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Halifax Regional Municipality (HRM) – A  
Performance Review of the Administration  
of Training Expenditures©

February 2014



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## Preamble

The 2012-13 work plan for the Office of the Auditor General included a performance review of HRM training expenditures, with a focus on program economy, efficiency and effectiveness.

The Human Resources (HR) business unit is responsible for the administration of a portion of HRM's training program. The HR Business Unit funds budgeted for the program are used to provide access to both internal and external learning and development opportunities. These programs tend to be general in nature (for example, orientation, communication, diversity, ethics, respectful workplace) and apply to all HRM Business Units.

Business units also budget funds for training for business unit-specific-programs which do not apply to the organization as a whole. Questions have been raised regarding:

- 1) the consistency of access to training among business units, particularly with respect to external learning and development opportunities,
- 2) if there is a strategy for what training is delivered, and
- 3) how corporate training is delivered organization wide, in support of HRM's overall strategic goals.

Because of the differentiation in how training is funded, the OAG was interested in understanding who has responsibility for the overall concept of training and whether there was a clear understanding of responsibilities, costs and effectiveness of the training programs that took place throughout HRM. This understanding would then lead the OAG to conclude whether HRM is administering training expenditures with attention to economy, efficiency and effectiveness.

In order to learn more about the corporate training process and to assist in directing the focus of the project, the OAG first met with the Manager of Organizational Development, Health and Safety and Director of Human Resources who are responsible for the Employee Learning and Development Program and the administration of the corporate training budget.<sup>1</sup> The overarching goals of this meeting were to understand:

<sup>1</sup> The corporate training budget encompasses the Corporate Training Calendar and Tuition Reimbursement Program

- 1) what the goals of the Employee Learning and Development program were,
- 2) what performance measures and benchmarks were used to evaluate the program,
- 3) how the measures were reported,
- 4) how often management reviews the measures and
- 5) what controls were in place related to the Employee Learning and Development Program.

The information obtained in this meeting was used to determine if the project would have an outcomes-based focus or a controls-based focus, and what the specific lines of enquiry would be.

Based on the information received from this meeting, the performance measures applied by HRM Administration appear to be quality control measures on specific course delivery for the training offered by HR. These measures were not standardized and varied for each training course offered, they could not be used to compare the different programs. As a result, a controls-based project was undertaken.

## Objectives

Based on initial discussions, the OAG determined the objectives of the project would be:

1. To understand how HR's programs and processes for providing training on an organization-wide level tie to the goals and objectives of programs and services of HRM and to determine the overall effectiveness of the programs being offered.
2. To review and provide commentary on the delivery of HRM's corporate training program through HR, including controls and performance measures, as delivered through the Employee Learning and Development and Tuition Reimbursement Programs.
3. To review and comment on the role of business units in support of staff training (whether through HR-provided programs or through the business unit's own programs and processes) and to assess the economies and effectiveness of those programs.

4. To understand the full cost of training for HRM as an organization and to assess whether training is being delivered efficiently.

## Scope

The OAG determined a review covering two years should be undertaken for trending purposes. Therefore, the review included all training costs incurred by HRM through HR's Corporate Training and Tuition Reimbursement programs for the fiscal years 2011/12 and 2012/13. In addition, all training costs which were able to be identified as incurred by HRM's business units for the fiscal years 2011/12 and 2012/13 were also included. The purpose was to identify the types of training occurring within business units and whether the training occurring within multiple business units could have been more efficiently offered on a broader scale. For the purposes of this report, the business units interviewed included:

- Community & Recreation Services
- Finance and Information, Communication and Technology
- Halifax Regional Fire & Emergency Services
- Halifax Regional Police
- Human Resources
- Legal, Insurance and Risk Management Services
- Metro Transit
- Planning & Infrastructure
- Transportation & Public Works

The following HR-related processes were not included in the review:

- Hiring practices
- Performance management
- Retention activities
- Other (non-training) benefits
- HR general strategies and practices
- Employee development costs outside of training – i.e. professional coaching
- Creating a skills inventory

## Methodology

The methodology for this project included the following:

- Meetings with HR and all Business Unit directors or representatives to establish processes used by HRM for training and any performance measures in place.
- Policy review to identify the objectives and goals of the HR Corporate Training Program.
- Review of any formal documentation linking corporate training to the overall goals and objectives of HRM.
- A comparison of the training processes used in each business unit against each other and against HR processes looking for duplication, inefficiencies and whether there is equitable access for employees.
- Benchmarking corporate training strategies and processes in other organizations to HRM strategies and processes.

## Executive Summary

The goal of the OAG in conducting this review was to determine whether HRM administers training expenditures with attention to economy, efficiency and effectiveness. The evaluation of the administration of training was intended to identify areas in need of improvement. The OAG felt, performance could be improved by bringing various inconsistencies or concerns to the attention of Management.

In previous work, the OAG discussed the concept of measuring economies, efficiencies and effectiveness with specific attention to appropriate measurement criteria. Generally, three possible approaches can be used to conduct these types of projects:

- Results-based approach
- Systems/controls-based approach or
- Some combination of both (the OAG's normal practise).

A results-based approach uses performance measures (benchmarking and other techniques) to compare actual results to stated organizational expectations or peer results. In the preliminary assessment performed for this project, the OAG was not satisfied appropriate HRM criteria existed to allow for a results-based approach. Therefore, a systems- or controls-based approach was adopted which focuses on Management's systems and controls used in achieving and measuring economies, efficiency and effectiveness.

As the OAG has often said, performance auditing is in essence a practise of assessing so called 'value for money' with respect to a program or undertaking and can be described using simple words but in practise is a truly complex undertaking.

In the work the OAG does, we often hear, "of course there is value, how could there not be, we are spending the money towards the intended/stated program". While the OAG understands this reaction, it unfortunately does not satisfy the framework used by performance auditors to assess true value for money.

For the OAG to provide commentary on value for money on a results basis, there is essentially a cascade of information which is needed.

In very simple terms the performance cascade as developed by the OAG is essentially as follows:

- Are all of the intended inputs to the program or deliverable known?
- Are all of the actual inputs to the program or deliverable able to be identified and value or cost measured?
- Is there an intended outcome to a program or undertaking which is clear and accepted?
- Are results, intended outcomes (planned events which can be measured) or merely outputs (random events which are difficult to measure)?
- Are appropriate benchmarks available or able to be calculated to measure intended outcomes?
- If benchmarks are available, are they, in fact, of the right type and quality? Do they exhibit the characteristics of reliability, timeliness, relevance and completeness?

The reason the OAG described this performance framework as a cascade is simply, for the most part, one part flows from the other and they all move to one objective being an assessment of value for money. As the OAG has developed our thinking around this cascade, the one element that is absolutely common to essentially all parts of the cascade is data and the quality of the data.

As the OAG has noted in the past, if it is not possible to use a results-based approach, then, by default, a controls-based approach is looked as the alternative. However, even from the perspective of controls, data and its quality is central to the analysis.

Overall, based on the information reviewed, the OAG has concerns regarding HRM's ability to assess training programs to ensure economic, efficient, and effective administration of these programs. At the time of this review, HRM had no clear training strategy. The OAG found HR is responsible for general overall training applicable to all employees. However, business units also provide training, some of which is specific to their needs (bus driver training, certain police or fire needs). They also provided programs not delivered at the corporate level, but which had overall corporate applications. While it appears to be clear-cut, this ad hoc HRM framework has led to areas of inconsistencies, possible duplication of training efforts and a situation where HRM does not know its annual investment in or organizational benefits from training organization-wide. As a result, there does not appear to be any corporate focus for training.

The training offered by HR is intended to address employee's core competencies. However, there is no documentation linking the core competencies to these training programs. The training programs provided are purported to be the result of needs identified either through the performance development process (PDP) or through a corporate needs assessment however, there is no documented linkage to either. This is not to say employees and HRM did not benefit from the programs being offered. Instead, this indicated there was no documentation supporting a strategic, methodical process for identifying training to be provided, a fundamental requirement for measurement of effectiveness.

The review included the HR-provided Corporate Training Calendar<sup>2</sup> which provides general organizational behaviour training as well as training programs identified as being conducted by the business units. Evaluations of training programs were not formally documented, so there is no way for HRM Administration to demonstrate whether HRM is providing training in the most efficient and economical manner (ie. internal vs. external or corporate vs. business unit). Also, on a course-by-course basis, the outcomes of the training are not being appropriately evaluated to determine if the program is effective and achieving the anticipated outcomes.

HRM also offers a Tuition Reimbursement Program which is not being consistently applied. Employees in different business units have access to various levels of funding for degrees or certificates. The objective of this program is not clear.

