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AUDIT

OF THE CANADIAN NORTHERN
ECONOMIC DEVELOPMENT
AGENCY



Canada

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The Public Service Commission of Canada,
22 Eddy Street, Gatineau, Quebec
K1A 0M7

cfp.infocom.psc@cfp-psc.gc.ca

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Audit of the Canadian Northern Economic Development Agency

Audit conclusion

We concluded that merit was met in 100% (19 out of 19) of the audited appointments. As well, we found that persons with a priority entitlement were considered before appointments were made.

We concluded that Canadian Northern Economic Development Agency (CanNor) had an appropriate framework, practices and systems in place to manage its appointment activities. A sub-delegation instrument was developed and communicated.

We noted that roles and responsibilities were defined and communicated. As well, we found that monitoring activities were undertaken and results were reported to senior management. Staffing plans and related strategies were in place, monitored and communicated.

Although CanNor's mandatory appointment policies and criteria were established and generally adhered to, there is an opportunity to assess whether internal policies continue to meet the needs of the organization. For example:

1. We found that, in a few instances, persons who assessed candidates in appointment processes had not been sub-delegated this authority, which is a requirement that CanNor established in its sub-delegation instrument.
2. We also found that CanNor's own policy on area of selection was not always respected.



Audit of the Canadian Northern Economic Development Agency

1. This audit covers the Canadian Northern Economic Development Agency (CanNor)'s appointment activities for the period of April 2013 to June 2015. The first objective of the audit was to determine whether CanNor had an appropriate framework, practices and systems in place to manage its appointment activities. The second objective was to determine if appointments and appointment processes in CanNor complied with the *Public Service Employment Act*, any other applicable statutory and regulatory instruments, the Public Service Commission's Appointment Framework, including the Appointment Delegation and Accountability Instrument and the organization's own appointment policies.
2. CanNor was established in 2009 and is the only federal organization headquartered in the North (in Iqaluit, Nunavut). CanNor works to help develop a diversified, sustainable and dynamic economy across Canada's three territories, while at the same time contributing to Canada's prosperity. It achieves its mandate by delivering economic development programs and by collaborating with and aligning the efforts of partners in northern and southern Canada to respond to economic challenges and opportunities in the North. As well, CanNor coordinates the activities of other federal organizations to maximize their collective impact, particularly federal regulators, in relation to major project development in the North, bringing insight, knowledge and partnerships together.
3. As of March 31, 2015, CanNor's workforce consisted of 67 employees. In addition to their headquarters in Iqaluit, CanNor has offices in Whitehorse, Yukon, Yellowknife, Northwest Territories and Ottawa, Ontario.
4. CanNor faces many challenges in recruiting and retaining employees in the North, due mainly to the complexities related to remote communities, such as competition for a limited labour pool. CanNor manages the challenges associated with maintaining and building a representative workforce with the skills, competencies and corporate knowledge base required to implement its mandate.
5. CanNor is also required to meet its federal obligations established under Article 23 of the Nunavut Land Claims Agreement, which establishes a level of Inuit representation in government employment in the Nunavut Settlement Area.
6. CanNor receives human resources (HR) services such as staffing, labour relations and classification from Shared Human Resources Services at Public Services and Procurement Canada.
7. CanNor carried out 30 appointments from April 1, 2013, to June 1, 2015. As part of our audit, we conducted interviews with HR professionals and sub-delegated managers involved in appointment activities, analyzed relevant documentation and audited a representative sample of 19 appointments.



