments continue to have a deep pool from which to fill positions to allow a smooth transition in the management of the departments in the future. We are encouraged by some of the more recent efforts by Human Resource Planning and Services Division and the Director of Corporate Support Services to develop a more robust program to identify, train and develop the City's senior leaders. Competencies have been established for all positions and a process to identify positions at risk for the senior leadership group has been implemented. A development program for supervisory and mid management level employees has been established. However, work still remains on ensuring an effective leadership development program for senior leaders is established at the City.

Demand exists for current leadership courses

We noted that there is demand for the current leadership development program, aimed at supervisors and mid-level managers. The majority of the general leadership courses we evaluated (6 out of 9) had a waiting list. In particular, the two courses targeting senior and executive leaders both had waiting lists. One limitation of the data currently available is that it does not provide the position held of attendees so we could not conclude if these course offerings met the needs of the target audience of current or potential senior leaders. However, demand does exist for the senior leadership courses currently offered and this demand currently exceeds the supply of courses offered. This level of employee engagement in their development is very encouraging and reinforces the importance of ensuring the City's current and future leaders are provided with the

necessary resources to develop to their full potential within the City otherwise the City may lose these self-motivated individuals to other organizations that will provide the necessary resources and environment to develop them.

Leadership development program for senior managers and directors needs to be further developed

From our review of the training and development opportunities offered under the Leadership Learning Paths through Human Resource Planning and Services we noted that the focus for Leadership development is currently on the development of supervisory level staff and mid managers. We found only two courses that were specifically targeted at senior managers and directors. Given that the number of supervisors and mid managers far exceeds the number of senior leaders the current focus is somewhat expected especially considering the limited funds available. Also training and development at the senior leader level may need to be customized making it more difficult to implement a corporate wide program. Given the potential shortage of experienced senior leaders due to anticipated retirements the City must ensure that both our current and future senior leaders are adequately equipped to successfully lead our organization into the future. This will require an effective leadership and development program for senior leaders.

In order assess whether the City has an effective senior Leadership Training and Development Program we first had to determine if there are adequate processes in place. We used the Government of Canada's Corporate Learning Principles as a basis for comparison to the processes we expected to find at the City. We compared the City's senior leader training and development program against these principles and found that the City has not fully implemented a number of these principles. We noted that all are at the beginning stages of development. The key elements and the City's progress to date are as follows:

Determine leadership positions at risk.
This has been completed partially by the Human Resource Planning and Services Division of the Corporate Support Services Department through an analysis of the eligibility to retire of the City's workforce as part of the Workforce Planning Database Data Review.

Identify and develop high potential employees.
To date there are no formal programs in place at the City to identify and develop high potential employees. Limited action has been taken in individual departments on a more informal basis.

Assess training needs of organization.
This was partially addressed through the Lominger Competency framework where the competencies required for all the WAPSO and senior management positions at the City were identified. However, the City does not have a current inventory of skills and competencies for its workforce in order to get a complete assessment of the gap in order to accurately assess the training needs.

Prioritize training needs.
This has not been completed at the City to date because the City does not have an existing skills inventory for its employees.

Identify training objectives.
This was partially completed, usually on a course by course basis but not on a City wide basis at the senior manager and director level.

Identify training methodologies to be used to achieve objectives.
This has been partially completed by offering the opportunity to use the services of a management coach to the Directors. The City has not fully explored partnering with other levels of government, secondments, sponsored higher education, or the use of other management training institutions (Government of Canada, universities, Niagara Institute, etc.) to provide leadership training for the senior leaders.

Bottom-line, the City is making progress at gaining an understanding of what the development goals for the organization are in terms of competencies required to be an effective leader and identifying leadership positions at risk. Information on the performance of employees with respect to leadership competencies is required. This information is critical to accurately assess the training needs of the organization and prioritize these needs.

Recommendation 1:
The Director of Corporate Support Services develop a city wide operational plan for the identification, training and development of senior leaders.

