Travel and Training Review

November 2002

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Introduction

Travel and training is a budget area in which significant expenditures occur. No modern organization can function effectively or efficiently without a commitment to ongoing training for its staff to develop and maintain the skill sets required to conduct its business. Training models used by operational areas were reviewed to determine whether alternate approaches could result in cost savings and whether current monitoring/reporting practices protect the City's interests.

Background

Administrative Directive A1415C, Employee Travel dated September 1, 2002 establishes guidelines and provides information for employees travelling on City business. *City Policy A1120A, Employee Learning and Development* dated September 7, 1995 sets out responsibilities that support the Corporate Learning and Development Strategy mission "To ensure that learning and development for City of Edmonton employees is proactive, cost effective, and based on priority of need (including regulatory and legislative requirements)."

The following table shows the Travel and Training funds included in the 2001 and 2002 Budgets. The budget for business travel increased by 14.6% over 2001 and training by 6.9%. In 2002, business travel accounts for 16.8% of funds budgeted for Travel and Training with the remaining 83.2% being allocated for training. The budget allotted for local training is just under 50% of the total training budget.

Travel and Training Budget
(thousands of dollars)

	2001	2002
Business Travel	$ 607	$ 696
Training		
Training requiring Travel	1,209	1,220
Training (local)	1,506	1,667
Mandatory Training	278	287
Conference Registration	137	157
Other Training Costs	85	105
Total Training	$3,215	$3,436

Audit Objectives

The objectives for this review are to:

1. Assess Travel and Training Models

   The philosophies and priorities used by the administration in the development of the travel and training budgets were assessed to determine if they provide the best value for the Corporation.

2. Review Controls

   Guidance provided in policies and procedures, current practices followed for approval of travel/training requests, and processing of travel/training expenses/claims were reviewed to determine whether they adequately protect the City's interests.

3. Analyze Expenditures

   Travel/training expenditures were analyzed to determine their accuracy and completeness.

Methodology and Scope

This review covered travel and training for all departments reporting to the City Manager as well as Edmonton Police Service and Edmonton Public Library. Separate reports will be issued for Edmonton Police Service and Edmonton Public Library.

The assessment of travel/training models included interviews with business unit managers, review of supporting documentation and current travel/training plans, and surveys of other municipalities and organizations.

The adequacy of controls was assessed through the review of procedures and guidelines, interviews with travel/training coordinators, and others involved in the processing of travel/training requests and expenditures.

The review of travel/training expenditures was accomplished through manual examination of travel and training expense requests, claims and reports. A judgmental sample of supporting claims and invoices processed was selected to review for accuracy and completeness.

Observations and Conclusions

Overall, there are no significant concerns or issues with current practices for the identification, approval and processing of travel and training transactions. While each department or operational area has its own method of handling requests and claims, the OCA did not find any indication of inappropriate practices or expenditures. This report contains 13 recommendations to address areas where there are opportunities for improvement.

Comparison with Other Organizations

Surveys were sent to 12 municipalities (10 Canadian and two US) and eight public/private corporations. Replies were received from five of the municipalities and one public/private corporation. Of the six replies, only two responses contained some comparative data. Unfortunately, the data does not have sufficient detail to allow a meaningful comparison.

From the responses received, it appears that travel and training information is not tracked at a corporate level, rather each operational area is responsible for its own travel and training tracking and implementation.

As a comparative analysis could not be undertaken from the responses to surveys, the OCA obtained the following information from the Human Resources Branch, Corporate Services.

- The Conference Board of Canada indicated that the average training investment per employee was roughly $800 - $850 in 2001.
- American Society for Training and Development indicated that the results of their survey show the average training expenditure per eligible employee was $677 in 2001 with the top 10% of respondents spending an average of $1,665 per employee.

An analysis of the City of Edmonton's 2001 operating expenditures shows that an average of $376.68 for travel and training was spent for each FTE. Based on the following observations the OCA is unable to provide assurance as to the accuracy of this information and does not believe a true comparison can be made at this time.

Although the figures quoted above reflect the average amount spent per employee, it is important to point out that certain employees (IT professionals) would have higher training costs than would other employees (clerical workers). The ideal comparison of training costs would reflect the average cost of each category of employees, e.g., clerical staff, professional staff, outside workers, emergency response workers, managers, supervisors, etc. Because comparative information is not available, overall averages are used, but due consideration must be given to the mix of employees.

