McMaster University

Human Resources Review 2019

Consultants:

Marilyn Thompson, Associate Provost, Human Resources, University of Waterloo

Jane O'Brien, Associate Vice President, Human Resources, Western University

Jim Butler, Director of Faculty Bargaining Services, CAUBO (Cdn. Assoc. of University Business Officers), and former Vice President: Finance and Administration, Wilfrid Laurier University

Mark Crowther, Chair of Medicine, Faculty of Health Sciences

Susan Mitchell, Director of Finance and Administration, DeGroote School of Business

Kevin Sulewski, Chief Operating Officer, Faculty of Health Sciences

Debbie Marinoff Shupe, Manager, Recreation Services, Athletics & Recreation

P. Ravi Selvaganapathy, Professor & Canada Research Chair, Faculty of Engineering

Project Manager:

Andrea Thyret-Kidd, Office of the Provost

Human Resources Review
McMaster University

Introduction:

This review was undertaken at the request of Human Resources Services and was envisaged within the Human Resources Services Strategic Plan 2016-2020.The terms of reference for this review were broad and stated "The Human Resources function should enable and support organizational success by providing programs, policies, and resources to facilitate the University's strategic direction, by championing people, and by fostering the development of capabilities needed to help the organization succeed." (Please see Appendix A for the complete terms of reference).

The Review Team began work in November 2018 and concluded in June 2019. Background material on McMaster's human resources services was provided by reports from Human Resources (HR) senior managers and by UniForum data (a comprehensive survey that compares global institutions with one another). The Review Team held 6 days of meeting on-site and met with approximately 40 stakeholder groups including vice presidents, deans, bargaining units, researchers, senior managers, department administrators, directors of financial administration and staff. All stakeholders were thoughtful and provided helpful information which the Review Team deeply appreciates. The Human Resources staff (both central and FHS HR) were responsive to inquiries and genuinely demonstrated a commitment to serving the McMaster employees.

McMaster is a diverse and complex institution, employing more than 14,000 individuals annually across a variety of employment arrangements and employee types (see below). McMaster's 20187/18 Annual Financial Report records total compensation expenses for the institution of $619.7 million.

McMaster University Employee Groups:
- McMaster University Faculty Association
- McMaster University Clinical Faculty
- The Management Group (TMG)
- Executives and Senior Administrative Leaders
- Unifor Local 5555:
  - Unit 1 (Administrative and Technical Staff)
  - Unit 3 (Parking and Transit Services)
  - Unit 4 (Security Services)
  - Unit 5 (Operations and Maintenance)
- McMaster University Academic Librarians Association (MUALA)
- CUPE Local 3906:
  - Unit 1 (Teaching Assistants)
  - Unit 2 (Sessional Faculty)
  - Unit 3 (Post-Doctoral Fellows)
- International Union of Operating Engineers, Local 772

- Service Employees International Union, Local 2
  - Representing Hospitality Services employees
  - Representing Machinists
- Clinical Scholars, Research Associates (Academic) and Fellows
- Temporary or Casual employees

Over the past 25 years McMaster University has grown from a regional university to a top 100 university and a global research powerhouse. McMaster has doubled in size and impact, yet HR services have not kept pace with respect to technology or processes needed to serve employees located at multiple campus locations. The UniForum data shows that HR is out of step with comparator institutions. Through interviews with stakeholders, gaps were described that go beyond the urgent transactional issues. Many of the issues and problems described have existed for many years. Some of the larger structural issues, e.g. unclear roles of responsibility between Central HR (HR Services) and FHS HR, have existed for decades. Consistent themes emerged over the course of the review: a lack of standard operating procedures for many HR functions, a lack of role clarity both within HR and the broader university community, and a lack of positional accountability for outcomes. Stakeholders did not place blame on individuals and in fact there is sympathy for the staff in the Service Centre (SC) who are perceived to be working under extremely difficult circumstances. However, there is great frustration with the service gaps and HR's lack of understanding of departmental business needs. The problems with HR are most acutely felt in the Faculty of Health Sciences (FHS) and the greatest frustration is from their employees and departments. At every level of the organization, including all department administrators, senior leadership and the staff and managers in both Central HR and FHS HR, there is a strong sense that people are not getting the programs, policies and advice/support needed to operate effectively.

McMaster has not invested in central HR Services in a strategic manner and as a result is not structured for the current times. The University needs to rethink the employee experience to improve the productivity of the overall HR service. The Service Centre is using an outdated service delivery model that is ineffective and very frustrating for the staff in the unit. The HR Advisors are overwhelmed with heavily transactional, paper-based processes making it impossible to deliver professional advice to departments in a timely or effective manner. The decentralized nature of McMaster University has, unfortunately, carried over to institutional structures, processes and technology. The functional units within Central HR appear to be operating in silos that have created an ineffective and inefficient employee service. HR services are not only a set of administrative practices. HR services should be, in all its components, a reflection of the institution's objectives and strategies with respect to its people practices. The HR strategy should be aligned across the institution and this has not been enabled at McMaster today.

The following report is quite detailed and includes many recommendations but there are 4 primary recommendations that must take priority:

1. Transactional issues should be addressed immediately, and the technology and processes related to payroll must have the highest priority. The systems and process issues that are driving errors and inefficiency are consuming resources. Without solutions to these significant problems, HR will

be unable to make progress on developing value-added services and contributing to the strategic goals of McMaster.

2. The complexity of the benefit and pension plans is contributing to errors and the inefficiency of administration. Additional expertise in pension and benefits is required and consideration needs to be given to simplifying benefit and pension plans and ensuring the changes will retain and attract the talent required for the future.

3. Restructure HR advisory services and the current Service Centre model.

4. The AVP CHRO must have the responsibility, authority and accountability for the human resources function at McMaster to influence the people, practices and culture.

Fixing these problems while maintaining current operations will require an investment, however, the gains to be realized are significant. The current Human Resources Services mission and mandate is completely appropriate but must currently be considered aspirational until the issues related to payroll, benefits and appointment transactions are addressed.

<center>**PAYROLL**</center>

The UniForum data identified payroll as problematic in that McMaster is spending 164% normalized cost on payroll; meaning that payroll is 64% above the average utilization when compared with what other universities spend. On the service survey, the community expressed dissatisfaction with the errors experienced within the payroll function. Overspending for a function that results in poor satisfaction is neither efficient nor ideal.

Payroll discussions dominated meetings with stakeholders. The breadth and depth of the problem was concerning and led the review team to conclude "**Payroll is on FIRE**". Payroll is multifaceted and is more than simply putting the correct amount of money into an employee's bank account. It is also correctly calculating pension, CPP and the marginal tax rate to produce a correct T4. Stakeholders consider it part of the payroll processes to charge salary and benefit costs to the correct university account so that downstream finance and budgeting processes are smooth. Departments should have access to correct payroll data and reports that assist with planning, budgeting and answering questions from their employees. Shocking examples of payroll errors affecting individuals were described but equally troubling were examples of a lack of systems capabilities, payroll reconciliation, and knowledge of CRA requirements.

University stakeholders consistently expressed sympathy for the employees in the SC. There is an understanding that payroll problems are due to many reasons. While there is great frustration, people were clear to convey that they know SC employees are working hard and in difficult circumstances. Conversations with the staff in the SC and FHS HR revealed that they are also very frustrated with the payroll processes.

Surprisingly, little blame was attributed to Mosaic. Experienced stakeholders discussed how many of the payroll issues pre-date Mac VIP.

Recent improvements to payroll have been made but there has not been enough time to fully appreciate the benefits, specifically: moving time and labour deadlines so hourly pay no longer has to be estimated (implemented March 2019); corrections to chartfields in the DBT (department budget table) to reduce the use of the default chartfields; electronic pay corrections rather than manual cheques; and a pilot project for exception time reporting. There is much hope the current digitization project will bring efficiencies and reduce duplications and errors. There is awareness of the project but confusion regarding the scope and frustration at the slow pace of implementation.   Payroll has been a pain point at McMaster for a long time, and while stakeholders often said there have been recent improvements, the depth and breadth of issues has created great skepticism.

Payroll Issues:

I. Lack of accountability:

There are many people involved with the administration of payroll: SC Operations, Faculty of Health Sciences Human Resources Office (FHS HR), SC Reporting and Control, and all departments. There are so many people involved with payroll that it has resulted in confusion over who has responsibility for the

accuracy of payroll. There is no visible payroll unit or payroll manager in Human Resources. When HR managers were asked who is responsible for payroll, the answers were inconsistent. SC Reporting and Control takes responsibility for their part of payroll (e.g., getting pay to the bank) but not the totality of the payroll function. No one person or position appears responsible for making sure the General Ledgers (GLs) are correct, that new employees are correctly set-up in Mosaic, or that departments receive payroll reports.

There is a lack of role clarity, which causes confusion between the SC, FHS HR and the departments regarding the responsibility for completion of work. The service delivery model is exacerbated by unclear processes and inadequate documentation or training materials. The lack of cooperation between Central HR and FHS HR, along with no formal continuous improvement processes, has become extremely challenging for the dedicated employees.

II. Volume of manual work:

Manual entry of information can result in errors and there was an avalanche of concerns about duplication and the failure of accurate recording of information. SC employees report a large, and overwhelming, volume of paper-based payroll transactions which typically involve re-keying of data from Excel spreadsheets and hand-written paper forms.   Departments believe they have correctly communicated the necessary information on the HRE form to the SC or FHS HR only to have it incorrectly entered into Mosaic through a manual error or misinterpretation of what is being requested.

