

**Management's Response to the Auditor General's Review of
Toronto Water Division – Review of Wastewater Treatment Program – Phase One**

<u>Rec No</u>	<u>Recommendation</u>	Agree (X)	Disagree (X)	<u>Management Comments:</u> <i>(Comments are required only for recommendations where there is disagreement.)</i>	<u>Action Plan/ Time Frame</u>
1.	The General Manager, Toronto Water Division, review the current process to monitor employee attendance during night and weekend shifts and determine whether or not it is practical or cost-effective to conduct random checks of employee attendance during night and weekend shifts.	X		<p>As part of the Works Best Practices program that started in 1996, front line management was cut from 68 supervisors to 16 Team Coordinators. In addition, night-time/weekend supervisory shifts were eliminated as the operations of the treatment plants were automated and operating staff were empowered to make certain decisions in accordance with their Certification level as regulated by the Ministry of the Environment (MOE).</p> <p>Overall, significant efficiencies and savings have been realized over the past 10 years. Staffing levels are at approximately 40% of what they were in 1996 meanwhile wastewater staff have continued to operate and maintain the facilities in compliance with increasingly demanding regulatory requirements.</p> <p>Despite staff reductions, Team Coordinators conduct spot checks of employee attendance when problems during night and weekends are suspected or brought to their attention.</p>	Review current processes for monitoring employee attendance at WWT facilities including written and electronic systems and assess the feasibility of increasing the frequency of spot checks at all plants by December 31, 2007.

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				<p>Other compensating controls to address the risk identified by the Auditor General exists which include the signing of mandatory facility log books (as governed by Provincial legislation) by plant staff designated as the “Operator-in-Charge” at the start of each shift. Furthermore, the computerized process control system is capable of electronically logging staff response to alarms and process changes within a database. This information can be used to check staff attendance.</p> <p>In addition, security upgrades are currently underway which will introduce employee access cards, surveillance cameras and improved site access control.</p>	
2.	The General Manager, Toronto Water Division, require management review and approval of all overtime worked and ensure that all plant staff use appropriate documentation approved by management that clearly explain the reasons for overtime worked.	X		A standardized overtime approval process was created and communicated to plant management in December 2004. In a recent review of that approval process that began in January 2007, Toronto Water decided to draft new standardized time sheets that will require sign off by the appropriate	Finalize standard bi-weekly time sheet (exception reporting basis) for Toronto Water by October 31, 2007. Implement, by December 31, 2007, new procedures at

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				supervisory manager.	plants requiring time sheets be submitted by individual staff members with subsequent review and sign-off by Team Coordinator/Manager. Approved exceptions will be entered into the payroll system and the time sheets will be filed on site.
3.	The General Manager, Toronto Water Division, in consultation with the Director, Policy, Planning, Finance and Administration and the Director, Pension, Payroll and Employee Benefits, develop overtime reports to meet the information needs of the managers responsible for reviewing overtime costs. Management should regularly review overtime reports to monitor overtime usage and costs and identify potential opportunities to reduce overtime.	X		Toronto Water requires detailed overtime reports that will provide Team Coordinators with specific information down to the work area level.	An Overtime and Lieu Time Paid by Division, Section Report is generated by Pension, Payroll and Employee Benefits and provided to Divisions after every pay is run. This report will be reviewed to ensure the appropriate level of detail is provided to Toronto Water to meet the needs of the managers responsible for reviewing the overtime costs. Review

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					to be completed by October 31, 2007.
4.	The General Manager, Toronto Water Division, direct that detailed overtime analyses be performed to determine whether the amount of overtime is reasonable and necessary in the wastewater plants. Such overtime analyses should identify reasons for overtime and trends among work areas and positions within the plants.	X		<p>Analyses of overtime costs have been completed by Plant Managers on an “as required” basis in 2004 and 2005. Detailed tracking required the creation of separate systems and duplicate inputting. The information was used to assist in discussions with Local 416 on potential amendments to shift schedules.</p> <p>Between 1996 and 2006 staffing in wastewater plants decreased from 689 positions to 284. Payroll costs decreased from \$38M to \$26M with savings of \$12M for the City (without discounting for wage inflation).</p> <p>Total overtime costs between 2000 and 2006 increased from \$1.6M to \$3.1M, an increase of \$1.5M (includes wage inflation).</p> <p>As anticipated in advance under the Works Best Practices program, the decrease in staffing has resulted in increased overtime.</p>	Develop customized reports for plants to better assist management staff in monitoring and tracking reasons for overtime and associated costs by December 31, 2007.