The OAG also noted a significant amount of the funds budgeted for training were not spent during the period of the review. The OAG therefore questions:

- Are training needs being budgeted appropriately?
- Are budgets really based on the needs identified?
- Are needs being properly identified in performance reviews?
- Are business unit specific needs being acted upon?
- Are employees not being given the time to attend the training they need and therefore costs are not being incurred?

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<sup>2</sup> Training Calendar prepared by Human Resources annually – discussed further in Section 3.0.

- Who is monitoring programs to ensure employees are being developed appropriately?
- What is the impact if employees are not trained properly?

These questions are not being addressed at a corporate level.

## Overarching Commentary

*Many, including the OAG, would suggest the greatest asset HRM possesses is its human resource pool. Many would also suggest, this asset also presents one of the greatest challenges facing HRM in that this resource needs to be maintained and developed if HRM is to move forward in today's increasingly complex world and to constantly bring planned innovation to the delivery of programs and services both from a needs and budget-constraints perspective.*

*The OAG believes this report highlights a number of critical areas where HRM is in need of change as it relates to training. The OAG is also of the opinion these changes going forward are so critical there is little room for error.*

*The current Auditor General is a strong advocate of specialization and with this in mind, the OAG is suggesting the HRM Administrator consider the appointment of a Chief Learning Officer.*

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The OAG believes this report highlights a number of critical areas where HRM is in need of change as it relates to training. The OAG is also of the opinion these changes going forward are so critical there is little room for error. Clearly, despite high unemployment rates, individuals with the skills and talents which the OAG believes HRM needs to move forward as a modern, high-performance public sector organization are in short supply.

As this report was completed and as is often the case, the OAG made a number of recommendations to assist the organization in achieving greater value for money. Upon reflection, the OAG felt it could be possible, perceived or actual barriers may exist to implementing all of the recommendations and these possible barriers have essentially two elements in common. With these thoughts and the findings and recommendations of this report as a backdrop, the OAG cannot help but wonder if this is not the time for HRM to consider the reorganization of current administrative functions and provide for specialization in this area.

The current Auditor General is a strong advocate of specialization and with this in mind, the OAG is suggesting the HRM Administrator consider the appointment of a Chief Learning Officer. This person would need to have a background and the training to allow them to lead HRM and develop it as one person has described as "a High-Impact Learning Organization"<sup>3</sup>. In order to accomplish this, the Learning Officer must have extensive training and experience in implementing one of the OAG's critical recommendations, being the development of an organization-wide and detailed capacity requirements analysis followed by a detailed competency map. This person would also need to be able to identify priorities and the requirements of critical impact positions within HRM. Research by

<sup>3</sup> The New Best Practices of a High-Impact Learning Organization – Bersin by Deloitte – September 4, 2012

*with the commitment by an organization to this type of learning (what high performance in a role looks like and with training developed to meet this goal), the organization moves from simply developing “skills”, to one which is highly strategic in approach and one which generally is a leader in its sector.*

*As readers of this report will soon learn, the OAG is of the strong view HRM’s understanding of and management of ‘Big Data’ is at a critical stage and is a critical component in its ability to move forward and provide taxpayers highest value for money.*

others suggests, with the commitment by an organization to this type of learning (what high performance in a role looks like and with training developed to meet this goal), the organization moves from simply developing “skills”, to one which is highly strategic in approach and one which generally is a leader in its sector<sup>4</sup>.

This specialization in personnel will address the second issue, being how HRM is dealing with the issue of so called ‘Big Data’. An individual with the specific training and background as contemplated by the OAG would also have the confidence and knowledge to operate in today’s world of ‘Big Data’. As readers of this report will soon learn, the OAG is of the strong view HRM’s understanding of and management of ‘Big Data’ is at a critical stage and is a critical component in its ability to move forward and provide taxpayers highest value for money.

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<sup>4</sup> Today’s World Class Chief Learning Officer – Bersin by Deloitte – May 31, 2012

**Summary of Recommendations**

- 1.0.1 The OAG recommends HRM Administration, in consultation with the business units, develop an organization-wide training strategy including all of the components of a strategy such as a vision, mission, goals, objectives, etc. The strategy should clearly identify specific roles and responsibilities in determining the types of training programs to be supported and which business unit will be responsible for budgeting the costs of training. (Page 22)
- 1.0.2 Once the training strategy is developed, the OAG recommends it be clearly communicated to ensure all staff are aware of the training strategy of HRM. (Page 22)
- 1.0.3 The OAG recommends HRM Administration document the framework for providing training and development services to ensure business units are aware of HR's role, as well as the business unit's role. Any consultative services available through Organizational Development, Health & Safety should be clearly documented and communicated. Responsibilities at the business unit and corporate level should also be clearly communicated and understood. (Page 22)
- 1.0.4 To excel at providing various services to its stakeholders, the OAG recommends HRM Administration engage in a process which should lead to a better understanding of the types and levels of competencies required for the organization as a whole. The foundation of any resulting strategy developed should be to ensure the organization is constantly moving to a complete alignment of staffing with required competencies. (Page 22)
- 1.0.5 Once Recommendation 1.0.4 is implemented, the OAG recommends the HRM Administration maintain an organization-wide inventory of skills to ensure training is not being unnecessarily duplicated or where skills/training are inconsistent with current roles. This will ensure the taxpayers are receiving the highest value for money. (Page 23)

- 2.0.1 The OAG recommends HR work with a Senior Financial Consultant within Finance and Information, Communication and Technology to develop an ad hoc reporting mechanism utilizing the software currently available (SAP, Excel) so appropriate reporting can be done, on an interim basis, until an appropriate long-term solution is identified, developed and implemented. (Page 25)
- 2.0.2 The OAG recommends HRM Administration document the process used to review and evaluate training program delivery methods. This process should include guidance on completing a cost/benefit analysis for determination of the delivery method, evaluation criteria to be applied to each training program, and a time line indicating when programs should be reviewed. (Page 25)
- 3.0.1 The OAG recommends HRM Administration document the organizational development training framework to fully detail the methodology used to set the Corporate Training Calendar. (Page 27)
- 3.0.2 The OAG further recommends identifying specific training needs prior to setting the budget so the basis for the budget aligns with the needs of the organization. (Page 27)
- 3.1.1 The OAG recommends the core competency dictionary be reviewed annually to ensure it is consistent with current goals and objectives. Any necessary changes should be made and reported to all employees using the dictionary. (Page 28)
- 3.1.2 The OAG also recommends the entire HRM training program be reviewed and course descriptions modified to ensure they include the core competency proficiency level being addressed, the expected level of the audience and the expected level to be reached as a result of completion of the session. (Page 28)
- 3.2.1 The OAG recommends HRM Administration conduct a formal needs assessment on a recurring basis (i.e. annually, bi-annually) and link the results of the assessment to the competency dictionary. (Page 29)

- 3.2.2 The OAG recommends, once the needs assessment is linked to the competency dictionary, the methodology used to link the needs assessment to training calendar development be documented. (Page 29)
- 3.3.1 The OAG recommends HRM Administration evaluate the possibility of automating the PDP process with a goal of being able to quickly query a database to identify training needs identified during the PDP process. A database could also be used to accumulate all training and development received by all employees (this is addressed further in Recommendation 5.0.1). As a starting point, the OAG contemplates this could be developed in a readily available program such as Excel or Access rather than wait for a more significant and specific program to be identified and implemented. (Page 31)
- 3.4.1 The OAG recommends training session evaluations contain a content evaluation in relation to the core competency outcome or learning objective the course set out to achieve. (Page 32)
- 3.4.2 The OAG further recommends managers and supervisors be made more aware of course expectations in order to match the training needs and actual training outcomes of their employees against the various competency levels identified by the organization. (Page 32)
- 3.5.1 The OAG recommends all corporate training available be included in the training calendar so all employees are aware technology training is available internally through ICT. (Page 32)
- 4.0.1 The OAG recommends HR revisit the Tuition Reimbursement Program to determine what the program is intended to achieve and restructure the program so this objective can be produced on a consistent basis and outcomes accurately measured. This process should also include clarification around the criteria to be used to ensure consistency in availability, determination of a maximum support level per employee, as well as establishment of an equitable service commitment. (Page 35)