Management Response
Agree. Under the direction of the Director of Corporate Support Services, Human Resource managers across the organization have revisited the HR Strategic Plan. We have committed to reviewing our leadership development approaches with more focus on senior leadership positions. We are currently involved in an RFP process through which we will select a university-level partner to offer a program targeted to higher level municipal leaders. The potential benefits of a university-level municipal leadership program are;

- Increase organizational readiness by targeting and developing leaders/employees identified as having high manager/senior leadership potential
- Develop and increase leadership competencies required for more senior positions in the organization
- Provide a networking group for future coaching and mentoring
- Assist in recruitment of effective leaders
- Support the retention of high potential leaders/employees
- Enhance our position as an employer of choice

Participants for the pilot session will be chosen in a two-step process. First, department heads in partnership with their management teams/HR manager will select recommended candidates and forward the names to a Selection Committee. The Selection Committee consisting of the Chief Operating Officer, the Director of Corporate Support Services, and the Manager of Human Resource Planning & Services will rate

and choose applicants based on the criteria established for “high potential” employees. Specifically, high potentials would be those employees who;

- Currently occupy, or are ready to assume a management level position in the organization
- Demonstrated excellent past performance
- Ability to assume greater responsibilities within three years
- Demonstrated high level of learning agility (proven record of taking on new initiatives, learning on the fly, and a proven record of leading projects)
- Demonstrated core employee and leadership competencies (Citizen and Customer Focus, Respecting Diversity, Ethics and Values, Integrity and Trust, Results Oriented, Composure, Building Effective Teams, Dealing with Ambiguity and Motivating Others)
- Executive leadership potential (Dealing with Paradox, Decision Quality, Interpersonal Savvy, Managerial Courage, Managing Vision and Purpose, Perspective, Political Savvy, Self-Knowledge, and Strategic Agility)
- Willing to commit to a minimum of 5 additional years with the City of Winnipeg

Note: program participants should represent cultural and gender diversity

Timeline: Pilot Program – Fourth Quarter 2012

Take necessary steps to ensure a complete needs assessment and gap analysis for senior leadership positions and competencies can be conducted

The City first needs to understand what the anticipated need will be for senior leadership positions over the short to medium term. This is typically accomplished through succession planning. Corporate Human Resources Group along with Departmental Human Resource Managers have taken steps to identify these positions at risk through the Workforce Planning Database Data Review. This database was created in 2009 and has a goal of identifying all critical positions at risk. The database has primarily targeted the identification of positions in the WAPSO and WAPSO Exempt and above positions. Some of the rating factors include: how difficult the position is to fill, probability of loss (i.e. are people in the position susceptible to being hired away) and likelihood of retirement. For positions that score over a certain amount a strategy must be documented to address the risk. This database is only in its second full year but has a high potential to provide very valuable information on identifying what positions to focus leadership training and development funds and effort on, ultimately leading to a more effective leadership training and development program.

To date, Human Resource Planning and Services has not conducted a corporate wide needs assessment with respect to corporate leadership training and development for senior leaders. An analysis of the number of leadership positions that will have to be filled in the short and long term and a listing of potential internal candidates has not been developed to determine the potential shortfall in future leaders. Under the direction of the Director of Corporate Support Services a series of initiatives are currently being planned with respect to conducting a complete needs assessment.

The next step in developing an effective training and development program is an organization needs to understand what skills or competencies are needed in the various senior leadership positions (i.e. senior managers and directors). To date Human Resource Planning and Services has identified the competencies that are most desirable for each of the senior leadership positions through the Lominger Competency initiative. Profiles were completed for all WAPSO and above positions. Therefore the Human Resource Planning and Services Division has a clear vision of the desired competencies that employees in these positions should have and demonstrate.