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				<p>Other reasons for overtime include shift scheduling, coverage for statutory holidays and other staff absences due to illness, accidents and dependant leave. Also, Regulations require designating an “Overall Responsible Operator” to be on standby during off hours and mandatory annual training requirements (minimum of 40 hours per year) also generate additional overtime costs.</p> <p>Due to the differences in work areas with respect to physical size, function, scope, age of equipment, staffing complement, etc, overtime trends among plants, work areas and positions within plants may not be directly comparable.</p>	
5.	The General Manager, Toronto Water Division, consult with the union the potential of adopting a common shift schedule for both the water filtration and wastewater plants that will reduce staff overtime.	X		<p>In accordance with the provisions of the Collective Agreement, changing shift schedules requires the consent of Local 416 members.</p> <p>Since 2003, Toronto Water staff and Employee and Labour Relations staff have</p>	<p>Toronto Water staff, in consultation with Employee and Labour Relations staff, will meet with Local 416 to discuss the implementation of a more cost efficient shift schedule by December 31,</p>

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				<p>been actively involved in meeting and discussing the shift change issue with Local 416 members. The parties have <u>not</u> been able to reach agreement on adopting a common shift schedule despite numerous attempts.</p> <p>A series of new meetings are planned for later this year to discuss the implementation of a more cost efficient shift schedule.</p>	2007.
6.	The General Manager, Toronto Water Division, develop criteria for defining the exceptional circumstances where supervisors approve staff requests for changes to their scheduled vacation.	X		<p>The current Shift Schedule Agreement with Local 416 includes provision for Local 416 staff to use “exceptional circumstances” as reason to postpone or change the prearranged vacation schedule and in so doing trigger additional overtime costs.</p> <p>It is anticipated that a new written shift agreement would include a better definition of “exceptional circumstances” and thereby potentially reduce overtime costs.</p>	<p>Toronto Water staff, in consultation with Employee and Labour Relations staff, will meet with Local 416 to discuss the implementation of a more cost efficient shift schedule by December 31, 2007.</p> <p>Any new shift agreement should include criteria to define the “exceptional circumstances” when staff requests for changes to scheduled vacations will be</p>

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					approved.
7.	The General Manager, Toronto Water Division, ensure that the staff in the Toronto Water Division are aware of their responsibilities relating to the attendance management program and require that employee absenteeism is regularly monitored in accordance with City policy.	X		Training sessions were provided to management staff at the time of the rollout of the attendance management program.	Toronto Water will schedule refresher training sessions on the City's Attendance Management policy for all Team Coordinators. In addition, a memorandum will be issued to all Toronto Water staff reminding them of their responsibilities with respect to Attendance Management policy by November 30, 2007
8.	The General Manager, Toronto Water Division, ensure that:			Toronto Water reviewed the administrative needs at the plants in 2004 and decided to upgrade the skills of staff at all locations. In 2005, the job descriptions for all clerical staff were upgraded to reflect changing administrative needs and, in 2006, the new jobs were filled.	
	a) divisional staff, independent of the payroll input process, review and verify	X		(a) During the implementation of the Works Best Practices program, the former	Toronto Water will implement a procedure to

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	<p>the accuracy and completeness of payroll transactions; and</p> <p>b) Toronto Water staff do not input their own payroll data into the payroll system.</p>	X		<p>municipalities within the Toronto area were amalgamated and there was a significant restructuring of the administrative support units servicing the treatment plants as staff was transferred out of Toronto Water and into other centralized support Divisions. With the reduction in administrative staff, technical staff has had to assume certain administrative duties such as payroll and purchasing.</p> <p>Prior to 2006, the payroll system used by the plants required separate electronic approval by the immediate supervisor or manager as applicable. In 2006, with the roll out of the SAP payroll system, separate manual controls were required. At the Ashbridges Bay Treatment Plant some non-union staff inputted their own payroll data and this practice was <u>discontinued</u> in August 2007.</p>	<p>ensure that an independent person reviews and verifies the data entered into the payroll system by December 31, 2007.</p> <p>Toronto Water will review the user profiles of the SAP payroll system to ensure that staff can not enter data for their own time sheets by October 31, 2007.</p>
9.	The Chief Financial Officer and Treasurer take appropriate action to identify and recover payroll overpayments resulting from the incorrect use of payroll input codes prior			Payroll overpayments occurred as a result of incorrect codes being used. Management and non-union employees are generally not eligible for lieu time or overtime to be paid	The CFO and Treasurer will identify all employees who may have been overpaid as a result of an improper code

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	to the enhancement of on-line system controls in August 2006.			<p>at time and a half. However, the Lieu Time Policy for Non-Union Employees states that exempt non-management administrative and clerical positions or supervisory positions with direct supervisory responsibility for workers in shift operations and typically within Grade 1-7 are granted lieu time at time and a half (as time taken or overtime paid).</p> <p>The CFO and Treasurer will provide the list of identified employees to the appropriate Division Head for their review and verification that the appropriate level of overtime has been paid.</p>	<p>being used.</p> <p>After confirmation of payments, Payroll staff will proceed with the collection of any overpayments.</p>
10.	The General Manager, Toronto Water Division, develop and implement standard payroll procedures in the Toronto Water Division that require supervisory staff to review and approve a standard time sheet that captures all staff time and attendance.	X		<p>In January 2007, Toronto Water began a review of payroll procedures and time sheets used in all facilities. Toronto Water has drafted a series of standardized time sheet to be used across the Division. The draft documents are being reviewed by management staff for final approval.</p>	<p>Finalize standard bi-weekly time sheet (exception reporting basis) for Toronto Water by October 31, 2007.</p> <p>Implement, by December 31, 2007, new procedures at plants requiring time sheets be submitted by individual staff members with subsequent</p>