- 4.0.2 The OAG recommends full documentation be retained for all applications under the Tuition Reimbursement Program so a regular comprehensive review can be undertaken of what programs are and are not being supported. Retaining all applications allows for trending and can provide support for adjustments to the program. (Page 35)
- 4.0.3 To ensure consistency in application of the Tuition Reimbursement Program, the OAG recommends HR develop a list of recognized degrees, certificates and diplomas as well as a list of recognized universities and colleges able to be supported by the program. Any revisions to the list should be supported by a business case. (Page 35)
- 4.0.4 Once the Tuition Reimbursement Program has been restructured, the OAG recommends the new program be communicated to all business units so they are aware of the program and eligibility criteria. (Page 36)
- 4.0.5 The OAG recommends HR implement a robust, regular reporting of the use of the Tuition Reimbursement Program including the courses supported, utilization by business unit and tracking of support by employee. (Page 36)
- 5.0.1 The OAG recommends HRM Administration focus on addressing the issues with 'Big Data' identified by the OAG within HR. This includes implementing a Human Resources Information System (HRIS) to assimilate information into a readily accessible format. (Page 38)
- 6.0.1 The OAG recommends evaluation surveys for both employees and supervisors include a content evaluation section in relation to the core competency outcome the course set out to achieve. These evaluations would be different depending on whether the course was aimed at changing a behaviour, improving knowledge or increasing a skill. (Page 40)
- 6.0.2 The OAG recommends HRM Administration identify high-value courses as well as costly courses offered numerous times and consider multiple levels of evaluations including but not limited to:
- Pre and post course testing

- Evaluation of changes in employees who attended training compared to control groups
- Interviews with participants before and after they have taken the course. (Page 41)

6.0.3 The OAG further recommends providing feedback to managers on the results of the courses being administered to both promote the training programs as well as educate managers on the value received when providing employees the time to attend training. (Page 41)

7.1.1 The OAG recommends HRM Administration review training being provided by all business units to ensure there is no duplication of effort in coordinating training programs. This review could also be used to enhance the current offerings in the Corporate Training Calendar. HRM Administration should advise business units to pursue the most economical option for HRM. (Page 43)

7.2.1 In conjunction with Recommendation 4.0.1, the OAG recommends HRM Administration create a policy identifying the level of support the organization feels is appropriate to provide for tuition and certification reimbursement. This policy should promote consistent support of certification programs throughout HRM including the costs considered for reimbursement by HRM, regardless of business unit. (Page 43)

7.3.1 The OAG recommends HRM Administration clarify the role of HR in training being coordinated by the business units to ensure employee development is meeting the goals and objectives of HRM as a whole. This may be accomplished through the establishment of an organization-wide training committee with representation from all business units. (Page 44)

7.3.2 The OAG recommends HR track training completed by employees as this would be very useful during the annual review process and to be able to see the history of the training taken by the employee. (Page 45)

- 8.1.1 The OAG recommends HRM Administration educate staff and supervisors on the proper use of time codes for training time. This will allow for reporting of training time by employee, business unit and organization-wide. With this valuable information, HRM will be able to more accurately calculate the annual investment in training organization-wide as well as isolate instances where there is a lack of training taking place. To assist with increasing the quality of tracking of training time, the OAG would also recommend HRM Administration provide guidance with a number of record keeping matters including:
- The appropriate accounts to code for training costs of all types – either internal or external,
  - The costs which should be tracked:
    - Actual costs for course, meals provided, costs to rent facilities,
    - Travel costs to and from training, etc. (Page 47)
- 8.2.1 The OAG recommends HRM Administration report the full cost of training organization-wide including staff time to attend and deliver and prepare (where applicable) to determine HRM's annual investment in training. (Page 49)
- 8.2.2 The OAG also recommends costs be analysed and evaluated more thoroughly to fully assess training programs including (but not limited to):
- Analysis by business unit to assess the appropriateness of the level of training by business unit,
  - Analysis on a course-by-course basis to better assess the training methodology (internal vs. external or corporate vs. business unit delivery),
  - Analysis of annual results against the needs identified to ensure employees are being developed as anticipated and budgeted. (Page 49)
- 8.2.3 The OAG further recommends once HRM reports training organization-wide, this information be benchmarked against other organizations (not exclusively municipalities) to assess HRM's commitment to training. (Page 50)

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## Detailed Findings and Recommendations

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## 1.0 Organizational Development Framework

As indicated in the preamble of this report, questions have been raised regarding consistency of access to training across business units during the period under review. This is particularly so with respect to external learning and developmental opportunities, and if there is a strategy for how corporate training is delivered at an organizational level and in support of the overall strategic goals of HRM.

Research<sup>5</sup> suggests an effective learning and development program includes:

- the strategic alignment of learning and development with performance management around key organizational objectives,
- the use of multi-faceted strategies for both learning and development and performance management incorporating a variety of programs and initiatives and
- the development and integration of competency models into learning and development.

At HRM, the Organizational Development, Health and Safety division, within the Human Resources (HR) business unit, is responsible for administering the Employee Learning and Development Program and delivering the Corporate Training Calendar. The division also coordinates the Tuition Reimbursement Program, the Performance Development Process (PDP), and Corporate Safety, Workplace Health Services and Wellness programs. As indicated on the HRM website, the goal of Organizational Development & Health is “to promote and foster leadership in organizational evolution and employee development”<sup>6</sup>. More specifically, the Human Resources Policies and Practices manual states “The goal (of Employee Learning and Development) is to develop a highly qualified and motivated workforce that can respond to evolving organizational needs and achieve HRM’s corporate goals.”<sup>7</sup> HR has also prepared a strategy document entitled “HR Strategy People Plan: Our Priorities 2012-2014.”<sup>8</sup> One of the priorities within the plan is “to be an organization of continuous learning”.

<sup>5</sup> Human Capital Challenges in Asia-Pacific 2011-2013 – The Conference Board of Canada

<sup>6</sup> HRM Intranet–Inside HRM–Organizational Development and Health page- October 31, 2013

<sup>7</sup> Human Resources Policies and Practices April 2012 – Page 53

<sup>8</sup> HR Strategy People Plan: Our Priorities 2012-2014 – Page 1

*The OAG is then left with the obvious question – What is HRM’s specific training and development strategy?*

*The OAG questions if HR provides consultative services to assist business units to accomplish these objectives and if so, is this fact known to all business units along with a formal process to ensure desired outcomes are achieved? While it is positive this document exists, the OAG believes there are areas for improvement in execution of the ‘strategy’, particularly with respect to the clear communication and teamwork needed for success.*

*‘Responsibility’ is not specifically defined by HR so this has become an area of misunderstanding.*

The OAG reviewed the HR Strategy but failed to see where the vision and focus of HR were clearly identified, which are key elements of any strategy. The ‘plan’ “highlights the priorities that will guide our strategy.”<sup>9</sup> However, the strategy is unclear, particularly in reference to training and development. The OAG is then left with the obvious question – What is HRM’s specific training and development strategy? Who is ultimately responsible for the overall delivery of training and development? The ‘strategy’ identifies the roles of HR and the business unit in each of the objectives. However, it does not address what happens if the business unit is unsure of how to accomplish the objectives or if it does not have the resources to do so. The strategy also does not address who is responsible for ensuring all facets of the strategy are implemented. What happens if key actions are not delivered? As a result of our work, the OAG questions if HR provides consultative services to assist business units to accomplish these objectives and if so, is this fact known to all business units along with a formal process to ensure desired outcomes are achieved? While it is positive this document exists, the OAG believes there are areas for improvement in execution of the ‘strategy’, particularly with respect to the clear communication and teamwork needed for success.

Based on the OAG analysis of the types of training being provided by business units, there appears to be some confusion regarding what training and development opportunities business units are responsible to coordinate and fund. It appears the Corporate Training Calendar covers general organizational behaviour and introductory leadership types of training and anything thought to be business-unit specific is considered to be the responsibility of the individual business unit. ‘Responsibility’ is not specifically defined by HR so this has become an area of misunderstanding. For example, the Tuition Reimbursement Program is administered by Organizational Development however, some of the courses funded are business-unit specific. This issue will be addressed further in Section 4.0 of this report.

It is important to understand, the OAG is not saying HR is not doing good things in organizational development. For example,

- HR has published a general competency dictionary, applicable to all positions in HRM, to identify behaviours needed for successful job performance as well as key

<sup>9</sup> HR Strategy People Plan: Our Priorities 2012-2014 – Page 1

*As well, HRM conducted a needs assessment in an attempt to identify the required focus areas for training. The needs assessment allowed for employee input and involvement in its development which is key to the success of organizational development programs.*

leadership competencies for success within a municipal environment. As indicated above, these are all important components of an employee development program.

- As well, HRM conducted a needs assessment in an attempt to identify the required focus areas for training. The needs assessment allowed for employee input and involvement in its development which is key to the success of organizational development programs.
- HRM also has a performance management process incorporating training and development.

These areas will all be addressed further in the next section of the report as the intent of this report is to provide useful recommendations to improve the process.