The Human Resource Planning and Services Division also needs to gain an understanding of the performance level of leadership competencies of senior staff. This is typically accomplished through performance appraisals that are linked to the City's competency profiles. While Human Resource Planning and Services has a performance evaluation template in place the performance appraisal system has not been adopted throughout the City resulting in incomplete employee competency information being available. Without a clear picture of the performance level of leadership competencies Human Resources Planning and Services cannot accurately assess what the City's training and development needs are and how to fill those needs in the most effective manner. The City currently does not have the capability within PeopleSoft to keep track of the information in a format to facilitate this type of analysis. However, PeopleSoft is scheduled for a major upgrade in 2012 and Human Resource Planning and Services has recently purchased an e-performance module, with plans to activate it by 2013 and fully implement by 2015. This new module will have the capability to capture and report on performance information related to leadership competencies which will provide a more complete picture of the City's leadership training and development requirements.

Communication is a crucial component in ensuring that leadership training and development efforts are focused where they will have the most benefit and are most cost-effective. It is important to have a process in place to collect and disseminate leadership training and development information at the department and corporate level. Currently, Human Resource Planning and Services meets with Department Human Resource representatives annually to discuss course content, selection, departmental requirements and to obtain feedback. The current process does serve to provide information and inform training and development decisions at both the department and corporate level. However, the current process does not track the progress made towards addressing the training and development needs identified. Tracking and monitoring this information should lead to a more coordinated assessment of the City's senior leadership training and development needs and a more effective format to share ideas to address these needs.

Monitoring the challenges facing the development of senior leaders and evaluating the progress made towards addressing these challenges will also assist Human Resource Planning and Services to better coordinate the training and development of its senior leaders throughout the City and make better use of its limited resources. This may also serve as a more effective way for departments to share best practices.

Human Resource Planning and Services in cooperation with the city departments must work towards collecting and communicating complete information relating to the training and development needs of the City and the departments. Accurate, complete and timely

information on leadership development needs and the risks associated with addressing these needs should be taken into account in the development of the leadership program.

Recommendation 2:
The Director of Corporate Support Services ensure that a complete needs assessment for the leadership development program be conducted on a periodic basis. This will require the implementation of the necessary information system upgrades and changes to the information processes and the city-wide adoption of the performance appraisal system.

Management Response
Agree. When anticipating the need to fill future leadership positions, a strong leadership development program which supports individual performance (development plans) and effective succession planning are the desired outcomes of a needs analysis. These processes must be combined with a clear responsibility and method of accountability that ensures all supervisors conduct and record performance appraisals.

Currently, we do not have electronic processes for managing succession planning. We are also in need of an electronic system for recording, tracking and analyzing employee performance information.

The City has purchased PeopleSoft licenses for both the e-performance and e-succession modules. In 2012, the PeopleSoft team will go through a one-year process to upgrade our system to PeopleSoft 9.1. Upon the completion of this upgrade, teams will be created to operationalize the e-succession planning and e-performance modules. We anticipate with the availability and assignment of appropriate staff resources it will take up to two years (until 2015) to create and communicate the rules and processes that would allow for effective use of the new functionality.

In the interim, we have;

- Created the Workforce Planning Database (outside of PeopleSoft). This database identifies positions and the likelihood of vacancies throughout the organization. In some instances, it also creates plans for addressing such vacancies. This information was created in 2009 and is being updated in 2011/2012. Once automated, much of this information can flow into the e-succession module.
- Identified competencies for all leadership positions based on the Lominger Architect behavioral-based competencies. A competency-based system is compatible with and will feed information into the new e-performance and e-succession modules when they become available.
- Created a performance appraisal (PA) document (paper-based/manual). The current system is used sporadically throughout the organization. If it is to be effective, the organization must make it clear that managing and tracking employee performance is a priority. In preparation for a more robust succession planning process we have begun work to adjust the PA system. We are recommending the addition of a rating system (1= unacceptable, 2= needs improvement, 3= meets expectations, and 4= exceeds expectations). This would require the supervisor to rate the employee's performance relative to each key

leadership competency. Once automated, we anticipate the scoring would allow us to create candidate pools based on assessed readiness.