HR Advisors in the SC and FHS HR describe having to review 30 exception reports weekly and then perform many manual interventions in order for each pay to run correctly, e.g. hourly employees with complicated rules that need to be manually merged, removing double parking charges for MUFA employees with a Chair/Dean appointment, etc. It is troubling that there appears to be no project underway to develop automatic fixes for these issues.

Due to the volume of manual work, HR Advisors are unable to answer their phones or respond to email messages. Departments are aware of this and know not to call the SC until the pay has gone to the bank each week.

III. Complexity of Pension and Benefit Administration:

The complexity of McMaster's pension and benefit plans is challenging for employees and HR staff to understand, difficult to configure into a system and almost impossible to track in an environment with weak procedures and weak documentation (see the Benefits & Pension section).

IV. Errors in Payroll Administration:

We heard from all parties about the number of errors and the difficulty in fixing them. Central HR quotes a 0.68% net pay error rate, however when asked, two groups of department administrators stated there are errors for every single pay and that it is the great exception to have a pay be entirely correct in the first entry. Numerous recent examples with error rates in excess of 10% were identified. We would suggest the discrepancy regarding the error rate is partially due to a narrow definition of payroll by Central HR. Many of the errors described by stakeholders are due to employees being incorrectly setup in Mosaic, incorrectly

terminated, or due to the pay coming from the wrong GL account. The larger McMaster community perceives all of these errors as payroll errors.

Stakeholders talked about many types of payroll errors, including:
- over- and under-payments,
- journals to correct chartfield accounts,
- employees incorrectly set up as hourly employees,
- pension not being deducted (resulting in employees having to make back-payments),
- complications for employees on leave,
- employees hired into the wrong department,
- staff not receiving statutory holiday pay,
- terminated employees receiving vacation pay for which they were not entitled,
- continuation of stipends after employees should have been terminated, and
- spontaneous terminations of individuals or large groups of employees, etc.

It is very troubling that errors are often not discovered until the employee mentions them and sometimes months or years have gone by before the error is discovered. For example, clinical faculty were not paying for and therefore did not receive LTD coverage for a number of years and no report discovered this problem. The above are just a few examples of the many issues with correct payroll administration and a sample of the long list of payroll errors provided to the review team.

Many of the errors occur with the chartfield. The departments know their chartfields best and there is great frustration with the chartfields being incorrectly entered by the SC and FHS HR and the amount of time it takes to fix these errors through journal entries.   Errors occur if the chartfield is entered incorrectly or if the account is not open. HR Advisors and FHS HR are also frustrated because they are not Finance experts and don't know the chartfields. Further, errors in payroll have downstream effects in the GL and in Hyperion (budgeting software) meaning that one error needs to be corrected in multiple places.

Payroll correction appears to be all consuming. Correcting errors is difficult due to resulting tax and pension issues. The departments are so busy with payroll work and error corrections that they are unable to look at labour distribution reports so problems go undetected for a long time. Many FHS departments have hired 'payroll checkers' who go through their department pay **every pay period** to detect errors. Errors are identified with frequency by these 'checkers' despite data being entered correctly by the departments on the HRE form.

The persistent vigilance that stakeholders need to have on payroll errors is sapping their time and energy from other tasks and impacting the overall efficiency of their departments.

V. Employee Records, Appointments & Data Integrity

Accurate data related to employees and their appointments is integral to a wide variety of functions and services including accurate payroll and related processes. For this reason, organizations take great care to ensure that HRIS (Human Resources Information System) records are configured with all of the attributes and business rules required to manage the transactional and reporting needs of the entire institution.

The review team did not explore the structure of the HRIS or related business rules as part of this review. Nevertheless, the large number of examples provided throughout the reviews make it clear that McMaster's HRIS has not been configured and/or structured in a way that supports the University's employees or administrators.

McMaster is not the only Canadian university using the PeopleSoft platform for HR and payroll and would benefit from visiting peer institutions to get a sense of the various ways other universities have addressed their needs relative to system design, system structure and accompanying processes.

Examples of errors that could be linked to system configuration (not exhaustive):
- Multiple appointments (e.g. clinical faculty) result in a pay statement (and T4) for each appointment type. This can, and does, result in errors to tax rates charged and overpayments of CPP and EI.
- Pay errors when employees return to work after a leave or through gradual return to work.
- SPP (Special Premium Payments) are numerous and problematic. The volume of errors likely has more than one root cause. FHS is the greatest user of SPPs and this contributes to their HR frustrations (see FHS section).
- Confusion over whether McMaster is utilizing employee management or position management in Mosaic which results in chartfield errors and errors when employees move between appointment types.
- Stipend payment errors that include missed payments and overpayments.

VI. Lack of Professional Payroll Expertise:

The Review Team heard repeatedly from departments, HR Advisors and FHS HR "I am not a payroll expert", yet these individuals feel they are spending a lot of time on payroll issues.

Some time ago, a decision was made to re-organize Central HR to create a Service Centre organizational model with an HR generalist structure, as used by many other organizations. This generalist model does not provide the depth of payroll expertise needed to resolve payroll issues and errors when they occur in McMaster's highly decentralized, complex structure. Many of the payroll complications have happened due to generalists doing their best, but not fully understanding how to set employees up or how to pay people correctly. It is difficult to know how to do a job when the processes have not been mapped and there are no training documents. Recently (2018), the director of the SC has been re-aligning work to begin creating experts (pension experts, data management experts, etc.).

There are people in the SC Reporting and Control unit who are responsible for payroll but they are not visible to the McMaster community. Their role in the payroll process appears to be restricted to the task of getting pay to the bank and correctly filing statutory remittances. For example, no one appears to be working on generating one T4 for clinical faculty and faculty members with multiple roles. Reporting and Control relies heavily on the SC HR Advisors and FHS HR to set people up correctly in Mosaic and to manually fix routine payroll errors, yet as described above, this is problematic.

The graduate student TA payroll was the only success story detailed. The TA payroll is complex and was previously managed by the School of Graduate Studies (SGS). The complexity led to the recognition that SGS did not have the necessary payroll expertise and the administration was moved to the SC. Many

deliberate conversations were held to understand the needs and the business requirements before transferring the TA payroll to the SC where a designated HR generalist has been assigned to support SGS. While the pay now runs successfully, Mosaic is still unable to generate graduate payroll reports for the departments.

VII. Lack of metrics:

Stakeholders seemed surprised to be asked what metrics could be helpful to them; they are accustomed to operating with a minimum of data and reports. When pressed, people are interested in: seeing/approving the pay before it is sent to the bank, knowing the date pay is paid, and reports that would assist with budgeting e.g. the ability to see actuals, information shown on a combined basis (by employee group, by type of hours, by department, monthly, quarterly). Vice-presidents and deans are interested in workforce analytics, e.g. average compensation for employee groups, salary and benefit commitments for researchers, demographics and pension eligibility, seniority rates for sessionals, etc.

Findings:

Central HR staff, FHS HR and stakeholders describe a broken payroll system, consuming all stakeholders with the day-to-day efforts to maintain it. There have been recent improvements and that work should be applauded, however, fundamental payroll administration processes and oversight is lacking. The digitization project is important however the Review Team is concerned it will not address the systemic and structural problems in a timely manner due to a limited mandate and lack of resources. A comprehensive framework, supported by a vision document, is needed to develop an effective and efficient solution.

Typical of large universities, McMaster has an extremely complicated workforce. Adding to the complexity of multiple employee groups is the prevalence of multiple benefit plans and pension plans (see Benefits & Pension section). The largest Faculty is the Faculty of Health Sciences, which has a number of complex employee groups that are currently not being served well. Many of the problems described as 'payroll issues' or 'payroll errors' are driven by employees not being set up correctly, the complexity of the benefit and pension plans, the complexity of the workforce, and chartfield errors.

The lack of payroll expertise in Central HR or documented procedures coupled with a decentralized model that involves many people in the payroll process, has led to a lack of responsibility and accountability for the payroll function. Over time, the community has become accustomed to a lack of quality service and a multitude of errors.

Additionally, the Review Team suspects there is a poor interface or structural problem between the HR and Finance modules of Mosaic. As ~70% of the data in the Finance modules relates to salary dollars normally, it is important that the connection between the HR and Finance modules be strong. The two modules need to be configured to work together, allowing the HR data to feed into the Finance module easily and correctly.   An assessment of the structure and connections between the Finance and HR modules should be made, and to do the assessment properly people from Finance, HR and UTS should be involved.

> ***Recommendation #1:*** *The highest priority of this report is to establish a payroll team to develop a payroll solution. The team must have the appropriate expertise (CRA, Oracle, project*

management) and the appropriate resources to create a solution. Regular progress reports should be provided to the HR Review Executive Team with a final report in 18 months.

Recommendation #2: A team, composed of experts from HR, Finance and UTS, should travel to other PeopleSoft institutions which have a Faculty of Medicine to review their PeopleSoft HR structure and how data flows between the HR and Finance modules. Based on what is learned, some re-design of the HR, and perhaps the Finance, module may be required to ensure accurate and streamlined payroll activity. Please note, this recommendation is linked with recommendation #9.

Recommendation #3: The payroll team should conduct a comprehensive analysis of workflow and procedures for each of the major tasks with a special emphasis on integration with the finance module. Operating procedures for how each employee group should be set-up in Mosaic will be developed ensuring that benefits, pensions, and marginal tax rates are correct, that the pay is 100% correct, and that the pay comes out of the correct chartfield. Manual processes should be minimized and all opportunities to utilize Mosaic workflow should be maximized. Payroll information should flow directly from the business unit to the payroll unit. Documentation and training materials should be developed to ensure procedures are communicated and understood.