### **Recommendations:**

- 1.0.1 The OAG recommends HRM Administration, in consultation with the business units, develop an organization-wide training strategy including all of the components of a strategy such as vision, mission, goals, objectives, etc. The strategy should clearly identify specific roles and responsibilities in determining the types of training programs to be supported and which business unit will be responsible for budgeting the costs of training.
- 1.0.2 Once the training strategy is developed, the OAG recommends it be clearly communicated to ensure all staff are aware of the training strategy of HRM.
- 1.0.3 The OAG recommends HRM Administration document the framework for providing training and development services to ensure business units are aware of HR's role, as well as the business unit's role. Any consultative services available through Organizational Development, Health & Safety should be clearly documented and communicated. Responsibilities at the business unit and corporate level should also be clearly communicated and understood.
- 1.0.4 To excel at providing various services to its stakeholders, the OAG recommends HRM Administration engage in a process which should lead to a better understanding of the types and levels of competencies required for the organization as a

whole. The foundation of any resulting strategy developed should be to ensure the organization is constantly moving to a complete alignment of staffing with required competencies.

- 1.0.5 Once Recommendation 1.0.4 is implemented, the OAG recommends the HRM Administration maintain an organization-wide inventory of skills to ensure training is not being unnecessarily duplicated or where skills/training are inconsistent with current roles. This will ensure the taxpayers are receiving the highest value for money.

## 2.0 Corporate Training Delivery

One of the ways HR feels it fulfills its training role is through courses offered to all business units (at no cost to them). Typically, this training is high level, with a generalized corporate focus. Annually, HR prepares a Corporate Training Calendar which identifies training opportunities and when they are scheduled to be provided. The courses in the Corporate Training Calendar are delivered in one of two ways - either internally or externally. For internally delivered programs, HRM employees provide the training program as part of their positions within HRM. For example, the Labour Relations Consultant delivers training such as Managing Employees in a Unionized Environment or the Diversity Consultant delivers training related to Workplace Rights. Other programs such as Ethics or an Introduction to Financial Policy are offered through an external provider such as Dalhousie University or another external consultant.

*The OAG requested cost information associated with the delivery of this corporate training but this information was not readily available.*

The OAG requested cost information associated with the delivery of this corporate training but this information was not readily available. Presumably, there is currently no regular or on-going reporting of this type of information so HR staff attempted to compile the information requested. For internally delivered programs, the preparation and delivery time were provided along with any costs for catering or materials. The research and course development time were not included. For externally delivered training, the costs were compiled however, the OAG found there were inconsistencies in the information provided and amounts recorded in SAP. The OAG questions how HR can assess the efficiency or effectiveness of this program if information is not being tracked and reported.

*The OAG questions how HR can assess the efficiency or effectiveness of this program if information is not being tracked and reported.*

As part of the review, the OAG asked HR staff how they determine whether to provide a course internally or to seek an external provider. HR indicated they consider complexity of material, skills in-house, target audience and cost-benefit when determining the delivery method. While HR is confident they are achieving the highest quality and best value in the training delivery methods chosen, when asked by the OAG, there was no documentation to support this evaluation of the outcomes of the program.

*While HR is confident they are achieving the highest quality and best value in the training delivery methods chosen, there is no documentation to support this evaluation of the outcomes of the program.*

There is also no formal timeline used to determine when programs are reviewed for possible re-assignment of delivery method. In

*The OAG concluded there is no formalized assessment of the effectiveness of an external program versus an internal program therefore, it is not clear how quality and value are being assessed.*

addition, the OAG concluded there is no formalized assessment of the effectiveness of an external program versus an internal program therefore, it is not clear how quality and value are being assessed.

**Recommendations:**

- 2.0.1 The OAG recommends HR work with a Senior Financial Consultant within Finance and Information, Communication and Technology to develop an ad hoc reporting mechanism utilizing the software currently available (SAP, Excel) so reporting can be done, on an interim basis, until an appropriate long-term solution is identified, developed and implemented.
- 2.0.2 The OAG recommends HRM Administration document the process used to review and evaluate training program delivery methods. This process should include guidance on completing a cost/benefit analysis for determination of the delivery method, evaluation criteria to be applied to each training program, and a time line indicating when programs should be reviewed.

### 3.0 Setting the Corporate Training Calendar

To address high-level, but general organizational development needs, HR establishes a training calendar on an annual basis. This calendar provides a variety of training programs, some of which are mandatory for all employees. There are occupational safety, wellness, career development, diversity, financial management, quality management, communications and SAP (enterprise software) programs available. There are also leadership programs specifically for supervisors and managers.

There are multiple components HR considers when determining the training programs to be offered in any fiscal year. The process (although not documented) is generally as follows:

- annually, each business unit (including HR) identifies their strategic priorities and prepares operational budgets which may include training requirements,
- operational budgets for all business units (including HR's Corporate Training budget) are in place as of April 1<sup>st</sup> each year although formal Regional Council approval may come later,
- HR analyzes organizational needs using the current needs assessment, Performance Development Process (PDP) development requests, course evaluations and post training feedback and
- the training calendar is set by September (after the budget is set) of each year and runs until June of the following year.

This combination of formal and ad hoc analysis attempts to determine the most needed, relevant and effective training programs for the upcoming year to support the identified core competencies at HRM.

The components to develop appropriate training programs are in place (although improvements are needed as detailed further in this report) however, there is no formal documentation available outlining the process to set the training calendar which incorporates all of the above components and links the components to HRM's goals and objectives.

**Recommendations:**

- 3.0.1 The OAG recommends HRM Administration document the organizational development training framework to fully detail the methodology used to set the Corporate Training Calendar.
- 3.0.2 The OAG further recommends identifying specific training needs prior to setting the budget so the basis for the budget aligns with the needs of the organization.

**3.1 Competency Dictionary**

*The HRM Competency Dictionary defines competencies as “observable abilities, skills, knowledge, motivations or traits defined in terms of the behaviours needed for successful job performance”.*

*The core (behavioural) competency dictionary was compiled in 2007/08. However, there does not appear to be a process in place to ensure it is maintained and revised as required to keep it up-to-date and in line with current organizational requirements.*

*While the courses may align with one or more core competencies, it is not clear which ones or at what level.*

The courses offered in the training calendar appear to be aimed at providing programs to address and develop employee competencies. HR has developed a competency dictionary, which represents the behavioural and non-technical competencies that apply to all HRM jobs. The HRM Competency Dictionary defines competencies as “observable abilities, skills, knowledge, motivations or traits defined in terms of the behaviours needed for successful job performance<sup>10</sup>”. There may also be specific technical competencies applicable to positions within HRM. Behavioural and technical competencies are included in position descriptions. These descriptions identify the expectations of each position. Managers look for specific competencies in new recruits and measure performance against various competencies during performance evaluations. By ensuring employees perform at a specific competency level, the expectation is desired results will be achieved and HRM will meet its goals and objectives.

The core (behavioural) competency dictionary was compiled in 2007/08. However, there does not appear to be a process in place to ensure it is maintained and revised as required to keep it up-to-date and in line with current organizational requirements.

The training provided through the Corporate Training Calendar outlined above is intended to address various behavioural competencies applicable to all HRM positions; however, there is no reference to these core competencies in the training program descriptions. While the courses may align with one or more core competencies, it is not clear which ones or at what level.

<sup>10</sup> HRM Competency Dictionary – page 2

*As a result, there is an overall disconnect between the core competency dictionary, its integration with the learning and development program and clarity of employee understanding which negatively impacts how employees can use it to build on their competencies or ensure they are staying current.*

*Training programs do not disclose the target audience, the desired core competency proficiency level outcome from attending the course or any prerequisites required.*

As a result, there is an overall disconnect between the core competency dictionary, its integration with the learning and development program and clarity of employee understanding which negatively impacts how employees can use it to build on their competencies or ensure they are staying current. Training programs do not disclose the target audience, the desired core competency proficiency level outcome from attending the course or any prerequisites required. For example, core competencies span from a level one to level five (in some cases), it is unlikely a half day course would be able to bring a level one to a level four so it would be ineffective to send someone who has achieved level one in a particular competency to a course aimed at level three with a desired outcome of bringing them to a level four.

#### **Recommendations:**

- 3.1.1 The OAG recommends the core competency dictionary be reviewed annually to ensure it is consistent with current goals and objectives. Any necessary changes should be made and reported to all employees using the dictionary.
- 3.1.2 The OAG also recommends the entire HRM training program be reviewed and course descriptions modified to ensure they include the core competency proficiency level being addressed, the expected level of the audience and the expected level to be reached as a result of completion of the session.