Observations on the Appointment Framework

Sub-delegation of appointment authorities

An instrument of sub-delegation was in place and communicated to employees

8. The *Public Service Employment Act* (PSEA) gives the Public Service Commission (PSC) exclusive authority to make appointments to and within the public service. The PSC delegates many of its appointment and appointment-related authorities to deputy heads who, in turn, may sub-delegate the exercise of these authorities. The PSC expects deputy heads to have a sub-delegation instrument in place that is well managed and accessible across the organization.
9. During the period covered by the audit, the deputy head had established an instrument to sub-delegate appointment authorities to managers that outlined terms and conditions of sub-delegation. The instrument was accessible to all sub-delegated managers and employees on the intranet site.
10. As identified in the Canadian Northern Economic Development Agency's (CanNor) sub-delegation documentation, in order to be sub-delegated in staffing, an individual had to occupy a managerial position, complete the required training, receive a sub-delegation letter from the deputy head and sign the letter to confirm their acceptance of sub-delegated authorities. We found that the deputy head's control mechanisms were effective and ensured that these terms and conditions were met.
11. We found that, in 100% (19 out of 19) of appointments audited, the offers of appointment were signed by a manager with the appropriate sub-delegation at the time of the appointment.
12. In its sub-delegation instrument, CanNor established a requirement that only managers who had completed the required training and had been sub-delegated the authority by the deputy head were allowed to select and use assessment methods to assess candidates in an appointment process. During the scope of the audit, we found that this occurred in 74% (14 out of 19) of the appointment processes examined. **Refer to recommendation 1 at the end of this report.**



Planning for staffing

Staffing plans and related strategies were in place

13. Organizational staffing plans and related strategies describe organizational staffing priorities and how and when they will be achieved. The PSC expects deputy heads to establish staffing plans and related strategies that are measurable, approved and communicated to employees.

Editorial note: Although the PSC no longer requires organizations to demonstrate their planning for staffing activities, organizations are encouraged to continue to practice sound human resources (HR) planning as a foundation of their management framework.

14. We found that CanNor established a 2014-2017 Strategic and Operational HR Plan that was approved by the deputy head and that was accessible to all employees. The plan identified the following three priorities: Organizational development and workforce renewal, learning and development, and improvement of communications and staff support. We found that these priorities were supported by staffing strategies that were measurable.

Appointment policies

Mandatory appointment policies were established and generally adhered to

15. The PSC expects deputy heads to establish mandatory appointment policies for area of selection, corrective action and revocation, as well as criteria for the use of non-advertised processes. The PSC also expects the other appointment policies that organizations develop be compliant with the PSEA, any other applicable statutory and regulatory instruments and the PSC's Appointment Framework.

Editorial note: While the audit reviewed the above expectations, the PSC no longer requires a policy on corrective action and revocation or criteria for the use of non advertised processes. However, the PSC requires that deputy heads establish direction on the use of advertised and non-advertised processes.

16. We found that mandatory appointment policies were in place and contained the provisions required by the PSC. These policies and criteria were accessible and communicated to all employees.
17. We found that the audited appointments met the PSC's requirements on area of selection; however, they did not always comply with CanNor's own policy requirements. CanNor's policy requires the use of external advertising as the norm for indeterminate advertised processes. In exceptional circumstances, the Senior Management Committee (SMC) will consider, and the president may approve, a request for an internal advertised process. We found that, in 5 out of 11 of the advertised indeterminate appointments, CanNor advertised internally as opposed to externally. The audit team found no evidence of either SMC consideration or approval by the president in these cases.

Refer to recommendation 1 at the end of this report.

18. In all of the audited non-advertised appointments, we found that CanNor complied with their established criteria for the use of non-advertised appointments.



Capacity to deliver

Sub-delegated managers were informed of appointment-related responsibilities and had the support to carry them out

19. The PSC expects deputy heads to ensure that those who have been assigned a role in appointment processes have been informed of their roles and responsibilities and have access to tools and the HR support to carry out this role.
20. We found that those who have been assigned a role in CanNor's appointment processes were informed of their roles and responsibilities and had access to tools and the HR support to carry out this role.
21. Under the Memorandum of Understanding, Shared Human Resources Services provides staffing expertise and assists hiring managers in meeting their resourcing needs. As well, CanNor has its own HR unit that provides advice and expertise. Staffing tools such as staffing templates and checklists are available on CanNor's intranet to further assist managers in exercising their sub-delegated authorities.

Monitoring

Monitoring activities were undertaken and results were reported to senior management

22. Monitoring is an ongoing process that allows deputy heads to assess staffing management and performance related to appointments and appointment processes. Monitoring makes it possible to identify issues that should be corrected, to manage and minimize risk and to improve staffing performance. The PSC expects deputy heads to undertake the mandatory monitoring outlined in the PSC's Appointment Framework, including the Appointment Delegation and Accountability Instrument, and adjust practices accordingly.
23. The mandatory monitoring of risk-based policy areas was conducted. Results were reported to senior management and action was taken, as needed.
24. In addition, we found that CanNor monitored the results of its Strategic and Operational HR Plan and related strategies and made adjustments, as required.