Recommendation #4: The payroll function and accountability for payroll should remain in Central HR. There should be a payroll unit with a payroll manager clearly visible, accountable and available to the McMaster community. Central HR needs to employ people with the expertise and skills necessary to manage a very complex employee and payroll environment using an Oracle system. Payroll information should flow directly and electronically from the business unit to the payroll unit. Documentation and training materials should be developed to ensure procedures are communicated and understood.

## TOTAL REWARDS: COMPENSATION, BENEFITS & PENSIONS

The Total Rewards team is responsible for compensation, benefits and pensions. The Total Rewards unit in Central HR is comprised of 5 employees, one of whom is in a contract position. They are responsible for compensation, job evaluations, benefit and retirement plan programs, systems and processes. This very lean team is responsible for the complex compensation programs McMaster has built.

McMaster offers excellent benefits (vacation, education, health and dental) and some people believe the University needs to do a better job of promoting the strength of the benefits e.g. offer letters do not highlight benefits. There were no complaints or concerns from any employee or employee group regarding benefits.

For the matters of job evaluation, salary and merit, Central HR is not seen as a partner but rather as a 'blocker'. TMG (The Management Group) job descriptions remain confidential and managers complain the job evaluation process is a 'black box'. Managers create a job description, send it for evaluation and receive the outcome with little guidance or feedback. Central HR has created generic job descriptions as guides but these are rarely used. There is often pushback from HR if a manager tries to hire an external candidate above the mid-point and HR will not allow an increase above 5% for an internal candidate or will

attempt to negate their annual merit increase if their position has been recently reevaluated. This is seen as discouraging the promotion of internal candidates. Deans and TMG members expressed frustration regarding the TMG merit process; the process is lengthy for not a lot of merit, the calibration process is problematic, and long-serving productive employees are eligible for a smaller pool of merit.

McMaster has many employee groups represented by 11 bargaining units, two non-union faculty associations (MUFA & CFA) and a non-union management group (TMG). For many years, benefits and pensions have been used as a bargaining tool in a strategy to manage costs. This has been a successful strategy and has helped McMaster manage benefit and pension financial commitments. McMaster bargains based on total compensation and groups will take fewer wage increases to improve benefits. Over time, this bargaining strategy has resulted in a great number of plans to administer: 61 health and dental plans, 3 defined benefit pension plans and a Group RRSP plan with various contribution levels and arrangements (approximately 8) across employee groups. The Review Team questions whether the value and complexity of maintaining multiple benefit and pension plans has been assessed and whether the cost of internal resources to correct errors in administration has offset any financial savings.
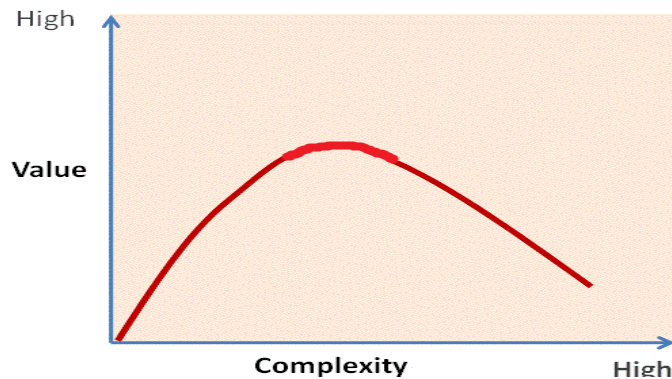
It is challenging to administer 61 health and dental benefit plans and equally challenging to configure enterprise systems to appropriately manage this complexity. It is extremely difficult to maintain benefit booklets for each plan and, in fact, the booklets cannot be kept up-to-date. Due to the variety of plans and lack of benefit booklets, it is difficult for staff in the SC to answer employee questions. When we spoke with employees, both Unifor and MUFA representatives said that their members do not understand their benefits. The Review Team believes McMaster has lost economy of scale when going to market for a benefit provider. We heard that the variation between health and dental benefit plans is not extreme in some cases and it could be possible to reduce from 61 plans down to ~30.

Post-retirement benefits are also complex with multiple plans. Each group has at least 4 retiree plans; MUFA is on plan #11 for its members. Mosaic does not have a location in which to track post-retirement plan eligibility for active employees. To manage costs McMaster has negotiated various eligibility rules, co-pay arrangements or closure of the post-retirement plans. This has further increased administrative complexity and caused significant confusion among employees.

Given the complexity and resource constraints, it is difficult to provide communications and education to employees. The Review Team heard repeatedly that McMaster needs additional benefit and pension expertise to manage the variety of programs. Most employee groups have members split between a Defined Benefit (DB) pension plan and a Group RRSP plan, which creates a sense of inequity between the members.

The complexity of plans combined with the decision to staff the SC with generalists has exacerbated the issues. The SC staff did not always understand how to enroll new employees properly in the benefit and pension plans, which led to some of the errors described in the Payroll section of this report. Recently, the SC has adjusted 2 HR Advisor positions to focus on pensions and retirements to begin building the necessary knowledge. (This has had a resulting negative effect on the provision of sound HR advice to managers, which is explained in the Advisory Services section.) Additionally, the complexity of plans is difficult to manage in Mosaic. There are many manual solutions that the SC Advisors and FHS HR have to perform for each pay period, that if not performed can lead to payroll errors. These manual solutions represent some of the exception reports described above in the Payroll section.

The variety of benefit and pension plans has an impact on employee mobility. Employees may not understand that when they transfer to a different employee group their benefits and pension plan will change. Currently HR does not provide enough information to people considering job changes regarding the implications of the change. The Total Rewards unit takes the position that employees should receive whatever post-retirement benefits the group retired from is eligible for. This creates frustration for hiring managers who see the benefit of promoting internal employees but find themselves 'blocked' by Central HR. We heard from a number of individuals who had moved employee groups or from hiring managers frustrated with trying to hire internal candidates. The rigid administration of benefit plan entitlements works against the greater objective of succession planning, career ladders and a 'promote from within' policy. McMaster finds itself in the uncomfortable position of having to highlight the strengths of one plan over another in order to encourage employee movement.

Currently, there is a project underway to implement PenProPlus software which will produce annual pension statements, and a pension calculator. This implementation exposed errors in Mosaic and has required a data correction process to be completed. McMaster's complexity has meant that the PenProPlus implementation has been underway for 6 years and is still not complete. A total rewards statement should become available to employees in July 2019 that initially will be a static PDF.

The cost of administering this level of benefit and pension complexity is unknown, as is the cost to employee mobility. There is risk to maintaining this level of program complexity. We heard an example where the LTD benefit was incorrectly calculated for all employees on leave, resulting in a significant cost to correct. We also heard examples of employee's pension statements being incorrect after a divorce from their spouse and that there are always problems when people go on a leave. We heard numerous reports of staff and faculty being unclear on their pension benefits or post-retirement benefit plan and unable to access usable information from HR, in some cases despite numerous attempts spanning months. Currently, McMaster has not developed the level of expertise in pension and benefit administration nor hired the number of employees in Central HR necessary to manage the complexity.

Recommendation #5: *Conduct a review of the benefit and pension plans with a goal to reducing the number of plans over time.*

Recommendation #6: *Ensure that Central HR is staffed with experts to appropriately service the complexity of the pension and benefit plans. Investigate industry standards and hire the appropriate number of pension and benefit employees in Central HR. This level of complexity requires employees with expert knowledge.*

EMPLOYEE & LABOUR RELATIONS (ELR)

The ELR team is responsible for employee and labour relations strategy, including collective bargaining and collective agreement administration; policy development and administration, including workplace investigations and dispute resolution; and building relationships with union partners. The team works closely with the Office of Legal Services, FHS HR, FHS Professionalism Office and the Equity & Inclusion Office but there is a lack of role clarity between the offices, which can lead to inconsistency of approach.

McMaster has significant labour relations work as there are many employee groups. All negotiations are handled by ELR, except MUFA which is led by a Joint Committee structure and supported by ELR, and CFA which is negotiated on an individual basis with each faculty member. Central HR updates benefit programs and policies related to CFA appointments. As discussed in the Benefits and Pension section above, McMaster has used the bargaining process as a way to reduce benefit and pension costs, which has resulted in the proliferation of plans. The strategy did not consider the added costs of administering multiple plans, the impact on talent issues, or the payroll pressures. As the competition for employees increases due to demographic changes, McMaster needs to be well positioned and cannot afford to rely exclusively on external candidates. The bargaining strategy of negotiating benefits and pensions as part of compensation has had the unintended impact of creating an extreme complexity that is consuming HR operations and impacting the labour force. The labour relations strategy should have the goal of getting the right people, policies and practices in place to deliver on the performance and productivity that is needed.

Recommendation #7: *McMaster should develop a strategy to simplify benefits and pensions through negotiations. Any enhancements to benefits and pensions should come about through a different methodology.*

With no business partner structure in place and with the HR Advisors in the SC burdened by transactional issues, departments do not know where to turn for guidance and assistance on a huge range of issues, but especially performance management. Additionally, the expectations of the deans and vice-presidents are different than previous years and they are now turning to Central HR for labour relations advice about MUFA faculty. Assistance can be provided through either OD or ELR or outside legal counsel. There is a huge volume and range of issues (from the Provost's office to issues from summer camps) and the demands push policy work and outreach to the background. FHS is particularly challenged due to the complexity of navigating both university and hospital procedures and having only a single dedicated ELR staff person who is physically located offsite. The hospital procedures seem to be more responsive as the Review Team heard of serious employee situations that were resolved quickly by the hospital. The issues

between FHS HR and Central HR also have an impact and union reps are often the people who identify that FHS HR and Central HR are not on the same page for various issues (see FHS section).