### **3.2 Needs Assessment**

Part of the information HR uses to set the training calendar includes analysis of the current “needs assessment”. This needs assessment was last conducted in 2010 and included a written survey open to all employees who were asked to rate 27 skills according to importance to their work and their need for development. The survey responses were summarized to identify the top concerns. There were also a series of focus groups where participants were asked about essential skills for their job, what training and development they needed to build and maintain their skills and any other developmental support which should be provided.

The needs assessment has not been updated since 2010 and there is no documentation indicating how often the assessment is or should

*Conducting the needs assessment is vital to developing an effective training program but it needs to be updated on an on-going basis.*

*The OAG, through other ongoing projects, is becoming increasingly concerned HRM has limitations in its assessment of proficiency as compared to how it is approached in other sectors. It is likely proficiency in the HRM context is measured in degrees of general understanding or awareness as opposed to more 'specialist' levels which may be required in complex projects or situations.*

be conducted and at what level. Conducting the needs assessment is vital to developing an effective training program but it needs to be updated on an on-going basis.

The survey results mentioned above were also not linked to proficiency levels of the competency dictionary so it is difficult to identify specific needs and link those needs to specific levels of training (i.e. a need may be identified for conflict resolution but at what level – for employees, supervisors, etc.).

The OAG, through other ongoing projects, is becoming increasingly concerned HRM has limitations in its assessment of proficiency as compared to how it is approached in other sectors. It is likely proficiency in the HRM context is measured in degrees of general understanding or awareness as opposed to more 'specialist' levels which may be required in complex projects or situations.

#### **Recommendations:**

- 3.2.1 The OAG recommends HRM Administration conduct a formal needs assessment on a recurring basis (i.e. annually, bi-annually) and link the results of the assessment to the competency dictionary.
- 3.2.2 The OAG recommends, once the needs assessment is linked to the competency dictionary, the methodology used to link the needs assessment to training calendar development be documented.

### **3.3 Performance Development Process (PDP) – Relationship to Training**

As noted in the scope of this report, performance management was considered outside the scope of this review, however the PDP process will be referenced in its' relationship to the training and development process. As part of employee development, the PDP is designed so that employees and supervisors work together to help employees perform to their full potential in their jobs. The key tasks, objectives and responsibilities, expected results, results achieved and any comments are documented and tracked in a performance plan. Based on discussions between the employee and their supervisor of the results of the performance plan and the employee's career objectives, a personal development plan is prepared for the employee. This is where skills, knowledge or

*The needs identified from the current PDP process are therefore not the drivers for setting the training calendar.*

*The OAG continues to identify areas within HRM where innovation appears not to be a priority.*

*Inefficiency abounds when manual processes try to keep a large organization functioning. This will be addressed further in section 5.0. The information detailing the training services an individual employee has received or needs is not readily available to the staff involved in developing the programs to address the needs. As well, one employee may be receiving multiple opportunities for training whereas another may not. This, however, is not readily identifiable.*

*Taking two to three months to summarize training requests from the PDP process is time the OAG feels could be more efficiently spent developing a more engaging training program beneficial to all employees.*

competencies to be developed are documented. HR consultants, assigned to particular business units, manually extract each employee's development plan from the PDP form and compile it with all others from the business unit. The listings for all business units are then combined to determine all requests resulting from the PDP process across the organization. Since this process is not automated, it can take two to three months to compile. This is usually completed during the summer months after budgets have already been established. The needs identified from the current PDP process are therefore not the drivers for setting the training calendar. Due to the timing of the process, there is a possibility, a development request may be lost if the budget is not available in the year it is raised and it is not repeated from one year's PDP development plan to the next. Once the training requests are determined organization-wide, there is no formal process to incorporate this information into a training calendar. The needs addressed through the Corporate Training Calendar are general in nature and there does not appear to be a formal process to address more specific needs identified. The OAG has to question, how does the organization as a whole understand who needs what training, how they should get the training, where the needs are (which business units), if there is any duplication of training needs identified across the organization and how these needs will be prioritized.

The OAG continues to identify areas within HRM where innovation appears not to be a priority. Inefficiency abounds when manual processes try to keep a large organization functioning. This will be addressed further in Section 5.0. The information detailing the training services an individual employee has received or needs is not readily available to the staff involved in developing the programs to address the needs. As well, one employee may be receiving multiple opportunities for training whereas another may not. This, however, is not readily identifiable. This inefficiency makes it very difficult for staff to deliver an efficient and effective program. Taking two to three months to summarize training requests from the PDP process is time the OAG feels could be more efficiently spent developing a more engaging training program beneficial to all employees. Having to piece together needs from various sources rather than having this information in one electronic format results in significant inefficiencies.

**Recommendation:**

3.3.1 The OAG recommends HRM Administration evaluate the possibility of automating the PDP process with a goal of being able to quickly query a database to identify training needs identified during the PDP process. A database could also be used to accumulate all training and development received by all employees (this is addressed further in Recommendation 5.0.1). As a starting point, the OAG contemplates this could be developed in a readily available program such as Excel or Access rather than wait for a more significant and specific program to be identified and implemented.

**3.4 Training Evaluations**

*As a result, this evaluation process focuses on the quality of program delivery only. There is no linkage to competencies or course learning objectives in the evaluation forms.*

*As indicated earlier, there is no reference to the competency dictionary in the training calendar, i.e. what proficiency level the course is focused on, the target audience or the proficiency level outcome from attending the course.*

*Managers are being asked to assess the outcomes of the training the employee received however, they are not provided guidelines with which to assess an employee's post training performance in relation to the proficiency level being assessed.*

HR also reviews and trends training evaluation forms to identify changes needed to programs within the training calendar. When training sessions are concluded, training evaluation forms are completed by students/employees. The evaluation questions focus on areas such as content, depth of coverage, delivery methods, presentation effectiveness and program management. As a result, this evaluation process focuses on the quality of program delivery only. There is no linkage to competencies or course learning objectives in the evaluation forms.

Several months after the employee returns to their work location, a post training feedback form is completed to determine if, in the opinion of the supervisor, the training has been useful to the employee. These post training surveys are not always completed. Also, this feedback is not linked to the proficiency levels listed in the competency dictionary nor is it linked to on-the-job skills.

As indicated earlier, there is no reference to the competency dictionary in the training calendar, i.e. what proficiency level the course is focused on, the target audience or the proficiency level outcome from attending the course. Therefore, it is difficult to determine if the course accomplished an expected outcome such as moving the employee from a level 1 proficiency to a level 2 proficiency. Managers are being asked to assess the outcomes of the training the employee received however, they are not provided guidelines with which to assess the employee's post training performance in relation to the proficiency level being assessed.

**Recommendations:**

- 3.4.1 The OAG recommends training session evaluations contain a content evaluation in relation to the core competency outcome or learning objective the course set out to achieve.
- 3.4.2 The OAG further recommends managers and supervisors be made more aware of course expectations in order to match the training needs and actual training outcomes of their employees against the various competency levels identified by the organization.

### 3.5 Other Corporate Training Opportunities – Not Administered by Human Resources Business Unit

There are other corporate-wide training opportunities made available to employees through the Finance and Information, Communication and Technology (ICT) division. These programs are technology specific and generally include the Microsoft suite of products (Word, Excel, PowerPoint, Outlook, and Visio) as well as HRM specific software such as ReGIS. This training is coordinated by ICT but is not included in the Corporate HR Training Calendar. The Corporate HR Training Calendar does however include SAP training which is technology related. ICT creates its own training calendar which includes all of the corporate HR training as well as current offerings of technology training which they intend to provide. As will be seen later in the report, Microsoft training is also being obtained through external parties by various business units. The OAG questions whether this is an economic use of resources if the same training or capable trainers are already available internally. Business units may not be aware of the accessibility of this internal training since it is not being communicated through the Corporate HR Training Calendar. The OAG also questions the analysis completed by HR to compile training needs if business units are going to external providers when the same training can be or is provided internally.

*The OAG also questions the analysis completed by HR to compile training needs if business units are going to external providers when the same training can be or is provided internally.*

**Recommendation:**

- 3.5.1 The OAG recommends all corporate training available be included in the training calendar so all employees are aware technology training is available internally through ICT.

## 4.0 Tuition Reimbursement Program

As noted earlier, the Organizational Development Health and Safety division, within the Human Resources business unit administers the Tuition Reimbursement Program. This program falls under the Employee Learning and Development Supporting Business Practice documented in Human Resources Policies and Practices and provides a means for external post-secondary training undertaken by employees to be (partially) reimbursed by HR. The Business Practice indicates: Eligibility for cost sharing must be supported by a business case identified in the employee's PDP based on the following guidelines:

- The cost of programs undertaken at the request of Halifax Regional Municipality shall be paid in full by Halifax Regional Municipality.
- The cost of programs approved by Halifax Regional Municipality as mutually beneficial may be paid up to a maximum of 50% by HR.
- Additional funding may be available from business units.
- Cost sharing of tuition fees (up to 50%) for a program leading to a degree, certificate or diploma from a recognized university or community college are payable upon successful completion of the course as evidenced by transcript marks and the production of receipts.
- Where an exception has been made and reimbursement is granted up front and the employee has failed to attain a passing grade or does not provide a transcript of their marks for that particular course of study, fees paid will be recovered through payroll deduction.
- The cost of programs undertaken independently shall be borne by the employee.