Observations on appointments

Merit was met in all of the appointments audited

25. The *Public Service Employment Act* (PSEA) requires that all appointments be made on the basis of merit. Merit is met when the Commission is satisfied that the person to be appointed meets the essential qualifications for the work to be performed, as established by the deputy head and, if applicable, any asset qualifications or organizational needs identified by the deputy head.
26. We found that, in 100% (19 out of 19) of the appointments, Canadian Northern Economic Development Agency (CanNor) demonstrated that the person who was appointed met the essential and asset qualifications established by the deputy head. **Refer to the Appendix for a table detailing our observations concerning merit for the appointments audited.**

Persons with priority entitlement received proper consideration

27. The PSEA and the *Public Service Employment Regulations* provide an entitlement for certain persons who meet specific conditions to be appointed in priority to others. The organization must take into consideration persons with priority entitlements prior to making appointments and must obtain a priority clearance number from the PSC before proceeding with an appointment process or an appointment.
28. We found that, in all of the appointments that required a priority clearance, persons with a priority entitlement were considered prior to the appointment being made (i.e., a priority clearance number was obtained from the PSC before the appointment was made). Two appointments were promotions made within a development program and therefore did not require a priority clearance number.

Information on advertised processes was not always accurate

29. We also found that, in 2 out of 11 of the advertised processes audited, the English and French versions of the advertisement or Statement of Merit Criteria (SoMC) were not equivalent. For example, in one instance, the English SoMC was more stringent than the French one. The English version required knowledge of the priorities of CanNor, while the French version did not. Inaccurate information on an advertisement or SoMC could have had an impact on the decision of potential applicants to apply, or persons in the area of selection to avail themselves of their recourse rights. This was noted as an area of concern in the PSC's 2014-2015 Annual Report.



Recommendation

1. The deputy head of the Canadian Northern Economic Development Agency should review its sub-delegation instrument and its policy on area of selection to determine whether their requirements continue to meet the needs of the organization and are being respected.

Overall response by the Canadian Northern Economic Development Agency

The Canadian Northern Economic Development Agency (CanNor) was pleased to receive its audit report from the Public Service Commission (PSC) and welcomes the opportunity to continue strengthening the Agency's staffing management regime. CanNor agrees with the PSC's observations and has taken steps towards full implementation of the recommendation presented in the audit report.

Further to the PSC's New Direction in Staffing, CanNor established a Task Team made up of experienced managers and human resource professionals to review its staffing regime and develop a new staffing framework for the Agency. A new sub-delegation instrument, staffing policy, guidelines and risk framework were approved in April 2016. This includes detailed guidance to managers for establishing an area of selection that meets the needs of the organization while continuing to respect public service staffing values. The Agency is also working with its managers and service provider to improve the overall accuracy and consistency of its bilingual advertised Statements of Merit Criteria.

CanNor continues to seek innovative ways to improve its staffing tools and implement systems that meet the unique requirements of staffing in the North and welcomes the flexibilities provided by the PSC's renewed Appointment Policy and Appointment Delegation and Authority Instrument.

Overall response by the Public Service Commission

Organizations that have been audited by the Public Service Commission (PSC) receive guidance and assistance from the PSC to develop actions that will address the audit recommendations. The PSC systematically reviews audit information, the organization's management response and associated actions that it has taken or will take in response to the audit recommendations to determine whether any action should be taken by the PSC. In lieu of providing an action plan, the Canadian Northern Economic Development Agency (CanNor) provided a letter of response indicating measures implemented. As a result of this review, the PSC is satisfied with the CanNor's management response and the measures it indicates it has implemented to address the audit recommendation. The PSC expects the deputy head to monitor the implementation of measures taken and the PSC may request an update.



Appendix

Table 1: Observations on merit

Observations		Total appointments
Merit was met	Assessment tools or methods evaluated the essential qualifications and other merit criteria identified for the appointment; the person appointed met these requirements.	19 (100%)
Merit was not met	The person appointed failed to meet one or more of the essential qualifications or other applicable merit criteria identified.	0 (0%)
Merit was not demonstrated	Assessment tools or methods did not demonstrate that the person appointed met the identified requirements.	0 (0%)
Total appointments audited		19 (100%)

Source: Audit and Data Services Branch, Public Service Commission