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					<p>review and sign-off by Team Coordinator/Manager.</p> <p>Approved exceptions will be entered into the payroll system and the time sheets will be filed on site.</p>
11.	<p>The General Manager, Toronto Water Division, review the use of alternate rate assignments to ensure that such assignments are necessary and properly processed in accordance with policies and procedures as well as the provisions in the collective agreement.</p>	X		<p>Toronto Water has a policy currently in place (enacted in 2006) requiring Director approval of all Alternate Rate assignments and renewals.</p> <p>Furthermore, as part of the cost containment initiative, certain Alternate Rate assignments may also require additional approval by the General Manager and the Deputy City Manager.</p>	<p>Toronto Water will reissue a memorandum reminding management staff of the approval process for all Alternate Rate assignments and renewals by October 31, 2007.</p>
12.	<p>The General Manager, Toronto Water Division, consider the possibility of reassigning payroll input duties to plant administrative staff.</p>	X		<p>In a restructuring that took place in February 2007, the administrative staff located at Toronto Water's various facilities were transferred from the Policy, Planning, Finance and Administration Division (PPFA) to report directly to management within Toronto Water.</p>	<p>Toronto Water will conduct a review of administrative processes and procedures at the plants by June 30, 2008.</p>

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				A process review will be completed to identify the administrative procedures required at all plants along with a review of the number of staff resources transferred, their present job classification, and the present individual skill level. Additional resources may be required to potentially relieve Team Coordinators of certain payroll and purchasing administrative responsibilities.	
13.	The General Manager, Toronto Water Division, require that an evaluation of the use of the work management system be conducted following implementation of the system at each plant location. In addition, timely action should be taken to correct problems that are identified during the evaluation process.	X		Toronto Water has been continuously tracking the usage rate of the Work Management System (WMS) since its inception and this information is regularly provided to staff. Furthermore, evaluation of the WMS was completed in late 2003 as part of the Works Best Practice Program leading to the creation of a new separate Optimized Maintenance team. Funding for this new team was secured in 2005 budget and final staffing occurred during 2006. The Optimized Maintenance team's work plan was also finalized in 2006	Toronto Water will require the Optimized Maintenance team to complete an evaluation on the use of the WMS as part of their existing work plan. The time frame to complete this task will be spread over the next four years.

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				<p>and dedicated resources are in place to fully support the new system configuration on an ongoing basis.</p> <p>It is noted that the expected benefits from implementing the Optimized Maintenance team's work plan are long term in nature as they involve not only system reconfiguration, but also changes to existing maintenance practices and strategies. Success in all of these areas of change, together with the ongoing renewal of aging equipment through the capital works program will result in improved equipment reliability, efficiency and effectiveness.</p>	
14.	The General Manager, Toronto Water Division, evaluate the feasibility of accelerating the timelines to implement the work management system at the wastewater plants.		X	In light of the current hiring freeze, adding additional staffing resources to accelerate project timelines is not possible.	Continue with current approved work plan.
15.	The General Manager, Toronto Water Division, expedite the review and assessment of the existing work management systems and the SAP Plant Maintenance Module and	X		In March 2006, Toronto Water completed its Technology Blueprint project designed to chart an investment plan for the next seven years. Staff fully recognized the need	Complete discussions with the CIO, by December 31, 2007 , on a broader Corporate or multi-

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	consider the feasibility of creating an interface between the selected system and the SAP Financial Information system.			<p>to review and assess existing Computerized Work Management Systems (CWMS) but delayed proceeding with a review as the City was restructuring its Corporate Information Technology (IT) Division and various governance policies.</p> <p>There are significant opportunities for partnering with other Divisions and Corporate IT in reviewing existing CWMS across the City. A proper integration review should involve full consultation with the City's new Chief Information Officer (CIO) and other General Managers that extensively use CWMS.</p>	divisional review of CWMS and SAP integration issues.
16.	The General Manager, Toronto Water Division, develop a single time sheet to be used for payroll purposes and assess the feasibility to also use this time sheet for the work management system.		X	<p>Toronto Water has drafted a series of standardized time sheet to be used across the Division. The draft documents are being reviewed by management staff for final approval.</p> <p>At present, payroll is completed on an exception reporting basis for all staff whereas WMS is activity based capturing usually only time spent by maintenance</p>	Finalize standard bi-weekly time sheet (exception reporting basis) for Toronto Water by October 31, 2007.

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				<p>staff repairing specific assets. The WMS is an information system designed to track activities by assets and not by employees.</p> <p>Although Toronto Water recognizes the benefits of having an integrated system, WMS only captures the activities of maintenance staff not the entire staff payroll. Therefore, WMS may be best suited to track and corroborate maintenance efforts only, separate from payroll.</p>	