Employees who have been granted financial assistance for the purposes of university, continuing education or career related training, and who resign from their position within one year of the payment of such assistance, must reimburse HRM for the costs incurred on their behalf.<sup>11</sup>

*The OAG requested all tuition reimbursement requests for the period reviewed however, only those approved are retained.*

The OAG requested all tuition reimbursement requests for the period reviewed however, only those approved are retained. There is no documentation for declined tuition reimbursement requests

<sup>11</sup> Human Resources Policies and Business Practices April 2012 – Page 53

*There is no documentation for declined tuition reimbursement requests therefore, it is not known how many requests are received per year, reasons for the decision made or if there is consistency in the type of programs supported or not supported.*

therefore, it is not known how many requests are received per year, reasons for the decision made or if there is consistency in the type of programs supported or not supported. This type of documentation would be very useful in regularly re-evaluating the program and to support any adjustments to the program or to identify trends in training requests not currently being supported.

In reviewing this program, the question of consistent access to this program was identified by the OAG. For example, during discussions with various business units, the OAG identified an instance where a business unit did not submit a request for tuition reimbursement for a certificate program because they were not aware this cost-sharing opportunity was available. In fact, the business unit paid 100% of the cost of certifying two employees, so these employees could provide internal training. The same program was supported for 50% reimbursement through the Tuition Reimbursement Program for two other business units. The OAG therefore questions the communication of this program availability to business units and the consistency and equity of access to training opportunities for staff.

HR indicated to the OAG professional designations are not supported through the Tuition Reimbursement Program. This appears to be consistent with the guidelines above since professional designations are not generally offered through universities or community colleges. However, during the OAG's review of tuition reimbursement forms, courses related to professional designations and a Certified Management Accountant (CMA) entrance exam fee were reimbursed under the tuition reimbursement program. These fees were not paid to a recognized university or community college so these programs would not normally qualify for reimbursement under the documented business practices. There was no information attached to indicate why this exception was made.

On a number of other occasions, the OAG found courses taken may have led to a certificate, however, the course providers were not always universities or colleges (ex. Alpha Group, Canadian Police Network). This is not to say these programs are not beneficial to the business unit or HRM and are not highly effective in achieving the objectives set out. These programs satisfied a need identified on the tuition reimbursement form and were deemed to be beneficial however, unfortunately, they do not fit the stated criteria

established for the program. This leads the OAG to question;

- What is the real purpose of the tuition reimbursement program?
- Are the criteria developed for the program relevant to ensure effective programs are receiving the necessary support?
- What controls are in place to ensure consistent application?
- How is the availability of the program communicated to the business units?

The OAG also questions the service commitment required for the tuition reimbursement program. It appears each payment made requires a one-year commitment of service regardless of the amount of the payment. There is no differentiation based on the amount of total funding provided by HRM. One employee could be reimbursed \$200 and another could be reimbursed a total of \$2,500 but the commitment of one year of service remains the same. This type of commitment requirement does not appear to be equitable. There is also no maximum reimbursement established for any one employee.

*This type of commitment requirement does not appear to be equitable. There is also no maximum reimbursement established for any one employee.*

#### **Recommendations:**

- 4.0.1 The OAG recommends HR revisit the Tuition Reimbursement Program to determine what the program is intended to achieve and restructure the program so this objective can be produced on a consistent basis and outcomes accurately measured. This process should also include clarification around the criteria to be used to ensure consistency in availability, determination of a maximum support level per employee, as well as establishment of an equitable service commitment.
- 4.0.2 The OAG recommends full documentation be retained for all applications under the Tuition Reimbursement Program so a regular comprehensive review can be undertaken of what programs are and are not being supported. Retaining all applications allows for trending and can provide support for adjustments to the program.
- 4.0.3 To ensure consistency in application of the Tuition Reimbursement Program, the OAG recommends HR develop a list of recognized degrees, certificates and diplomas as well

as a list of recognized universities and colleges able to be supported by the program. Any revisions to the list should be supported by a business case.

4.0.4 Once the Tuition Reimbursement Program has been restructured, the OAG recommends the new program be communicated to all business units so they are aware of the program and eligibility criteria.

4.0.5 The OAG recommends HR implement a robust, regular reporting of the use of the Tuition Reimbursement Program including the courses supported, utilization by business unit and tracking of support by employee.

## 5.0 Human Resources Information Management – ‘Big Data’

As mentioned previously, HR indicated to the OAG much of the information we requested was not readily available. For example there is:

- no detailed listing of training needs identified in PDPs completed throughout the organization,
- no quick way to identify what particular training an employee has received at HRM,
- no way to identify how many employees have attended a particular type of training,
- no quick way to identify what certifications have been supported through the tuition reimbursement program or what employees have benefitted from the program

In our technologically advanced world, this type of information should be held in a Human Resources Information System (HRIS). An information system can be made up of paper-based (unstructured) and technology-based (structured) products however, the most efficient to maintain would be a technology driven system.

Information can be entered into a database, which can be queried whenever reporting is needed. Currently, information is being held throughout HRM relating to employees’ training endeavours and performance development requests. Much of this information is held in an unstructured manner in paper files and therefore not easily queried or reported on. This is also true of other types of Human Resource information.

Recently much has been written about the newest issue being addressed by organizations, which is commonly referred to as ‘Big Data’. In essence, the exponential growth and availability of data of both a structured and unstructured type is of growing concern. It is the view of the OAG, HRM’s ability to deal with its data in a meaningful way is at the center of the matter. Those with far greater insights and knowledge on the matter would suggest the issue with big unstructured data is simply managing all of the data which comes from so many different sources into a form which causes it to have relevance. To be relevant or add relevance when combined with other data, organizations must find the means to reveal the combined value.

The OAG has provided much commentary in a number of other reports with respect to the quality and relevance of much of what

*It is the view of the OAG, HRM’s ability to deal with its data in a meaningful way is at the center of the matter.*

*In fact it is fair to say the foundation of the whole measurement process is data. It is the conclusion of the OAG, HRM's approach to data with respect to training and the configuration of the SAP system is once again inhibiting HRM's ability to support or demonstrate value for money.*

the current HRM SAP implementation produces for management. What the OAG hopes readers of this report will see is the correlation between, and relevance of, the OAG results cascade (as discussed in the executive summary) and the data element of it. In fact it is fair to say the foundation of the whole measurement process is data. It is the conclusion of the OAG, HRM's approach to data with respect to training and the configuration of the SAP system is once again inhibiting HRM's ability to support or demonstrate value for money.

**Recommendations:**

- 5.0.1 The OAG recommends HRM Administration focus on addressing the issues with 'Big Data' identified by the OAG within HR. This includes implementing a Human Resources Information System (HRIS) to assimilate information into a readily accessible format.

## 6.0 Training Effectiveness

During this review, the OAG continued to see a recurring theme around the evaluation of training programs. Needs appear to be identified and programs are being developed and taken by employees, but in the end:

- Was the program effective?
- Did it satisfy the need identified?
- Did the employee reach an expected competency level?
- Did the knowledge gained by the employee transfer to the job?

The OAG acknowledges the evaluation of training programs and knowledge transfer is the most difficult part of training delivery. Donald L. Kirkpatrick, an acknowledged leader in training and employee development, identified the following four levels<sup>12</sup> of evaluation of training programs:

1. Reaction – similar to a customer satisfaction survey – how did participants react to the training course? These evaluations are focused on achieving positive reactions through content and methods of delivery.
2. Learning – training programs can achieve one or a combination of the following:
  - a. Change in attitude
  - b. Improvement in knowledge
  - c. Increase in skills.
3. Behaviour – arguably the most difficult to measure - how/if behaviour changed.
4. Results – this would involve a process of measuring what occurred after training against the objective of the training.

At the end of courses, HR issues a course evaluation sheet focused on content, depth of coverage, delivery methods, presentation effectiveness and program management. These evaluations are generally an assessment of the reaction of the participants. HR also does a follow up survey with some participants and supervisors about six months after completing the program to ask how performance has improved. The survey is general and asks if there

<sup>12</sup> Kirkpatrick, D. L., & Kirkpatrick, J. D. (2006). *Evaluating Training Programs: The Four Levels*. San Francisco, CA: Berrett-Koehler.