A common theme from managers and researchers is that ELR is too risk averse in performance management situations. There is a belief that McMaster pays people to go away rather than firing them and often the individuals are hired back to the university in another job. People also believe that ELR does not give good advice about using the probationary period to terminate underperforming employees but rather prefers to extend the duration of the probationary period. Managers want better tools to do their job and currently feel like HR puts barriers in their way. Because the ELR unit is staffed with senior experienced HR staff, they are often sought out by departments and managers for assistance with a wide range of staffing matters and questions. This work is not the best use of talent in ELR and it is taking them away from critical, time sensitive matters.

ADVISORY SERVICES

McMaster lacks the expertise in a number of HR areas to be effective and efficient and this is especially apparent within the SC. According to the UniForum survey, Central HR performs 29% of the HR work, meaning that McMaster functions in a highly de-centralized manner. The de-centralized nature has developed organically over time rather than being planned and there are insufficient processes to support it. As a result, departments develop their own processes and often the people doing HR work are not familiar with legislative and regulatory matters. It is very challenging for Faculties and business units to navigate HR issues and HR problems are distracting to the whole institution. HR does not currently function as a service provider; they are seen as obstructionist and 'blocking' departments without providing reasons for why requests can't be addressed. HR is not seen as connected to business units or understanding of the needs of the business units. All units have a 'business cycle' yet HR does not create procedures that work with those cycles e.g., there is a very predictable schedule for hiring sessional instructors and TAs.

The SC team is the initial point of contact for a variety of HR and pay-related inquiries, as well as support for McMaster managers, faculty, staff and retirees, and Affiliates. HR Advisors within the SC are assigned dedicated client portfolios and are responsible for the delivery of core and generalist HR services. The HR Advisors rely on experts from other Central HR areas to whom difficult questions and problems can be escalated. The connections between the Operations team generalists and the other HR area experts are problematic. When other HR units (ELR, Total Rewards) provide answers to complicated questions, there is no documentation or sharing of the answers, so the same questions are asked repeatedly. Business units complain that it is very difficult to get answers from the HR Advisors and that there is no direct access to the senior, experienced staff. The perception is that there is no urgency to find solutions, no one will commit to timelines and delays are common. The HR Advisors struggle due to a lack of procedures and a lack of training. Entry-level people are expected to be knowledgeable about a hugely complex workforce without procedures or experts to support them. The demands of managing the payroll issues is all consuming and creates a very challenging work environment. Unsurprisingly, there is a high turnover rate as HR Advisors pursue other opportunities. Recently, Central HR has begun moving away from the generalist model and developing technical specialists with expertise on data management/HRIS, pensions,

retirement, OD, etc. While not all HR employees need to be experts or specialists, currently there are too many generalists.

As a beginning step, the Review Team found the following chart helpful as a framework for determining which situations require a specialist or a generalist:

A New Conceptual Model
for
Human Resources
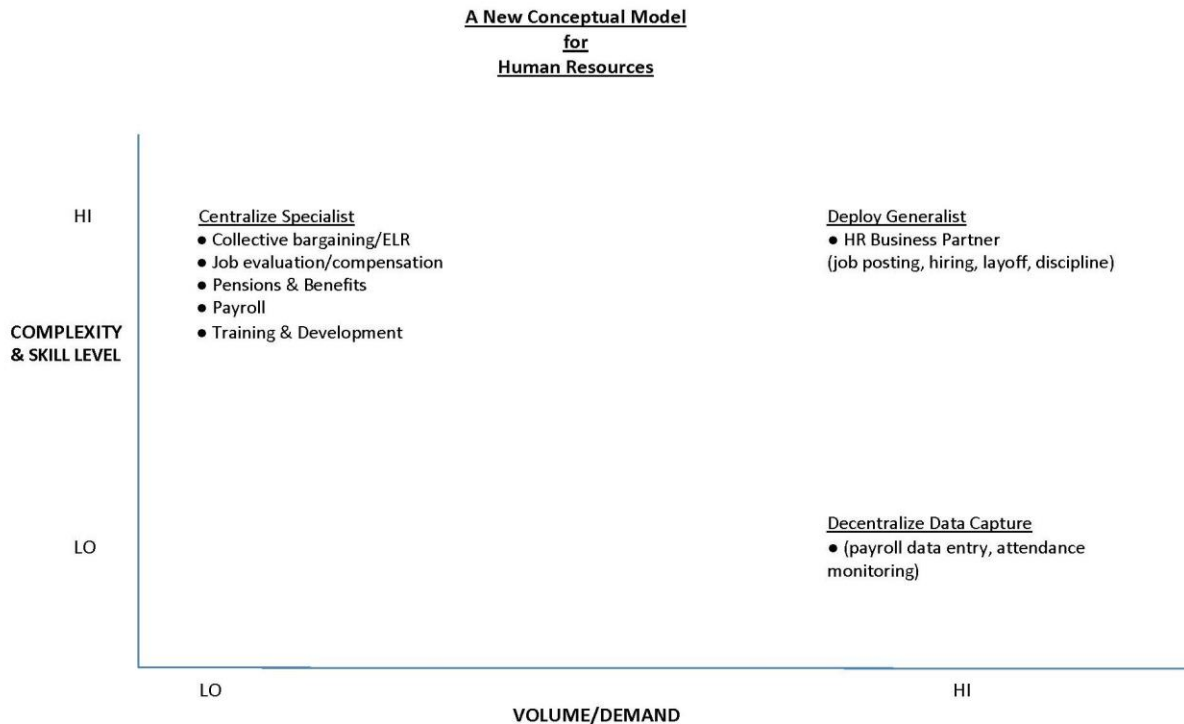
The majority of stakeholders expressed interest in a business partner model either by directly mentioning the words 'business partner' or by conveying their desire to have a generalist consultant from Human Resources who understands their business and can support their human resources needs. There is a desire for more value-added services and that HR should function as a partner rather than a blocker. The external reviewers have described three possible business partner models for McMaster to consider, but in all models:

- All compliance and legislative responsibilities for the entire university rest with the AVP CHRO and central HR team. Central HR are the experts for functions like ELR, payroll, recruitment, workforce planning, and benefits & pension. It is unreasonable to expect business partners to have the depth of knowledge required for all of these functions. All transactional work occurs in Central HR to connect directly with departments, e.g. departments send their payroll directly to Central HR, the recruitment team helps departments post and hire positions, etc.

- The role of the HR business partner varies across organizations and can involve developing and advancing strategic initiatives or supporting managers and employees on HR programming/implementation needs. McMaster needs to develop a business partner model with

role clarity, and ideally the business partners develop a community of practice and work together. At the University of Waterloo, business partners work with departments on strategic workforce planning (deciding whether to fill a vacant position or re-allocate work, monitor hiring patterns, etc.) and serve as the first step in dispute resolution (trained in mental health first aid and alternative dispute resolution). Business partners are specialists and operate at a senior level.

Model #1 – Centralized Model

Business partners are employees of Central HR. Based on volume and complexity, they each have a portfolio to manage and often are serving multiple units.

Model #2 – Hybrid Model

Business partners for the largest units are embedded in the business unit. Central HR manages all the policies and ensures consistent standards of practice. Business partners have a dual report to Central HR and the business unit. Dual reporting is not considered best practice, however McMaster has such reporting relationships frequently.

Model #3 – De-centralized Model

Business partners report to the business units. This model is not recommended because there is no connection with Central HR and issues where expertise is required will be magnified. Business partners in this model often come to see themselves as staff of the business unit rather than part of a strategic HR mission meeting legislative compliance and serving the entire university. This often results in business partners being in opposition or conflict with central HR.

> *Recommendation #8: Abandon the generalist model in the SC. Human Resources needs to be staffed with experts who can develop knowledge regarding McMaster's complexity. Procedures, checklists and data sharing tools should be utilized to develop response timelines and efficiencies.*

> *Recommendation #9: Develop a business partner model with joint responsibilities to the business unit and Central HR using model #2 above. The number of business partners and where they are deployed should be based on the volume and complexity of work. Some business partners will service multiple business units where there is insufficient volume to justify their deployment. Ideally this recommendation should be linked to recommendation #2. Site visits to other institutions should include reviewing their model for the delivery of HR Advisory Services.*

> *Recommendation #10: Central HR units (Total Rewards, ELR, OD) need to be staffed with technical specialists. The McMaster community needs to understand how and when to access these experts and the deployed HR business partners will often serve as gatekeepers in a liaison capacity.*

FACULTY OF HEALTH SCIENCES (FHS)