- We are also reviewing options for manual templates that would allow us to track employee development needs, development plans, and succession plans. These will be reviewed and adjusted as required by the HR managers. These templates would be used wherever possible as interim measures pending the implementation of the PeopleSoft modules.

Changes in governance structure have resulted in all HR managers being direct reports to the Director of Corporate Support Services. This has allowed us to enhance our communication systems. The Director of CSS has established distinct, regular meetings to discuss strategic and operational issues. HR issues and concerns can now be more readily discussed, allowing quicker dissemination of information, and issue resolution.

Timeline:

Revised Workforce Planning Database information - January, 2012
Implementation of e-succession and e-performance modules - 2015

Identification and development of high potential employees needs to be improved.

It typically requires several years of experience and development to become a competent senior leader who is capable of running a department or division with complexities that exist at the municipal level balancing both political and operational demands. Given the complexities that exist in municipal management it is more desirable to develop this talent from within the organization than to hire it externally. To effectively do this most organizations develop a system to identify and develop these high potential employees. The City currently does not have a system in place to identify and develop high potential employees. Instead, it is left to the departments and as a result is done to varying degrees on an informal basis. The City has had some success in the past few years as several of the key leadership positions have been filled by internal candidates but a more robust formal system of identifying and developing high potential employees is still desirable.

The lack of a system to identify and develop high potential employees results in potential inconsistent practices between the departments, silo mentality, where the development opportunities are restricted to the department depriving the high potential employee with a more diverse experience within the City's operations, and ultimately can lead to high potential employees leaving the City to pursue more challenging opportunities. The City's current approach is not consistent with what the Conference Board of Canada found in there *Learning and Development Outlook – 2009* where they observed that: "Identifying high-potential employees and offering them better learning and development opportunities has evolved into a common practice. More than two-thirds (70 per cent) of responding organizations identified high-potential individuals, and many (39 per cent) informed those employees that they had been so identified. Almost 50 per cent of organizations provided their high-potential employees with greater learning opportunities." The City is not following this best practice.

The Conference Board also noted the added benefit of this practice. “Organizations that identify high potentials are able to concentrate their TLD (Training, Learning and Development) efforts and resources on those employees with the greatest potential, instead of spreading limited TLD resources across a wide array of employees.” Given the City’s current fiscal challenges it makes sense to focus the limited leadership training resources on those employees with the greatest potential.

Recommendation 3:
The Human Resource Planning and Services Division develop a program for the identification and development of high potential employees.

Management Response
Agree. Criteria have been established for “high potential” employees. Specifically, high potentials would be those employees who;

- Currently occupy, or are ready to assume a management level position in the organization
- Demonstrated excellent past performance
- Ability to assume greater responsibilities within three years
- Demonstrated high level of learning agility (proven record of taking on new initiatives, learning on the fly, and a proven record of leading projects)
- Demonstrated core employee and leadership competencies (Citizen and Customer Focus, Respecting Diversity, Ethics and Values, Integrity and Trust, Results Oriented, Composure, Building Effective Teams, Dealing with Ambiguity and Motivating Others)
- Executive leadership potential (Dealing with Paradox, Decision Quality, Interpersonal Savvy, Managerial Courage, Managing Vision and Purpose, Perspective, Political Savvy, Self-Knowledge, and Strategic Agility)
- Willing to commit to a minimum of 5 additional years with the City of Winnipeg

Note: this group should represent cultural and gender diversity

High potential employees will be considered for placement in the university-level municipal leadership program. They will be chosen by a Selection Committee comprised of the COO, the Director of CSS, and the Manager of Human Resource Planning & Services. All departments will have the opportunity to send their recommended candidates to the Selection Committee for consideration.