Travel and Training Models

City Policy A1120A, Employee Learning and Development dated September 7, 1995 was established to "Ensure that Employee Learning and Development opportunities which are congruent with Corporate and Departmental goals and directions as well as individual needs are provided to all employees." Although the policy set out responsibilities and overall strategy it does not provide guidelines for implementation, or a corporate model that the operational areas can use as a template for their own operations. Without this template to guide them, each operational area has developed its own model, or lack thereof. *(Recommendation 1.1)*

The result is that each operational area has different priorities for travel and training expenditures. For example, some operational areas' first priority for training is based on employee performance, whereas other areas' first priority is based on professional

requirements, still others have equitable access as the basis for their first priority. The overall result is that the corporation is not consistent in establishing the basis for training priorities, nor is there assurance that the Corporation is receiving best value for its investment training. The lack of a corporate model may also result in inequitable treatment of employees. For example one area may consider maintaining professional designations as high priority while others may see it as a low priority which could result in some employees being required to fund their own re-certification training requirements. *(Recommendation 1.2)*

Based on a compilation of what is currently implemented in various operational areas and on research of best practices, the first two priorities in a training model could resemble the following:

- Priority 1 – Re-certification to maintain qualifications set out in job descriptions and safety requirements.
- Priority 2 – Job Performance Training based on individual appraisals.
- The remaining priorities would vary according to what the corporation would prefer to emphasize for the whole corporation or within operational areas.

Corporate processes for recording training requirements and monitoring its provision have not been defined or implemented in a consistent manner, resulting in incomplete or lack of information. As a result, training funds may not be utilized in a manner that is most beneficial for employees or the Corporation. *(Recommendation 3.1)*

One of the issues identified in the City's 2003 – 2005 Corporate Business Plan relates to substantive human resource issues including retaining skilled staff and skill requirements. It is important that corporations support employees in both time and funding to maintain skills and designations required to effectively carry out the duties specified in their job descriptions. Managers generally agree that the training budget is at a reasonable level, however, the approved budget for training has not been fully spent in prior years. The following table summarizes business travel and training information contained in SAP.

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Total Travel and Training Expenditures
(millions of dollars)

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1996		1997		1998		1999		2000		2001	
Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
$2.6	$2.2	$2.6	$2.1	$2.6	$2.3	$3.1	$3.1	$3.8	$3.0	$3.8	$3.4

One of the reasons for under-expenditure provided by a number of managers is that training needs cannot be met as the need to maintain an acceptable level of service is seen as a higher priority. This results in learning/development opportunities to keep current with the environment not being taken, which may result in a reduction in effectiveness of service delivery and/or loss in employee efficiency. *(Recommendation 4.1)*

There is no corporate requirement for employees to evaluate the value of external training opportunities that they are provided or for management to evaluate the value of training provided to employees. As a result, the results of training opportunities are normally not evaluated to determine the value to the employee or the Corporation. Additionally, the Corporation has not developed performance measures to evaluate this training. The value of training expenditures cannot effectively be demonstrated resulting in the possibility that operating areas may not be receiving the full benefit for the investment in training opportunities. As a result, employees may repeatedly be sent on courses, seminars or conferences that provide limited value to the corporation. *(Recommendation 5.1- 5.3)*

We observed that information obtained from training opportunities is not consistently shared with co-workers. There is no corporate requirement for staff to share information with co-workers upon their return from seminars, courses or conferences. As a result operating areas may not be receiving the full benefit for the investment in training opportunities. *(Recommendation 6.1)*

Controls

The OCA reviewed and provided feedback on *Administrative Directive A1415C, Employee Travel*, that came into effect September 1, 2002. The purpose of this directive is to: "Establish guidelines and provide information for employees travelling on City business."

The administrative directive assigns responsibility for approving requests and travel statements to General Managers or their designates and requires that all travel expense statements be audited for compliance with travel guidelines. We found various practices for the approval and processing of travel/training requests being followed in different operational areas. Some of the processes had varying levels of controls in place to protect the City's interests while others did not.