The Faculty of Health Sciences is McMaster's largest Faculty (approximately half of university employees) and has a complex workforce with unique issues, for example, FHS clinical faculty must be appointed by

both the University and the hospital. To add to the intricacy, FHS has both academic departments and clinical departments, works with two government ministries rather than one, and works with a network of hospital administrators.
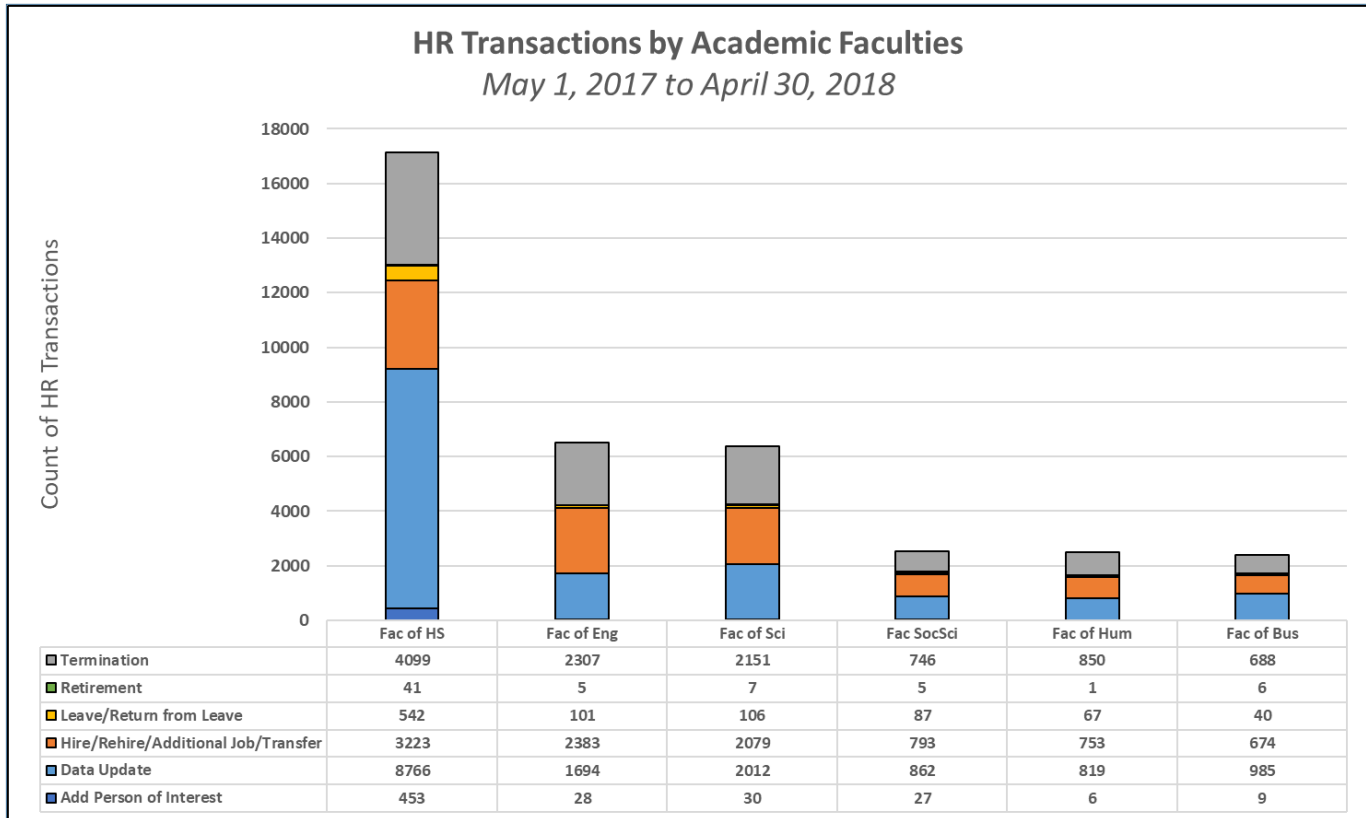
Faculty of Health Sciences Employee Groups:
- Clinical Faculty
- MUFA Faculty
- Outside Paid Faculty
- Part-Time Faculty *
- Part-Time Adjunct Faculty *
- Postdoctoral Fellows
- Clinical Fellows
- Clinical Scholars
- Research Associates
- McMaster University Academic Librarians Association (MUALA)
- The Management Group (TMG)
- Unifor Local 5555
- Temporary or Casual (Interim) employees

[Note: * These groups are not included within the 14,000 employee count referenced on page 2 of this report.]

In order to service the complex HR issues, FHS created its own HR department funded by and reporting directly to the Dean/VP, FHS. The FHS HR office and its affiliated departments manage job postings, payroll, on-boarding, department issues, performance management and faculty relations. They would like to be conducting more strategic work like recruitment and succession planning, however they are busy with a high volume of transactional work. Currently payroll transactions flow from the FHS departments to FHS HR before going to the SC, which all parties acknowledge as inefficient. Stakeholders from other Faculties complain about duplication of work but FHS is experiencing triplication of work.

HR Transactions by Academic Faculties
May 1, 2017 to April 30, 2018

	Fac of HS	Fac of Eng	Fac of Sci	Fac SocSci	Fac of Hum	Fac of Bus
☐ Termination	4099	2307	2151	746	850	688
☐ Retirement	41	5	7	5	1	6
☐ Leave/Return from Leave	542	101	106	87	67	40
☐ Hire/Rehire/Additional Job/Transfer	3223	2383	2079	793	753	674
☐ Data Update	8766	1694	2012	862	819	985
☐ Add Person of Interest	453	28	30	27	6	9

Unsurprisingly, the most dissatisfaction was expressed by people from FHS. HR work is seen as getting stuck in a loop between FHS HR and Central HR, causing many delays. The lack of role clarity is frustrating for departments who just want to get work done. FHS HR is not seen as providing efficient service; for some HR issues the technical expertise resides within Central HR and FHS HR is bypassed if a department contacts Central HR directly. Despite this, departments have established 'work arounds' allowing them access to services that are most responsive to their needs, if technically not the correct path that should be followed. FHS pays many people using the SPP (Special Premium Payment) process, yet the employees are not 'special', they are routine and a normal part of FHS business. Central HR is disconnected from the needs of FHS and no procedures have been developed to pay these employees outside of an SPP. University procedures are generally developed without thinking of how they could be applied to a hospital or clinical setting. The relationship between FHS HR and Central HR has historically been adversarial, although it has improved somewhat in the past year. Due to substantial growth in FHS and a lack of service culture from Central and FHS HR, departments have hired their own HR people typically using non-operating budget funding from physician's clinical earnings. The departmental HR people struggle with their work because they are not seen as legitimate HR people and are not given access to systems. In 2016 the Directors of Financial Administration from the FHS clinical departments wrote a letter to the AVP CHRO and the Director of FHS HR expressing their concerns and asking for a joint organizational review. There have been no substantial improvements to the situation since that time.

Recommendation #11: *Transactional HR work (employee set-up, payroll, etc.) should no longer be processed in FHS HR. FHS departments should submit their transactions directly to a central payroll department for processing. In order to implement this recommendation a number of things will need to occur:*

- *Central HR will need to become familiar with FHS complexity and needs,*
- *Central HR, FHS HR, Faculty Relations files and department HR files will need to integrated and shared electronically, and,*
- *A central payroll department will need to be created and staffed appropriately with certified payroll analysts to manage the additional work; it is suggested that some employees from FHS HR be redeployed to Central HR.*

Recommendation #12: *Central HR develop efficient recruitment, payroll and other HR systems and processes designed to reflect the uniqueness of FHS needs.*

Recommendation #13: *FHS needs an appropriate number of deployed business partners to support their volume and complexity in a centrally coordinated model for HR advisory services.*

HUMAN RESOURCES MISSION

Mission:

As value-added service partners, Human Resources Services cultivates human potential and champions an inclusive culture by:

- Enabling University strategy
- Collaborating with our community
- Delivering service excellence
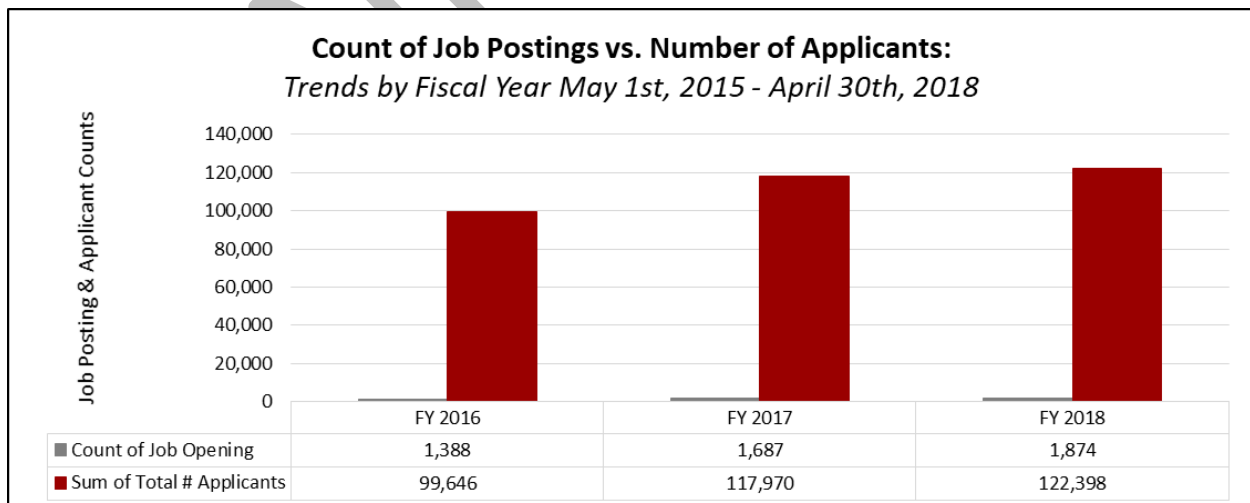- Empowering learning & growth

