



INTERNAL AUDIT

Alternative Work
Arrangement

February 26, 2019



Table of Contents

	Page	
	Executive Summary	
	Background	1
	Audit Objectives and Scope	1
	Audit Opinion	1
	Appendix	
	Definitions	4
	Distribution	5



Executive Summary

Background

Citizens Human Resource Management performed extensive market place research with regards to employee Alternative Work Arrangements (AWA), which permit eligible employees to work either a portion of the work week or full work week from an alternative work location. With these arrangements, Citizens can accommodate the needs of employees with the intention to foster productivity, engage employees, and provide a suitable work and life balance while at the same time serving Citizens' business needs. As a result, Citizens' AWA program was implemented in August 2015.

AWA programs provide several benefits such as competitive hiring and retention, real estate cost savings, and support for emergency preparedness and continuity of operations. In addition, participation in an AWA program is known to improve employee job satisfaction and provides the ability to more effectively manage work-life obligations.

Audit Objectives and Scope

The objective of this audit was to evaluate the adequacy of processes deployed to ensure the effectiveness of Citizens' AWA program. Areas of focus included:

- Monitoring and oversight including performance metrics
- Training and awareness programs
- AWA application submission and approval process
- Compliance with applicable federal and state regulations

Audit Opinion

Results from our audit work indicate that the AWA program was successfully implemented. During the audit, a sample of 105 employees and 50 managers were selected to participate in surveys designed to assess various aspects of the program including performance management, productivity, and employee engagement. The surveys closed in November with response rates over 50% for both surveys. The employee survey response rate was 53% (55 employees); the manager survey response rate was 54% (27 managers).

Overall both employees and managers have embraced the program and results reflect the positive impact the AWA program has on employee morale and engagement. Key statistics from the survey include:

- Since the implementation of the AWA program, 98% (54) of employees surveyed have a positive attitude towards the program and claim to have realized certain health and financial benefits such as decreased commuting time and cost, better quality of life, less stress, less frequent interruptions, increased flexibility, increased morale, and decreased leave usage. In addition, 96% (53) of the employees stated their job satisfaction and work/life balance



Executive Summary

have improved since working AWA and would recommend the program to other Citizens' employees.

- Both employees and management were in agreement that the quality, quantity, and timeliness of work performed on AWA days is equivalent to or better than work performed in the office. The ability to measure AWA productivity varied and is more easily quantified for job roles with production standards. It is important to note that any challenges experienced in objectively assessing the productivity of staff working AWA are the same as assessing the productivity of staff working in Citizens' offices. Nearly all managers participating in the survey stated that they have established either quality reviews, production standards or project goals to measure the work quality and productivity for both AWA and non-AWA staff.

OIA shared the compiled survey results with HR management to provide additional insight into perceptions and suggestions for the program.

The overall effectiveness of the procedures and related processes associated with Citizens' Alternative Work Arrangement Program is rated as **Satisfactory**. OIA noted the following opportunities to strengthen the effectiveness of the oversight of the program and employee education to further mitigate risks:

- Employees are required to complete an annual agreement to participate in the AWA program. The approved AWA application serves as the agreement of both parties, management and the employee, for the arrangement and includes language to indemnify and hold Citizens harmless from any and all claims for losses, costs or expenses asserted against Citizens for damages or injuries sustained by family members or third parties at the alternative worksite. An annual validation/renewal of AWA agreements is set up to occur automatically. In addition, reports are available to monitor AWA participation. During the audit, OIA was unable to confirm the accuracy of the reports due to missing or incomplete fields used to identify participation status and dates. During the upcoming implementation of the Service NOW application, Human Resources has agreed to revalidate AWA participation and confirm the accuracy of the new AWA reporting to ensure all participants have a current agreement. The targeted completion date is December 31, 2019.
- Citizens' Corporate Policy 214, Alternative Work Arrangement, was last updated on September 1, 2016. Human Resources has agreed to review and update the policy as appropriate by March 31, 2019.

In addition, OIA identified process improvement opportunities and encourages management to consider the following suggestions to increase the effectiveness of the AWA program:

- Human Resources has provided training and resources to employees and managers related to the AWA program. HR has developed and deployed two webinars, an AWA Resource Toolkit, and a training module on managing remote employees during LEAD. However,



Executive Summary

feedback provided to OIA during manager interviews and in the survey results indicate there are additional opportunities to further enhance the training by providing more education on the AWA policy as well as how to leverage tips, resources, and tools to maximize efficiency when working remotely. Management should consider leveraging the employees and managers input from the OIA surveys to address AWA training needs, by providing education on liability, safety, and privacy requirements specific to the AWA program.

- Develop a workflow within the Service Desk application which allows employees or managers to modify or terminate existing AWA agreements. Currently, employees or managers are required to send termination or modification AWA agreement requests to the ask HR mailbox for processing. Creating an automated workflow will help to ensure that the AWA agreement modifications and terminations are appropriately documented, approved, and maintained in a centralized location.
- Establish metrics and/or consider adding questions to the Employee Engagement Surveys to measure the outcomes of the AWA program.

We would like to thank management and staff for their cooperation and professional courtesy throughout the course of this audit.



Appendix 1

Definitions

Audit Ratings

Satisfactory:

The control environment is considered appropriate and maintaining risks within acceptable parameters. There may be no or very few minor issues, but their number and severity relative to the size and scope of the operation, entity, or process audited indicate minimal concern.

Needs Minor Improvement:

The number and severity of issues relative to the size and scope of the operation, entity, or process being audited indicate some minor areas of weakness in the control environment that need to be addressed. Once the identified weaknesses are addressed, the control environment will be considered satisfactory.

Needs Improvement:

The audit raises questions regarding the appropriateness of the control environment and its ability to maintain risks within acceptable parameters. The control environment will require meaningful enhancement before it can be considered as fully satisfactory. The number and severity of issues relative to the size and scope of the operation, entity, or process being audited indicate some noteworthy areas of weakness.

Unsatisfactory:

The control environment is not considered appropriate, or the management of risks reviewed falls outside acceptable parameters, or both. The number and severity of issues relative to the size and scope of the operation, entity, or process being audited indicate pervasive, systemic, or individually serious weaknesses.



Appendix 2

Distribution

Addressee(s) Nikki Smith, Director HR Strategic Services

Addressee(s) **Business Leaders:**
Barry Gilway, President/CEO/Executive Director
Violet Bloom, Chief Human Resources Officer
Kelly Booten, Chief Systems and Operations
Jay Adams, Chief Claims Officer
Steve Bitar, Chief Underwriting and Agency Services
Jennifer Montero, Chief Financial Officer
Christine Ashburn, Chief Communications, Legislature and External Affairs
Dan Sumner, Chief Officer and General Counsel
Joe Martins, Chief of Internal Audit
Mark Kagy, Acting Inspector General

Audit Committee:

Bette Brown, Citizens Audit Committee Chairperson
James Holton, Citizens Audit Committee Member
Senator John McKay, Citizens Audit Committee Member
Marc Dunbar, Citizens Audit Committee Member

Following Audit Committee Distribution:

The Honorable Ron DeSantis, Governor
The Honorable Jimmy Patronis, Chief Financial Officer
The Honorable Ashley Moody, Attorney General
The Honorable Nikki Fried, Commissioner of Agriculture
The Honorable Bill Galvano, President of the Senate
The Honorable Jose R. Oliva, Speaker of the House of Representatives

The External Auditor

*Audit performed by Angela Smith, Senior Internal Auditor and Deena Harrison,
Internal Auditor Manager*

Under the Direction of Joe Martins, Chief of Internal Audit