A corporate process for the co-ordination and review of travel and training should be documented and followed to provide reasonable assurance that expenditures are in compliance with corporate guidelines. In addition, there should be a single corporate resource to interpret and champion the guidelines; and training should be provided to individuals assigned the responsibility for review of travel expense statements in order to maintain consistency. It is important to point out that inconsistent practices and the lack of controls does not necessarily mean that there is something wrong; but if something were to go wrong, there is nothing in place to deter, prevent or detect it. *(Recommendations 7.1-7.3)*

Analysis of Expenditures

A sample of travel and training expenditures and expense statements covering all City Departments, Edmonton Police Service and Edmonton Public Library were selected for the period January 2001 to mid-July 2002. These expenditures and statements were analyzed for accuracy, completeness and adherence to corporate guidelines. Although

the sample reviewed indicates that travel and training requests and receipts were approved and checked for accuracy and completeness, the allocation to specific cost elements is inconsistent from one operational area to the next. Furthermore, the comparison of travel periods and purpose of travel to the time records maintained in HRIS shows inconsistent recording of time while away from the office for training.

Inconsistent recording of expenditures in SAP and recording of time in HRIS make meaningful comparisons across the Corporation and with other organizations difficult if not impossible. Reasons for this inconsistency include differences in operational area reporting requirements and different interpretations on the use of cost elements in SAP and time codes in HRIS. It is important that the data is allocated into meaningful categories to be useful to management and that the allocation is consistent throughout the Corporation for comparison purposes. *(Recommendations 2.1-2.2)*

We would like to acknowledge the cooperation and support we received from all individuals contacted during this review.

Summary of Recommendations

Observation	Recommendation	Administration Response
Learning and Development Guidelines	1.1 That Policy A1120A be updated to reflect the current environment and provide sufficient guidance to operational management. 1.2 That a formal corporate training model and documentation criteria that address both corporate and operational area needs be included in the updated policy.	**Accepted**. Policy A1120A will be updated to reflect the current environment and provide sufficient guidance to operational management. The new policy will have the necessary procedures and required templates to be effective.

Observation	Recommendation	Administration Response
Classification of Travel and Training Costs	2.1 That travel and training reporting needs be reviewed, updated to reflect current requirements and communicated to affected parties. 2.2 That staff be given explicit instructions on how to classify travel and training costs in both the accounting and personnel information systems.	**Accepted**. The first step will be to review the appropriateness and effectiveness of present tracking codes on the PeopleSoft system and cost elements on the SAP system. Once a determination has been made, any new requirements would be communicated as part of the new policy rollout. This would include explicit instructions on how to classify travel and training costs in both the accounting and personnel information systems.
Identification and Monitoring of Employee Training	3.1 That common processes/tools for tracking employee training requirements and monitoring its provision be defined for and implemented by the operational areas.	**Accepted**. The new policy will include the common processes/tools for tracking employee training requirements and monitoring its provision. Management's responsibility for monitoring activities will also be clearly set out in the policy.
Support for Ongoing Training	4.1 That learning and development guidelines clearly set out the City's position on training priorities and funding of training required for employees to effectively carry out their duties specified in their job descriptions, including maintaining their professional designations.	**Accepted**. The new policy and procedures will clearly spell out the City's position with respect to support and personal responsibility for training. The City's approach to training and development is being reviewed as part of the City's response to the overall workforce planning initiative.

Observation	Recommendation	Administration Response
Evaluation of Training Opportunities	5.1 That a training evaluation form be developed for external training opportunities and implemented to facilitate the assessment of continued support for the course, seminar, conference, etc. 5.2 That the learning and development guidelines require management to evaluate the effectiveness of the training programs in their area. 5.3 That a method of tracking the training evaluations be developed for and implemented by the operational areas.	**Accepted with Modification**. The new procedures and templates will provide the vehicle to evaluate the effectiveness of external training programs with Managers playing a key role in evaluating the training programs.
Sharing of Training Information	6.1 That corporate guidelines be developed for the sharing of information obtained at training opportunities.	**Accepted**. Corporate guidelines for the sharing of information obtained at training opportunities will be part of the new policy and procedures.
Travel and Training Expenditure Co-ordination/Reviews	7.1 That a corporate resource/champion be available to interpret travel and training corporate guidelines.	**Accepted**. The new policy and procedures will identify resources to interpret travel and training corporate guidelines.
	7.2 That a best practice be developed for travel and training co-ordination and review processes and used as a guideline for all operational areas.	**Accepted**. A review will be conducted of best practices for travel and training co-ordination and review processes within the City. This will be used as a guideline for all operational areas.

Observation	Recommendation	Administration Response
	7.3 That employees charged with the responsibility of coordinating/reviewing travel and training claims be provided with appropriate training based on best practices.	**Accepted**. Training employees charged with the responsibility of coordinating/reviewing travel and training claims will be a part of roll out of the new policy and procedures.