The mission of Central HR is appropriate, but currently the AVP CHRO and management team are unable to execute the mission for a variety of reasons. The transactional issues are taking them away from the mission which is why this report identifies the first priority as fixing payroll and the transactional issues. However, fixing the transactional issues and creating a new advisory service structure is just the beginning. The AVP CHRO needs the ability to implement a campus wide strategy for all labour groups (MUFA, CFA, TMG and Unifor). Central HR Services is a service unit and its mandate needs to be determined by the strategy of the institution. Currently the AVP CHRO has limited interaction with PVP, does not attend Provost's Council, provides direct support to Joint Committee remunerations discussions with MUFA, and has limited involvement in faculty recruitment and faculty labour relations. The deans and senior management currently find HR confusing, hard to get answers from, and do not feel like they have adequate support from HR.
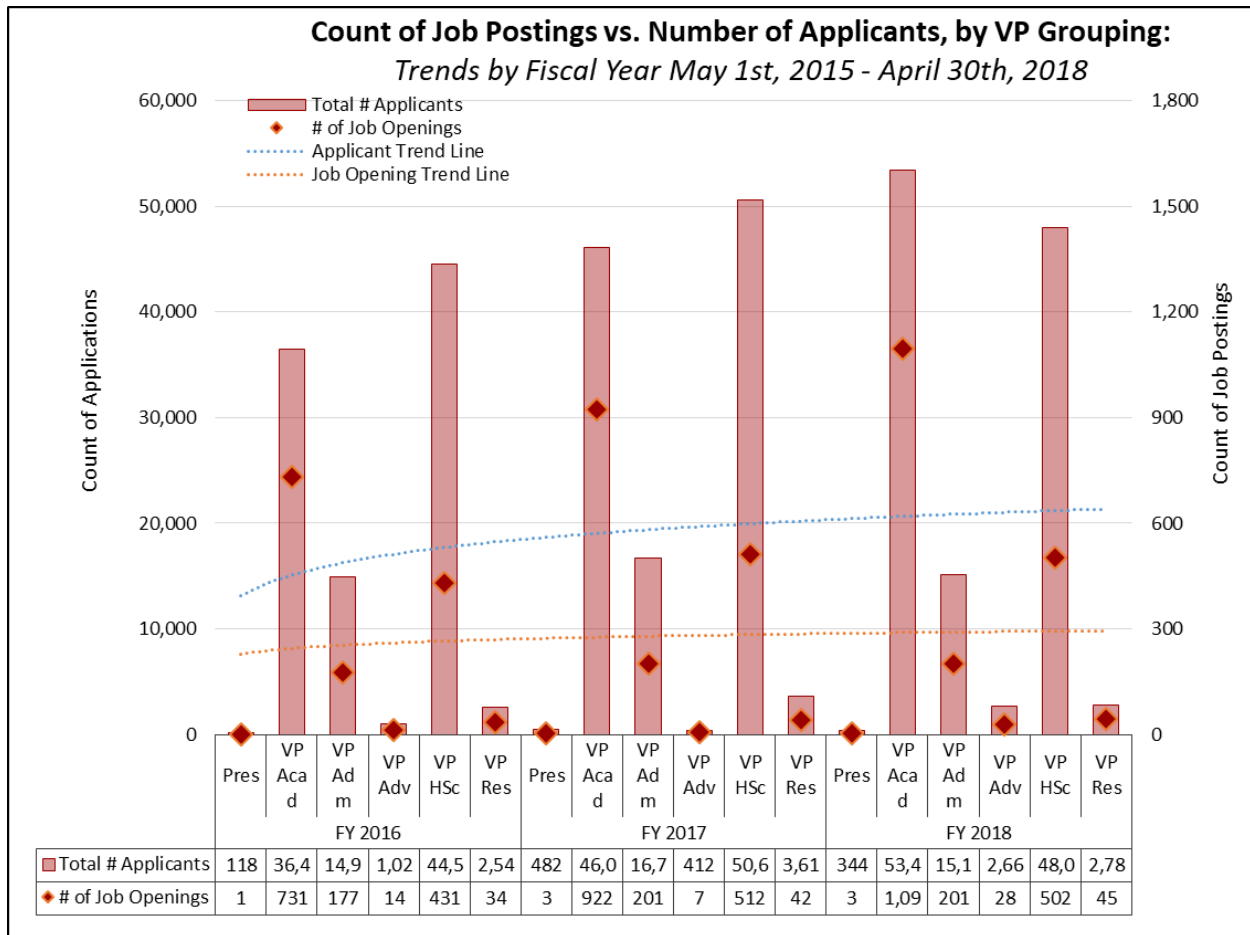
There needs to be role clarity at the senior leadership level. The Review Team asked the AVP CHRO and HR managers if they have the authority to make changes and the answers were murky. The lines of responsibility do not seem clear which has resulted in poor long-term planning, unclear communication to customers, and work not being optimized. Some of this is due to a lack of resourcing but some of it is due to lack of clarity of mandate. The AVP CHRO can't be accountable for delivering a service without the authority to make the necessary changes. There must be clear responsibility, authority and accountability to make things happen. It is not tenable that Central HR and FHS HR have not spoken to one another in the past. It is not acceptable that the HR and Finance modules in Mosaic are not connecting well. HR needs to have the oversight and mandate to fix these issues.

> *Recommendation #14:* *Recognizing that McMaster is a decentralized university, not all HR employees need to report to the AVP CHRO, but the responsibilities, authority and accountability of the AVP CHRO and management team must be clearly understood by the community.*

RECRUITMENT

McMaster is a large employer with a total of 1,874 total job postings generating 122,398 applicants from May 2017- April 2018. There has been a steady increase to the number of job openings and number of applicants in recent years (see below). Central HR, until winter 2019, did not have any dedicated recruitment specialists. The recruitment process is de-centralized with multiple hiring managers responsible for creating job postings, screening applications, conducting interviews and deciding the successful candidate. Currently, we have approximately 1,600 individuals with 'Recruitment Hiring Manager' access in Mosaic and 215 individuals with 'Recruitment Coordinator' access. Central HR, or FHS HR, posts the job opening to Mosaic and is responsible for entering the new employee data into the Mosaic system. Stakeholders are asking for a higher level of support from their HR consultants in the recruitment processes.

Count of Job Postings vs. Number of Applicants:
Trends by Fiscal Year May 1st, 2015 - April 30th, 2018

	FY 2016	FY 2017	FY 2018
Count of Job Opening	1,388	1,687	1,874
Sum of Total # Applicants	99,646	117,970	122,398

Count of Job Postings vs. Number of Applicants, by VP Grouping:
Trends by Fiscal Year May 1st, 2015 - April 30th, 2018

	Pres	VP Acad	VP Adm	VP Adv	VP HSc	VP Res	Pres	VP Acad	VP Adm	VP Adv	VP HSc	VP Res	Pres	VP Acad	VP Adm	VP Adv	VP HSc	VP Res
			FY 2016						FY 2017						FY 2018			
▉ Total # Applicants	118	36,4	14,9	1,02	44,5	2,54	482	46,0	16,7	412	50,6	3,61	344	53,4	15,1	2,66	48,0	2,78
◆ # of Job Openings	1	731	177	14	431	34	3	922	201	7	512	42	3	1,09	201	28	502	45

The UniForum surveys identified recruitment as a pain point; it received one of the lowest satisfaction scores. In stakeholder meetings there was a great deal of frustration with the recruitment process. Of particular concern are the many transactional elements to recruitment and the amount of time required to get a position number, a job opening posted (up to a week), and to get an offer letter generated (up to 2 weeks). Generally speaking, it takes 2-3 months to complete the hiring process. A particular sore point that was mentioned many times was that the chartfield account is submitted on the recruitment form but it does not feed any downstream processes. The chartfield needs to be re-entered for the employee set-up process which is manual and subject to many errors (see Payroll section of this report).

The following chart was submitted by one hiring manager to demonstrate the potential number of touchpoints with various Central HR units during the recruitment process (Total Rewards 5-8 touchpoints, SC 6-8 touchpoints and ELR 1-4 touchpoints). Please note the bulk of the difficult and time consuming work falls to the hiring manager such as developing the job description, attracting candidates, external advertising campaigns, informal head hunting, screening resumes, conducting interviews and reference checks, etc. and is often not included on the chart:

Task	Lead
Job description designed	Hiring manager
Prep for job evaluation (explain context of role)	Total Rewards
Job evaluation	Total Rewards
Request job code	Total Rewards and SC (reporting and control)
Receive secured job posting (TMG and UNIFOR)	Total Rewards
If UNIFOR, release of job posting to union	Total Rewards and SC
Request for position code	SC (reporting and control)
Job opening created	Hiring Manager
Screen of posting to job description	Total Rewards
External advertising campaign	Hiring Manager
Screen for accommodation	ELR
Approval of job opening	SC
Offer letter	SC
Request for ID	SC
New process around engagement of EDI	SC Operations
If TMG, there may be a process to confirm rationale of salary based on salary admin guidelines	Total Rewards, AVP CHRO, VP, President (second level authority)
If TMG, there may be a process to build rationale to waive a posting by completing of waiver of advertising (i.e. candidate in pipeline, internal promotion etc.)	Total Rewards and SC (for payroll)
If UNIFOR, priority application status or internal status there is process to complete feedback for the union to ELR for review	ELR

The high volume Hiring Managers have created their own processes and currently there is no consistency of practice across campus regarding applicant screening, interview processes or reference checking. Many of the Hiring Managers hire people occasionally (~once per year) and the process is particularly problematic for them as they don't have much experience and there is little support from Central HR or FHS HR. Stakeholders are interested in simple processes with established timelines. The current involvement of Central HR and FHS HR is perceived as being inflexible and a 'blocker'. Central HR has assumed a role where they tell Hiring Managers the things they can't do yet HR has not participated in the recruitment process or evaluated any of the candidates, e.g. telling the Hiring Manager they can't offer the salary

agreed upon. Central HR is described as not service-oriented and that there is no sense of urgency to the hiring process.