*This survey attempts to evaluate the behaviour and results of the training program however, there is no consistency in how often these surveys are completed or against what benchmarks the results are measured.*

*These surveys are very general and do not focus on attitude change, knowledge improvement or skills increase as leading practices suggest.*

*As a result, the quality and usefulness of the information being received is limited and the OAG questions if HRM knows whether or not the training programs supported are effective.*

*Kirkpatrick also suggests more focus should be placed on the evaluation of programs which are considered to have high value to the organization, are costly to administer or are offered frequently.*

has been an improvement in the employee's skills and what else could be offered to help the business unit. This survey attempts to evaluate the behaviour and results of the training program however, there is no consistency in how often these surveys are completed or against what benchmarks the results are measured. These surveys are very general and do not focus on attitude change, knowledge improvement or skills increase as leading practices suggest. As identified earlier, the programs do not identify a specific competency outcome therefore it is difficult to evaluate the program based on behaviour change or results achieved if the outcome was not initially defined. While the post training survey to managers is a good practice, it is also not tied to the competency dictionary so it is difficult to know if the feedback being provided is sufficient to evaluate the program. As a result, the quality and usefulness of the information being received is limited and the OAG questions if HRM knows whether or not the training programs supported are effective.

Kirkpatrick also suggests more focus should be placed on the evaluation of programs which are considered to have high value to the organization, are costly to administer or are offered frequently.<sup>13</sup> In other words, there is a greater need to evaluate programs with a larger investment (both funding and time) to ensure they are providing the anticipated benefits. The evaluation process identified above applies to the Corporate Training Program however, the OAG is not clear on the extent of evaluations of training under the responsibility of business units. The OAG was informed some programs provided by the business units require testing to ensure the expected level of competency is met (for example, driver training at Metro Transit) however, it is not clear whether there is a consistent approach in training evaluation across HRM.

#### **Recommendations:**

6.0.1 The OAG recommends evaluation surveys for both employees and supervisors include a content evaluation section in relation to the core competency outcome the course set out to achieve. These evaluations would be different depending on whether the course was aimed at changing a behaviour,

<sup>13</sup> Kirkpatrick, D. L., & Kirkpatrick, J. D. (2006). *Evaluating Training Programs: The Four Levels*. San Francisco, CA: Berrett-Koehler.

improving knowledge or increasing a skill.

6.0.2 The OAG recommends HRM Administration identify high-value courses as well as costly courses offered numerous times and consider multiple levels of evaluation including but not limited to:

- Pre and post course testing
- Evaluation of changes in employees who attend training compared to control groups
- Interviews with participants before and after they have taken the course.

6.0.3 The OAG further recommends providing feedback to managers on the results of the courses being administered to both promote the training programs as well as educate managers on the value received when providing employees the time to attend training.

## 7.0 Role of Business Units in Training

The various business units throughout HRM provide a variety of training opportunities for their employees. In an attempt to determine the types of programs provided by the business units and the cost of such programs, the OAG requested information from each business unit including the name of the course, the provider, the number of people attending and the cost per employee. The majority of the training information submitted to the OAG by the business units was for training specific to their units such as first aid training, bus operator training, crime prevention or analysis, fire/arson training, etc. The training listed appeared to be for specific job requirements, promotional opportunities or career development.

## 7.1 Possible Duplication of Course Offerings

*As mentioned in Section 2.0 of the report, this training, offered by ICT, is not included in the Corporate Training Calendar. The OAG questions whether business units are aware of the training available.*

*There is currently no analysis done corporately to determine the reason for this misalignment as well as whether this is the most efficient and economical use of resources for HRM.*

During review of the information provided by the business units, the OAG noted the business units are providing training through external providers for programs similar to those being offered in the Corporate Training Calendar or through Finance and Information, Communications and Technology (ICT) such as leadership, ethics, diversity, project management, writing skills, communications, Microsoft Excel, etc. The OAG recognizes some of these programs may be more detailed than those provided internally, however, in some instances Microsoft Excel training was listed as basic and is provided internally. As mentioned in Section 2.0 of the report, this training, offered by ICT, is not included in the Corporate Training Calendar. The OAG questions whether business units are aware of the training available.

If training is being provided through the Corporate Training Calendar (leadership, ethics, diversity, communications) but the business units are opting to provide the training at their own expense it could speak to a misalignment in the training being provided by HR compared to business unit needs (whether this be the level of the course, the timing the course is available or communications regarding the availability of the training.) There is currently no analysis done corporately to determine the reason for this misalignment as well as whether this approach is the most efficient and economical use of resources for HRM.

**Recommendation:**

7.1.1 The OAG recommends HRM Administration review training being provided by all business units to ensure there is no duplication of effort in coordinating training programs. This review could also be used to enhance the current offerings in the Corporate Training Calendar. HRM Administration should advise business units to pursue the most economical option for HRM.

**7.2 Additional Support for Tuition and Certifications - Inconsistencies**

*This inconsistency in tuition and certification funding results in inequitable treatment of employees within the HRM organization. There also does not appear to be a change in the service commitment and reimbursement policy for the additional funding provided by the business unit.*

The review of the information provided by the business units also identified certifications and tuition reimbursements being supported by some business units and not others. The Tuition Reimbursement Program discussed earlier, is a program administered by HR however, the OAG has learned some business units provide support to employees in addition to what is provided through the Tuition Reimbursement Program. Some business units reimbursed the remaining 50%, others provided 25% of the remaining cost whereas other business units provided no additional funding. One business unit further supported an employee by covering the cost of administrative fees and books. This inconsistency in tuition and certification funding results in inequitable treatment of employees within the HRM organization. There also does not appear to be a change in the service commitment and reimbursement policy for the additional funding provided by the business unit. As a result, if the employee leaves HRM within one year of completing the course, it is not clear if the business unit portion of the funding provided would be recovered as in the case of the Tuition Reimbursement Program.

**Recommendation:**

7.2.1 In conjunction with Recommendation 4.0.1, the OAG recommends HRM Administration create a policy identifying the level of support the organization feels is appropriate to provide for tuition and certification reimbursement. This policy should promote consistent support of certification programs throughout HRM including the costs considered for reimbursement by HRM, regardless of business unit.

### 7.3 Other Training Initiatives

*These initiatives appear to be happening without the involvement of HR and there does not appear to be any monitoring of these types of activities at a corporate level to determine whether resources can be used elsewhere within the organization.*

*HRP have also developed an internal skills inventory which includes training and certifications received before the employee's employment with HRP to enable them to search for a desired skill in-house.*

*Unfortunately, this type of tracking is not being maintained at a corporate level for other employees at HRM.*

*The OAG questions HR's role in training at the business unit level.*

There are also training initiatives taking place in the business units which appear to have no involvement of HR. For example, Halifax Regional Fire & Emergency Services and Transportation & Public Works are currently working together to determine if training facilities can be shared, 'train-the-trainer' initiatives appear throughout business units as a cost saving measure and business units are providing funding for employees to receive training certifications so training can be held internally at a much lower cost to HRM. These initiatives appear to be happening without the involvement of HR and there does not appear to be any monitoring of these types of activities at a corporate level to determine whether resources can be used elsewhere within the organization. As well, the Legal and Risk Management business unit has developed an internal professional development committee to assess the merits of staff requested training sessions. Employees within this business unit also provide presentations to others of their learning when they return from conferences or other training. Halifax Regional Police (HRP) have also developed an internal skills inventory which includes training and certifications received before the employee's employment with HRP to enable HRP to search for a desired skill in-house. This database is updated as employees obtain more training. Unfortunately, this type of tracking is not being maintained at a corporate level for other employees at HRM.

The OAG questions HR's role in training at the business-unit level. As well, with little involvement in the business-unit processes, it is difficult for HR to ensure employees are receiving the employee development required to ensure HRM is meeting its goals and objectives. The OAG further concludes this speaks to the lack of direction being provided organizationally and the lack of definition of roles and responsibilities for training throughout HRM.

#### **Recommendations:**

7.3.1 The OAG recommends HRM Administration clarify the role of HR in training being coordinated by the business units to ensure employee development is meeting the goals and objectives of HRM as a whole. This may be accomplished through the establishment of an organization-wide training committee with representation from all business units.

7.3.2 The OAG recommends HR track training completed by employees as this would be very useful during the annual review process and to be able to see the history of the training taken by the employee.

## 8.0 The Full Cost of Training to HRM

*As the project progressed, the OAG realized the significant effort required on the part of the OAG to accurately determine the full cost of training to HRM would outweigh the benefit of having the information for the purposes of this report.*

One of the objectives of this review was to understand the full cost of training to HRM as an organization. When thinking of the full cost of training, the OAG considered the cost of the course (if a specific fee was paid), the cost of any materials paid by HRM, the cost of any catering if provided for internal courses, the cost of the instructor (either internally or externally) and the time of the employee to attend the course.