Timeline: Pilot Program – Fourth Quarter 2012

Expand leadership training and development opportunities

Senior leaders and high potential employees frequently require specialized or customized training, formal education and coaching to reach their potential. Currently, the Human Resource Planning and Services Division leadership training and development program is focused more on the supervisor and mid-level manager and is delivered primarily through courses offered by the City through its annual Employee Development Course Calendar. There have been some isolated cases where further

education opportunities have been partially supported by departments but there is no formal organized program at the corporate level to support future leaders in their pursuit of higher education that would ultimately assist the City of Winnipeg in meeting its service goals by ensuring it has leaders in place with the necessary combination of education and experience. Currently, the City does not have formally organized mentorship, secondment, or sponsored higher level learning programs for the training and development of its senior leaders.

Our current practices are not consistent with the best practices employed by other levels of government, particularly the federal government. The Government of Canada has an extensive program for developing senior leaders with a diverse course offering specific to senior leaders utilizing a variety of training and development methodologies. They have an extensive list of leadership level courses, paid leaves to pursue higher education, secondments, and mentorship programs for high potential employees. The Government of Canada through the development of the Canada School of Public Service is the best supported in terms of funding and leadership development opportunities available and supports what appears to be a culture in place that encourages the identification and development of high potential employees for future leadership positions.

The City of Winnipeg's current Leadership Development program for senior leaders is weak in several key areas. Specifically, the limited breadth of courses offered in house targeted at the senior leader, the lack of adequate financial support for pursuit of higher level learning (graduate and post graduate level studies), limited opportunities to gain experience through secondments (with the exception major project implementation assignments) and a lack of a system to identify high potential employees. The weaknesses in the leadership development program leaves the City vulnerable to not having the necessary leaders in place to ensure the City continues to deliver the required level of service to the public. This is particularly important given the fact that a significant number of senior leaders are eligible to retire. The resulting vacated leadership positions may not be able to be filled by qualified internal or external candidates resulting in potentially poor hiring decisions being made or key senior leadership positions left vacant.

Recommendation 4:
The Human Resource Planning and Services Division expand the training and development program for the development of current and future senior leaders to include formal mentorship programs, partnerships with universities or other training institutions and secondment programs.

Management Response
Agree. With reference to expanding the training and development program for future leaders see response to Recommendation #1.

With reference to formal mentorship programs and secondments, the HR community is currently conducting a HR Development Opportunities Pilot Program.

We are, and will continue to experience turnover within the City's HR community. We are seeking to enhance our ability to fill key positions, and to develop others for future

positions. Employees interested in a career in human resources were encouraged to attend information sessions held in their department. Attendees were advised of the high probability of future vacancies in HR, and provided with information regarding the credentials, skills and competencies required to fill such vacancies. Employees currently possessing, in the process of attaining, or interested in building their credentials and abilities in HR were encouraged to apply to future job openings.

As job bulletins appear, applicants are placed on a list, and assessed relative to their readiness and potential for development. Applicants will be provided feedback on their interviews (if selected for one) and/or on steps they may want to consider if they wish to enhance their career opportunities in HR. From this list, we will create a smaller group of "high potentials".

HR Managers are currently collecting ideas, project work, and other opportunities that could be offered to "high potentials" as development opportunities. Each person selected for a developmental opportunity would be supervised and given feedback from an HR professional within that area. Ideally, we will see employees move between departments gaining HR experience, a greater understanding of the organization while also breaking down any perceived barriers between departments.

Upon completion of the pilot, we hope to use this experience to create like-programs across the organization.

Timeline: HR Development Opportunities Pilot – currently underway. End date December, 2013

Performance measures for the evaluation of the corporate leadership program needs to be developed

Human Resource Planning and Services has not developed adequate performance measures to monitor the results achieved by the corporate leadership program or the individual courses offered within the program. Evaluation of the current leadership learning and development has been mainly limited to participant satisfaction with courses and participation rates rather than the results achieved. Performance measures and performance management practices currently do not support the development of comprehensive learning and development strategies that target priority needs to ensure the right people, have the right skills, at the right time.