In FHS, the departments work with FHS HR on recruitment and their comments echo what is described above. The FHS departments complain that FHS HR is not customer service oriented or collaborative and that there are many delays occasionally resulting in the best candidates being lost.

A recurrent theme was that both Central HR and FHS HR are seen as an impediment to recruitment rather than a facilitator; as a result departments have built pathways that allow them to move far down the hiring process before they involve HR. A related theme is that the on-boarding process is a source of pain. Departments have developed their own on-boarding processes, but they struggle to get all of the pieces working because much of it is out of their control (access to McMaster systems, access to buildings, correct payroll, etc.).

The experience of researchers is particularly troubling. Their connection with Central HR is very weak and they must work through their department or faculty office. Researchers and their administrators are not aware of the hiring processes and how to navigate them. Timelines are very important as they are operating with soft money that has deadlines. The Review Team heard of researchers hiring permanent positions on soft money, that extending contracts is a horrible experience, and that hiring international candidates is very difficult. Further, for those who can access hospital services, current McMaster HR processes are driving researchers to hire through the hospital HR processes.

> ***Recommendation #15:*** *Central HR develop a talent acquisition team dedicated to recruitment. This team should be responsible for posting jobs, external advertising campaigns, developing an applicant screening process, providing best practices for interviews and reference checking, etc. The team should train and support hiring managers through the recruitment process.*

There was also a great deal of conversation regarding strategic, non-transactional recruitment issues. There is great interest in talent management conversations. The University has a high projected level of upcoming retirements and there is interest in succession planning. There are a huge variety of employment types across campus and managers would like to connect with someone who is familiar with their business and needs. People would like a strategic partner to engage with to make plans regarding compensation, recruitment, staffing levels and other work force issues. The recommendation to create business partners is partially aimed at fulfilling this desire for strategic workforce planning (see comments on Business Partners in the Advisory Services section).

We also heard concerns regarding the recruitment of faculty and clinical faculty – please see the Faculty Relations section.

FACULTY RELATIONS

HR recruitment, hiring, and tenure and promotion functions for faculty members are provided by the Office of the Provost and for clinical faculty by the FHS HR office. These two offices maintain the physical employee files, generate offer letters, track the tenure clock, and the tenure and promotion process. Faculty departments and dean's offices are heavily involved in these processes and likely maintain physical

employee files for faculty/clinical faculty. Post-Docs are hired by the School of Graduate Studies. Currently Central HR has limited, but not complete, involvement with faculty/clinical faculty recruitment and associated employment processes. Increasingly, ELR is involved with faculty issues like MUFA bargaining, and increasingly providing expert support for employment relations and grievance matters, and senate policies including the yellow document. Deans and vice-presidents described their need for assistance dealing with faculty and clinical faculty issues, particularly recruitment issues. A shared understanding is needed between the Provost, Central HR and the two faculty appointment offices on roles and responsibilities for each of these functions to avoid duplication and misunderstanding.

The recruitment of faculty and clinical faculty is complex and can involve international recruitment which requires specific processes. The Office of the Provost and FHS HR have developed the necessary expert knowledge to conduct this specialized recruitment. Clinical faculty are particularly complex because they have to be appointed by both the University and the hospital. The hospital must do an impact analysis for what positions can be hired before the University can begin recruiting. Two offer letters are sent, one from the department and one from the President, but both are contingent on getting a hospital appointment. There are complex licensing and specialty certification rules for international hires that FHS HR needs to be aware of and track. It is important to get doctors practicing as soon as possible but we hire excellent clinical faculty who are often complicated to hire e.g. American trained neuroscientist with an EU passport.

There were two main issues identified with the recruitment process. First, deans and vice-presidents expressed frustration over the length of time it takes to generate offer letters for faculty and clinical faculty. McMaster is in competition for the best people in the world and candidates are often interviewing at other excellent institutions. Candidates have been lost due to the procedural delays. The Review Team was told it can take up to two weeks to get a signed letter from the President and by then a candidate may have accepted another institution. The Office of the Provost and FHS HR explained there can be delays for a variety of reasons; the availability of a signatory, tenure/CAWAR appointments have to be approved by Senate, specific people need to be involved in the interview process, immigration may require a re-posting, etc. The Office of the Provost staff are aware of frustration over timelines and explained that very few offer packages from departments are correct or contain all the necessary information (only 10%).

Secondly, mistakes and delays in the initial set-up and on-boarding of new recruits causes significant dissatisfaction both to the newly recruited faculty as well as their departments. The set-up of faculty and clinical faculty in Mosaic can be a source of pain. The set-up is done by the SC but the HR Advisors have little knowledge of this employee group and their issues e.g. tenure stream faculty mistakenly input as teaching stream faculty, dates that are important for tenure may not always be entered, etc. The staff in the Office of the Provost and FHS HR can see the problems in Mosaic but departments have to request errors be fixed. Errors can become longstanding and difficult to fix.

> *Recommendation #16:* *A process flow analysis and mapping of the recruitment processes for faculty and clinical faculty should occur, with a goal to shortening timelines and ensuring requirements are communicated to departments in order to avoid delays.*

> *Recommendation #17:* *Central payroll and records should have the knowledge for how to properly set-up faculty and clinical faculty in Mosaic to ensure their pay, benefits and tenure clock is correctly tracking. Additionally, the Office of the Provost and FHS HR need a technology*

solution that allows them to send requests to Central HR for employee record corrections and other transactional requests.

RESEARCHERS

McMaster is the most research-intensive university in Canada and is a recognized research powerhouse. The researchers we spoke with all expressed dissatisfaction with the HR support they receive. Most researchers receive their administrative support from administrators they hire in combination with the department/faculty administrators. There is no direct connection with HR and they do not know how to access the expertise they need. Researchers have unique recruitment issues and are often trying to hire highly qualified personnel using soft money under tight timelines; they need to be nimble and sometimes are recruiting international candidates. McMaster's recruitment processes are not designed to support this.

Researchers also struggle when they need to process routine HR transactions and do not know whom to contact with their questions e.g., renewing contracts, payroll, etc. Performance management is particularly problematic because when mistakes are made, it costs the research grant, e.g., it took 4 weeks to fire a post-Doc and cost the research grant 4 extra weeks of pay. We heard from FHS researchers that they run as much research as possible through the hospital processes rather than the University because they think the hospital has easier to understand HR functions, easer to access finance functions, better audit processes and therefore stronger oversight.

> ***Recommendation #18:*** *An HR business partner(s) should be assigned to support researchers in the recruitment of highly qualified personnel.*

PHYSICAL SPACE AND EMPLOYEE RECORDS

The Review Team toured the three HR locations: the Service Centre located in the Campus Services Building (CSB), Central HR located in Gilmour Hall (GH) and FHS HR located in the Health Sciences Centre (HSC). The space in the HSC was the only location with no issues. The GH location is crowded and has offices located in the access corridor. Also concerning is the space in the CSB. The space is not accessible nor does it have visitor parking, yet this is where new employee on-boarding occurs. The on-boarding space is not the standard one would expect from a world-class institution. The SC staff are crowded and there are piles of paper everywhere, which confirms the manual nature of the work they are performing.

Employee files are located in both CSB and HSC while MUFA files are located in University Hall (UH). As McMaster currently does not have document management software, the physical files are the source of truth for employee records. The potential risk of fire is concerning. Employee files are in a manual, paper format rather than an electronic one. We also heard that departments and faculty offices routinely keep employee files.

> ***Recommendation #19:*** *The Central HR staff should be consolidated into a single location with accessible access for employees.*

Recommendation #20: *McMaster should create a single reliable electronic record for all employee files and purchase a document management system to manage employee files. Develop a policy that governs the employee file and retention of information.*

CONCLUSION

The Review Team looked at the HR functions across the campus and determined that McMaster is not optimally structured. Moreover, McMaster suffers from a lack of integrated programs, processes, and technology solutions to support its strategic goals in 2019 and beyond.

The Review Team recognizes that the impact of the recommendations in this report is, in effect, a significant re-structuring of HR services at McMaster. This represents a significant change for the university and will require a multi-year implementation plan. The size of the task and scope of the work should not be a distraction from taking immediate action and McMaster is encouraged to review the structures and processes of other universities as a starting point. This report has attempted to identify the first necessary steps by prioritizing payroll related transactions. HR needs to deliver an accurate and timely payroll service and by fixing the current issues, other related issues will be addressed: data integrity issues, budgeting issues, reporting, etc. By providing core HR services flawlessly, trust with stakeholders will be repaired and these same stakeholders will be more willing to engage with future HR priorities.

The Review Team found there is a strong appetite for change and great interest in an improved HR service. Managers and staff recognize that the current structures and processes do not work. The Review Team was impressed by the engagement and interest from stakeholders and the Executive Team. The final recommendation is to create an implementation team to begin work on the recommendations. Further, it is suggested the Executive Team should stay engaged over the next 18-24 months to provide continuity and to ensure that the plans are aligned with the university's strategies. (For a complete list of recommendations, please see Appendix B.)

HR should deliver a seamless employee experience for all faculty and staff, and a functioning, productive HR partner should aid McMaster's strategic goals. As the terms of reference stated: "McMaster requires human resource management practices that enable the organization to continually evolve and improve in the context of an external environment which is rapidly changing with increased regulatory and legislative oversight, significant technology advancement, and increased competition for talent". It is hoped that the recommendations of this report provide the first steps towards developing an HR service that matches McMaster's stellar reputation as a university.