As the project progressed, the OAG realized the significant effort required on the part of the OAG to accurately determine the full cost of training to HRM would outweigh the benefit of having the information available for purposes of this report.

The OAG considered using the training budgets for the Corporate Training program as well as for training being coordinated by the business units in order to assess the full cost of training. However, there are additional costs incurred not included in these budgets but accounted for elsewhere within other budget accounts. The determination of these costs became problematic mainly because these costs are not specifically tracked by HRM.

## 8.1 Time Allocation

*When it came to determining the cost of time allocated to attend training, the information was also not available. In many business units, recording training time is done only for payroll purposes and not management information purposes. As the OAG has noted in other reports with respect to the coding of other costs or time allocations, training is coded inconsistently in time sheets throughout HRM.*

The OAG enquired of all business units regarding how time to attend training was recorded to get a better understanding of the full cost of training at HRM.

When it came to determining the cost of time allocated to attend training, the information was also not available. In many business units, recording training time is done only for payroll purposes and not management information purposes. As the OAG has noted in other reports with respect to the coding of other costs or time allocations, training is coded inconsistently in time sheets throughout HRM. It is often coded correctly if an employee leaves the regular place of work to attend training however, if the training is held close to or at the regular work facility, time is not always coded as training. Therefore, it is currently not possible to determine time taken to attend training and therefore, it is not possible to determine the cost of the employee time devoted to attending training. This finding is troubling to the OAG since the needs assessment conducted by HRM in 2010 identified 'time

*This finding is troubling to the OAG since the needs assessment conducted by HRM in 2010 identified 'time available for training' as a main concern identified by employees in relation to building and maintaining their essential skills.*

available for training' as a main concern identified by employees in relation to building and maintaining their essential skills. If training time is not coded appropriately, there is no way for business units to determine how much time is currently allocated to training and if it is considered to be insufficient by management or employees, what is the cost and operational impact to increase training time? It becomes much more difficult to evaluate the cost/benefit (and create appropriate benchmarks) of training if information is not available.

In the case of the business units providing internal training, the time spent preparing and delivering training to other HRM employees is not tracked. Therefore, it is not possible to accurately cost the internally delivered training.

#### **Recommendation:**

8.1.1 The OAG recommends HRM Administration educate staff and supervisors on the proper use of time codes for training time. This will allow for reporting of training time by employee, business unit and organization-wide. With this valuable information, HRM will be able to more accurately calculate the annual investment in training organization-wide as well as isolate instances where there is a lack of training taking place. To assist with increasing the quality of tracking of training time, the OAG would also recommend HRM Administration provide guidance with a number of record keeping matters including:

- The appropriate accounts to code for training costs of all types – either internal or external,
- The costs which should be tracked:
  - Actual costs for course, meals provided, costs to rent facilities,
  - Travel costs to and from training, etc.

## **8.2 Reporting of Costs**

Given the full cost of training was not readily available, the OAG used the published annual budget books to prepare a high-level summary of budget versus actual costs (Exhibit 1). This summary includes external payments only and does not include staff time to attend training and also excludes staff time to prepare and deliver

courses where applicable. There is currently no assimilation or reporting of the training costs by business unit, by employee, by program, etc. Information was compiled by business units when requested by the OAG however, in some cases, this compilation could not be reconciled back to SAP.

**Exhibit 1 - Estimated Training Variances (See note below)**

<b>2011/12</b>				
	<b>Unaudited</b>			
	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Actual per FTE</b>
<b>Business Units</b>	\$1,196,921	\$1,009,612	\$187,309	
<b>Corporate Training Program</b>	\$255,000	\$211,787	\$43,213	
<b>Total</b>	\$1,451,921	\$1,221,399	\$230,522	\$354
<b>2012/13</b>				
	<b>Unaudited</b>			
	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Actual per FTE</b>
<b>Business Units</b>	\$1,430,600	\$970,087	\$460,513	
<b>Corporate Training Program</b>	\$255,000	\$174,164	\$80,836	
<b>Total</b>	\$1,685,600	\$1,144,251	\$541,349	\$332

*Note: Using available information contained in HRM Budget Books, we have compiled the estimated training variances for discussion purposes. We performed no audit or review procedures and express no opinions as to the accuracy or completeness of the estimate.*

As the above exhibit indicates, there is a significant amount of budgeted funds not being used annually. The reasons behind the lack of use of budgets are not being identified and discussed by management. As a result, the OAG questions:

- Are training needs being budgeted appropriately?
- Are the budgets based on needs identified?
- Are needs being properly identified in PDPs?
- Are business-unit-specific needs being acted upon?
- Are employees being given the time to attend the training they need?
- Who is monitoring to ensure employees are being developed appropriately?
- What is the impact if employees are not trained properly?

*There does not appear to be any overall monitoring and analysis of the cost of training programs being supported by HRM organization-wide.*

There does not appear to be any overall monitoring and analysis of the cost of training programs being supported by HRM organization-wide. HRM is therefore not able to determine if the current training

*The OAG therefore concludes HRM is not able to identify the full cost to provide an individual training course either internally or externally or how much is invested in training overall on an annual basis. If costs are not being tracked on a course-by-course basis, how can HRM determine the most economical method of delivery (internal vs. external or corporate vs. business unit delivery)?*

*It would likely be misleading to compare HRM data to other entities.*

methods are efficient or economical. Also, when the OAG requested information on a course-by-course basis, the information was also not readily available. As indicated above, some budget and actual costs were able to be identified but these were not reported by course or by employee. The OAG therefore concludes HRM is not able to identify the full cost to provide an individual training course either internally or externally or how much is invested in training overall on an annual basis. If costs are not being tracked on a course-by-course basis, how can HRM determine the most economical method of delivery (internal vs. external or corporate vs. business unit delivery)?

One of the tools available in assessing program efficiency is to benchmark against other organizations. When looking at training, there are limited reported benchmark resources readily available. The Conference Board of Canada reported in 2008, the public sector in Canada was spending \$909 per employee (\$760 per employee in the private sector)<sup>14</sup> on training. Unfortunately, as indicated previously, HRM does not gather and report on the comprehensive cost of training. As a result, it would likely be misleading to compare HRM data to other entities.

#### **Recommendations:**

- 8.2.1 The OAG recommends HRM Administration report the full cost of training organization-wide including staff time to attend and deliver and prepare (where applicable) to determine HRM's annual investment in training.
- 8.2.2 The OAG also recommends costs be analysed and evaluated more thoroughly to fully assess training programs including (but not limited to):
- Analysis by business unit to assess the appropriateness of the level of training by business unit,
  - Analysis on a course-by-course basis to better assess the training methodology (internal vs. external or corporate vs. business unit delivery),
  - Analysis of annual results against the needs identified to ensure employees are being

<sup>14</sup> Valuing Your Talent: Human Resources Trends and Metrics – Conference Board of Canada Report June 2010

developed as anticipated and budgeted.

8.2.3 The OAG further recommends once HRM reports training organization-wide, this information be benchmarked against other organizations (not exclusively municipalities) to assess HRM's commitment to training.

**Appendix – Management Response**



February 12, 2014

Larry Munroe  
HRM Municipal Auditor General  
Belmont House, Suite 620  
33 Alderney Drive  
Dartmouth, Nova Scotia  
B3J 3A5

**Re: A Performance Review of the Administration of Training Expenditures**

Dear Mr. Munroe:

I have reviewed **A Performance Review of the Administration of Training Expenditures** and will ensure that your recommendations are taken under consideration. Your audit reinforces issues that HRM Administration has been contemplating, and we have already initiated activity that will address some of the themes identified in the report.

Regional Council approved an allocation for a review of our Human Resources function in the 2013/14 budget, and a consultant has been retained to commence this work. Learning and development is one component of this review, and we will ensure the findings from your report are included as a key part of this process.

As many of your recommendations suggest development of foundational strategy and policy, as well as potential process and systems changes, a work plan to address the report will be initiated immediately, but full implementation may take some time.

As with each previous report released by your office, I will work to ensure the findings are appropriately addressed, and will strive to realize the best possible solutions for the municipality

Sincerely,

**HALIFAX REGIONAL MUNICIPALITY**

A handwritten signature in blue ink, appearing to read "Richard Butts", is written over the printed name.

Richard Butts  
Chief Administrative Officer

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**Chief Administrative Office**

PO Box 1749, 1841 Argyle Street, Halifax, NS B3J 3A5  
Tel: (902) 490-4026 Fax: (902) 490-4044