However, it must be recognized that Human Resource Planning and Services is constrained in their ability to conduct comprehensive evaluations by the general lack of appropriate performance targets and data. The lack of supporting management information and performance measures on a City wide basis, such as expenditures on Leadership Development and staff participation rates, means that departments are not well placed to demonstrate the performance results of the investment in learning and development.

Currently, the City does not have a system in place that tracks all the formal learning that takes place at the City. Currently the system is limited to recording City offered courses. This is consistent with many other organizations. The Conference Board of Canada in

their *Learning and Development Outlook 2009* noted “that 42 per cent of organizations did not have any dedicated systems to track the formal learning occurring” they further noted that “, it is easy to appreciate the difficulty TLD (Training, Learning and Development) professionals have in evaluating the impact of the training occurring in the organization. These employers, therefore, have no systematic way of knowing to what extent formal learning in the workplace drives productivity (improved employee engagement, workplace health and safety, etc.), or what kinds of formal learning they should do more of—or do better.” This also does not address the tracking of informal learning (mentoring and coaching) that is increasingly taking place in the current economic environment and especially at the senior manager and director levels. Again the City is not alone in this as the Conference Board of Canada also found in their survey of organizations that “A much smaller percentage had a system to track informal learning (14 per cent).”

The Employee Development Branch relies in part on the continued support for a course by supervisors to determine if the course is addressing a perceived need. (i.e. if the course is always full when offered and participants’ supervisors are approving their training time then they conclude that they must be addressing a need). It is not clear from this measure alone if the course offered is addressing a priority need. A more suitable measure of the effectiveness of a program would be measuring the change in the level of targeted competencies of participants in the leadership program compared to non-participants.

We also noted the information on the Course Evaluation Forms is being compiled on an ad hoc basis to provide statistics for overall planning of course calendar. Each Corporate Education HRD consultant reviews the forms to give them an overall assessment of the instructor and the course. This data is not summarized in a form that can be used to inform or compare instructors and courses. In addition, the Course Evaluation Form does not include a question pertaining to the course 'meeting' the learning objectives defined for the course and/or if the participants' 'expectations' of the course were met. Most of the rated questions pertain to the evaluation of the instructor. Human Resource Planning and Services noted that a question regarding learning objectives used to be included but was often left unanswered due at least in part to participants not being clear on what was meant by learning objectives. We believe that at least one question which clearly identifies the learning objective(s) and an assessment as to the degree the participant thought these objectives were met should be included. Another valuable question could pertain to the perceived usefulness of the training to the participant in their work environment.

An added difficulty in measuring the level of training and development, especially at the director and senior management level is that a large portion of the training and development is informal in nature (i.e. mentoring and coaching). The percentage of training and development received informally across organizations at all levels is increasing according to a Conference Board of Canada *Learning and Development Outlook 2009* which highlighted that “informal learning as a proportion of all learning increased from 33 per cent in 2004, to 42 per cent”. This is a significant portion of an organization’s total training and development efforts that goes largely unmeasured in terms of costs because of the difficulty tracking time spent coaching or mentoring. However, the City could begin by capturing the approximate number of hours devoted to this to begin to help assess the effectiveness of this learning method. Human Resource

Planning and Services needs to demonstrate the importance of this informal training and development by measuring and reporting on it. We believe that this training is not only important but critical to the development of the City's senior leaders.

Recommendation 5:
The Director of Corporate Support Services develop performance measures and a system to monitor the effectiveness of the corporate leadership training and development program.

Management Response
Agree in principle. As noted by the Audit findings, the Human Resource Planning & Service Division (Employee Development Branch) is constrained in our "ability to conduct comprehensive evaluations by the general lack of appropriate performance targets and data". Also of note, our current processes do not capture all formal learning, and most organizations are challenged to identify, quantify and capture the level of "informal" learning. However, we are interested in taking steps toward improving our performance measures.