APPENDIX A

McMaster University Human Resource Review
Terms of Reference

Preamble: McMaster University is one of the Top 100 universities in the world and is a top Hamilton-Niagara employer. We have achieved success through the work and achievements of our talented faculty and staff. People are our future. In this context, McMaster must ensure it is able to recruit, retain and develop its employees and provide a work environment that enables innovation and excellence.

McMaster requires human resource management practices that enable the organization to continually evolve and improve in the context of an external environment which is rapidly changing with increased regulatory and legislative oversight, significant technology advancement, and increased competition for talent. The Human Resources function should enable and support organizational success by providing programs, policies, and resources to facilitate the University's strategic direction, by championing people, and by fostering the development of capabilities needed to help the organization succeed.

Scope: The human resources review will include the activities of central Human Resources Services and decentralized offices and departments across the university community, e.g., the Faculty of Health Sciences Human Resources Office, Provost's Office, department offices, etc. Included in the review are the functions and related administration, policies and systems for: recruitment & staffing; payroll; compensation; benefits and retirement programs; faculty relations; learning and development; employee engagement & culture; performance management; employment equity; employee relations and labour relations. (Not included in the review are the functions of health, safety & risk management.) These human resource functions will be considered from *many* user perspectives.

Purpose: To review and evaluate the human resource function (defined to include cross-campus service offerings) at McMaster University, with an emphasis on organizational structure, partnerships, internal collaborations, and the delivery of services and programs. To advise on strengths, and opportunities the University should consider to ensure the human resource needs of the McMaster community are met in an efficient, effective, and progressive manner.

Terms of Reference:

1. **Review the mission and mandate of the human resources function.** Does the human resources mission support the current institutional priorities of the University? Are there opportunities to consider the current priorities, the efficiency of current allocations and the adequacy of resourcing against the priorities?

2. **Review the structure and organization of the human resource function.** How are human resource initiatives coordinated at McMaster? Does the current structure and operation meet the needs of the McMaster community? How should the human resources function be organized to meet the future and evolving needs of the university community?

3. **Review the alignment of the human resources function across the campus.** Are there functions that could or should be governed in another manner? Is there an opportunity to better

align and leverage the skills and expertise of the human resources professionals across campus? Is there a clear communication of service delivery responsibilities? Are partnerships encouraged, appropriate and effective?

4.   **To understand the legislative and compliance landscape for human resources functions.** Is McMaster appropriately resourced in the context of current regulatory and legislative requirements? Is there an appropriate balance of in-house expertise and external expert support?

5.   **Review and evaluate the effectiveness of the services, supports and programs offered by human resources.** What is the quality of human resource service delivery to the McMaster community? What is the effectiveness of Mosaic HR service delivery? Is there any duplication of service provision, opportunities for synergies in service provision? What service gaps exist? Are the leadership capabilities of the University supported and improved by Human Resources? What improvements (including process improvements) can be implemented?

6.   **Suggest opportunities for future development and enhancement.** What should be prioritized moving forward? What are the best opportunities for enhancement?

Executive Board: The Executive Board will determine the terms of reference and scope of the review, the selection of reviewers and the gathering of information for the review team. The Executive Board is responsible for receiving and evaluating the review team's recommendations. The Executive Board (or their delegates) will meet monthly.

Executive Board Members:
Roger Couldrey, Vice-President (Administration)
David Farrar, Provost and Vice-President (Academic)
Paul O'Byrne, Dean and Vice-President (Health Sciences)
Karen Mossman, Acting Vice-President (Research)
Mary Williams, Vice-President (University Advancement)
Maureen MacDonald, Dean, Faculty of Science
Wanda McKenna, Assistant Vice-President and Chief Human Resources Officer (consultant)
Andrea Thyret-Kidd, Office of the Provost (Project Manager)

Review Team:
Marilyn Thompson, Associate Provost, Human Resources, University of Waterloo
Jane O'Brien, Associate Vice President, Human Resources, Western University
Jim Butler, Director of Faculty Bargaining Services, CAUBO (Cdn. Assoc. of University Business Officers), and former Vice President: Finance and Administration, Wilfrid Laurier University
Mark Crowther, Chair of Medicine, Faculty of Health Sciences
Susan Mitchell, Director of Finance and Administration, DeGroote School of Business
Kevin Sulewski, Chief Operating Officer, Faculty of Health Sciences
Debbie Marinoff Shupe, Manager, Recreation Services, Athletics & Recreation
P. Ravi Selvaganapathy, Professor & Canada Research Chair, Faculty of Engineering

APPENDIX B

Summary of Recommendations

Recommendation #1: The highest priority of this report is to establish a payroll team to develop a payroll solution. The team must have the appropriate expertise (CRA, Oracle, project management) and the appropriate resources to create a solution. Regular progress reports should be provided to the HR Review Executive Team with a final report in 18 months.

Recommendation #2: A team, composed of experts from HR, Finance and UTS, should travel to other PeopleSoft institutions which have a Faculty of Medicine to review their PeopleSoft HR structure and how data flows between the HR and Finance modules. Based on what is learned, some re-design of the HR, and perhaps the Finance, module may be required to ensure accurate and streamlined payroll activity. Please note, this recommendation is linked with recommendation #9.

Recommendation #3: The payroll team should conduct a comprehensive analysis of workflow and procedures for each of the major tasks with a special emphasis on integration with the finance module. Operating procedures for how each employee group should be set-up in Mosaic will be developed ensuring that benefits, pensions, and marginal tax rates are correct, that the pay is 100% correct, and that the pay comes out of the correct chartfield. Manual processes should be minimized and all opportunities to utilize Mosaic workflow should be maximized. Payroll information should flow directly from the business unit to the payroll unit. Documentation and training materials should be developed to ensure procedures are communicated and understood.

Recommendation #4: The payroll function and accountability for payroll should remain in Central HR. There should be a payroll unit with a payroll manager clearly visible, accountable and available to the McMaster community. Central HR needs to employ people with the expertise and skills necessary to manage a very complex employee and payroll environment using an Oracle system. Payroll information should flow directly and electronically from the business unit to the payroll unit. Documentation and training materials should be developed to ensure procedures are communicated and understood.

Recommendation #5: Conduct a review of the benefit and pension plans with a goal to reducing the number of plans over time.

Recommendation #6: Ensure that Central HR is staffed with experts to appropriately service the complexity of the pension and benefit plans. Investigate industry standards and hire the appropriate number of pension and benefit employees in Central HR. This level of complexity requires employees with expert knowledge.

Recommendation #7: McMaster should develop a strategy to simplify benefits and pensions through negotiations. Any enhancements to benefits and pensions should come about through a different methodology.

Recommendation #8: Abandon the generalist model in the SC. Human Resources needs to be staffed with experts who can develop knowledge regarding McMaster's complexity. Procedures, checklists and data sharing tools should be utilized to develop response timelines and efficiencies.

Recommendation #9: Develop a business partner model with joint responsibilities to the business unit and Central HR using model #2 above. The number of business partners and where they are deployed should be based on the volume and complexity of work. Some business partners will service multiple business units where there is insufficient volume to justify their deployment. Ideally this recommendation should be linked to recommendation #2. Site visits to other institutions should include reviewing their model for the delivery of HR Advisory Services.

Recommendation #10: Central HR units (Total Rewards, ELR, OD) need to be staffed with technical specialists. The McMaster community needs to understand how and when to access these experts and the deployed HR business partners will often serve as gatekeepers in a liaison capacity.

Recommendation #11: Transactional HR work (employee set-up, payroll, etc.) should no longer be processed in FHS HR. FHS departments should submit their transactions directly to a central payroll department for processing. In order to implement this recommendation a number of things will need to occur:

- Central HR will need to become familiar with FHS complexity and needs,
- Central HR, FHS HR, Faculty Relations files and department HR files will need to integrated and shared electronically, and,
- A central payroll department will need to be created and staffed appropriately with certified payroll analysts to manage the additional work; it is suggested that some employees from FHS HR be redeployed to Central HR.

Recommendation #12: Central HR develop efficient recruitment, payroll and other HR systems and processes designed to reflect the uniqueness of FHS needs.

Recommendation #13: FHS needs an appropriate number of deployed business partners to support their volume and complexity in a centrally coordinated model for HR advisory services.

Recommendation #14: Recognizing that McMaster is a decentralized university, not all HR employees need to report to the AVP CHRO, but the responsibilities, authority and accountability of the AVP CHRO and management team must be clearly understood by the community.

Recommendation #15: Central HR develop a talent acquisition team dedicated to recruitment. This team should be responsible for posting jobs, external advertising campaigns, developing an applicant screening process, providing best practices for interviews and reference checking, etc. The team should train and support hiring managers through the recruitment process.

Recommendation #16: A process flow analysis and mapping of the recruitment processes for faculty and clinical faculty should occur, with a goal to shortening timelines and ensuring requirements are communicated to departments in order to avoid delays.

Recommendation #17: Central payroll and records should have the knowledge for how to properly set-up faculty and clinical faculty in Mosaic to ensure their pay, benefits and tenure clock is correctly tracking. Additionally, the Office of the Provost and FHS HR need a technology solution that allows them to send requests to Central HR for employee record corrections and other transactional requests.

Recommendation #18: An HR business partner(s) should be assigned to support researchers in the recruitment of highly qualified personnel.

Recommendation #19: The Central HR staff should be consolidated into a single location with accessible access for employees.

Recommendation #20: McMaster should create a single reliable electronic record of all employee files and purchase a document management system to manage employee files. Develop a policy that governs the employee file and retention of information.