An ideal measure of training effectiveness would be the enhancement of leadership competencies in those who have participated in training (classroom) and development (on-the job development opportunities and coaching/mentoring). When the e-performance system is in place and we have established the organizational requirement to create and track performance appraisals we could more readily begin to assess improvements in specific leadership competencies. It will always be difficult to then attribute these gains solely to training and development as many factors impact upon one's abilities. That said, tracking improvements in competency levels would be a measure which would be of interest.

We are in the process of adding more training and education data to the PeopleSoft system. Ideally, we would like departments (employees) to enter all training information so that our data includes courses taken outside the organization. We have started this process on several occasions, but have been constrained by the resources available to establish the rules/processes, and also those required to enter/verify the data. We will continue to work through the challenges faced, and will focus on including this external training data after the 2012 PeopleSoft upgrade.

Capturing time devoted to, and the impact of "informal" development is an area that requires further investigation. Again, there may be components of the new PeopleSoft functionality which would provide a receptacle for this information. The more difficult challenge will always be to ensure those participants of informal learning record the activities.

Although it would be of a more qualitative nature, we could consider surveying leaders, asking them to provide their thoughts on informal learning opportunities (i.e. are they currently involved in any, would they be open to such activities, what options would they like to see made available). This would also require follow-up surveys to track changes assuming the organization invested in improvements in these areas. Ensuring that such a survey was done appropriately would require additional support and resources which are not currently available within the Division.

The Employee Development Branch could introduce a method of annually summarizing results of participant feedback on leadership development courses. Currently, participants complete an evaluation form at the conclusion of leadership training programs, evaluating the effectiveness of the course, instructor, and learning process. The Employee Development Branch could summarize this feedback on a regular basis, allowing results to be compared from one year to another and providing an opportunity to see patterns/trends, and areas for improvement. This measurement can be put in place for all courses reflected in the Leadership Learning Paths for "Leaders with Direct Reports", as well as "Senior Leaders/Managers". As new leadership development opportunities are created, they could be added to the summary report.

We will continue to review opportunities to create performance measures and to monitor the effectiveness of corporate leadership training as we implement and establish the new e-succession and e-performance PeopleSoft modules.

Timeline:

Leadership Development Program Summary Report – April, 2012 (for 2011 data)
Recommended additional measures - 2015

Recommendation 6:

The Human Resource Planning and Services Division revise the structure of the Course Evaluation Form to ensure that attendees evaluation of whether the course achieved the learning objectives established can be measured.

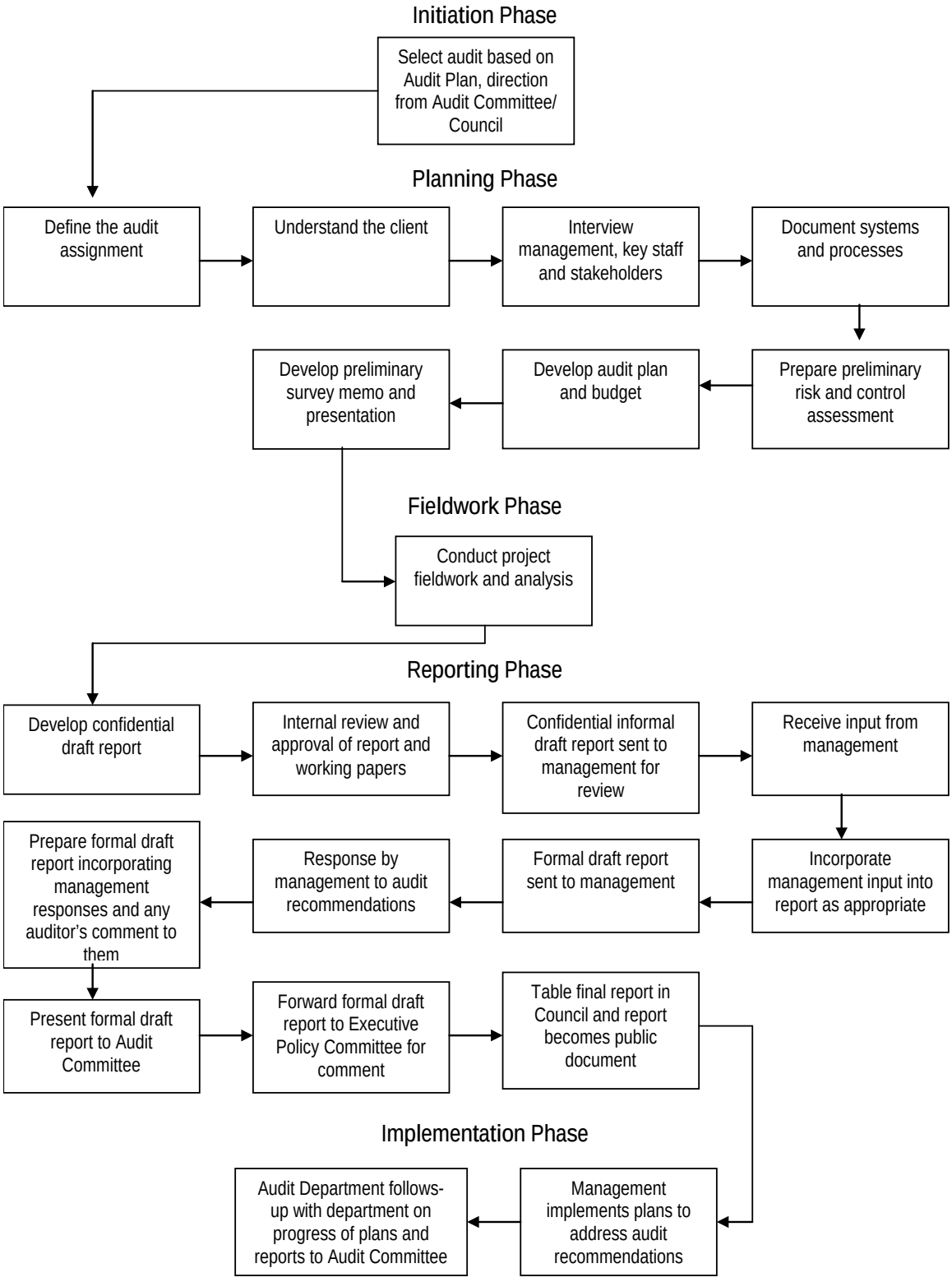
Management Response

Agree. We can re-establish a question on the course evaluation form regarding the participants' opinion on whether or not the learning objectives were accomplished.

Every course offered by the Employee Development Branch has clearly defined learning objectives. Each course evaluation could identify the learning objectives specific to that program, and ask participants to rate the extent to which they believe the learning objectives were achieved. The current course evaluation form asks participants how they will use what they have learned, which seeks to understand the perceived value of the course material.

Timeline: Changes to the Course Evaluation Form – January, 2012.

APPENDIX 1 - AUDIT PROCESS



APPENDIX 2 – SUMMARY OF RECOMMENDATIONS

Recommendation 1:
The Director of Corporate Support Services develop a city wide operational plan for the identification, training and development of senior leaders.

Recommendation 2:
The Director of Corporate Support Services ensure that a complete needs assessment for the leadership development program be conducted on a periodic basis. This will require the implementation of the necessary information system upgrades and changes to the information processes and the city-wide adoption of the performance appraisal system.

Recommendation 3:
The Human Resource Planning and Services Division develop a program for the identification and development of high potential employees.

Recommendation 4:
The Human Resource Planning and Services Division expand the training and development program for the development of current and future senior leaders to include formal mentorship programs, partnerships with universities or other training institutions and secondment programs.

Recommendation 5:
The Director of Corporate Support Services develop performance measures and a system to monitor the effectiveness of the corporate leadership training and development program.

Recommendation 6:
The Human Resource Planning and Services Division revise the structure of the Course Evaluation Form to ensure that attendees evaluation of whether the course achieved the learning objectives established can be measured.