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ASSISTANT DEPUTY MINISTER (REVIEW SERVICES)



Review of Alternative Work Arrangements

Final Report – December 2016

1259-3-009 (ADM(RS))

Reviewed by ADM(RS) in accordance with the *Access to Information Act*.

Information UNCLASSIFIED

Canada



Acronyms and Abbreviations

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|-------------|--|
| ADM(RS) | Assistant Deputy Minister (Review Services) |
| ADM(HR-Civ) | Assistant Deputy Minister (Human Resources - Civilian) |
| AWA | Alternative Work Arrangements |
| DND | Department of National Defence |
| DWAN | Defence Wide Area Network |
| FY | Fiscal Year |
| IT | Information Technology |
| L1 | Level One |
| TBS | Treasury Board Secretariat |



Rationale

- Assistant Deputy Minister (Review Services) (ADM(RS)) was asked by Assistant Deputy Minister (Human Resources - Civilian) (ADM(HR-Civ)) to help understand the department's awareness, support, use and barriers to implementation of current alternative work arrangement (AWA) policies and procedures for civilian employees within the Department. As such, this review did not examine AWA mechanisms for military members.
- This information is meant to assist ADM(HR-Civ) in its policy renewal to support a modern organization which is focused on the total health of employees and to change the current organizational culture in regards to AWAs.
- Although still in its early stages, ADM(HR-Civ) is developing a Total Health strategy to support the health and well-being of Defence Team members. AWAs will be an important component of this Total Health strategy.
- This Review of Alternative Work Arrangements was included in the departmental Risk-Based Audit Plan for fiscal years (FY) 2016/17 to 2018/19.



Statement of Conformance

The review findings and conclusions contained in this report are based on sufficient and appropriate evidence gathered in accordance with procedures that meet the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*. The review thus conforms to the Internal Auditing Standards for the Government of Canada as supported by the results of the quality assurance and improvement program. The opinions expressed in this report are based on conditions as they existed at the time of the review and apply only to the entity examined.



Background

- There are shifting workforce expectations regarding workplaces and flexible working methods that meet organizational objectives while respecting personal life balance for employees.
- The rapidly changing world and evolving technologies are enabling governments and private sector organizations to examine new ways of working to ensure efficiency and effectiveness.
- In this regard, AWAs allow civilian employees, where operationally feasible, to adapt their work schedule to meet personal and professional commitments, as well as their organizational unit's objectives. AWAs are also sometimes used for workplace accommodation requests. These include telework, variable work hours (also known as compressed), flexible work hours, part-time employment and job-sharing (See [Annex B](#) for definitions).
- Workplace 2.0 and the move to Carling Campus has also advanced ADM(HR-Civ)'s interest in AWAs. One of the pillars of Workplace 2.0 is the promotion of more flexible HR policies for better work/life balance.
- There are approximately 24,000¹ civilian employees at the Department of National Defence (DND).

¹ Figure obtained from Human Resources Management System data extracts.



Objective, Criteria and Approach

Objective

- Determine what existing mechanisms are in place to manage alternative work arrangements in the Department.

Criteria

- Mechanisms are in place to allow alternative work arrangements to be implemented where they are economically and operationally feasible.
- Controls are in place to evaluate and monitor proper implementation of telework and compressed work hours.



Scope

Scope

- Compressed work schedules and telework were both reviewed as they were identified as posing the highest level of risk to job productivity, and were most likely to be used in Workplace 2.0 and Carling Campus environments.
- Fiscal Year 2015-16 and Fiscal Year 2016-17 (up to August 2016).
- Assistant Deputy Minister (Materiel), Royal Canadian Navy, Canadian Army, Assistant Deputy Minister (Information Management), Assistant Deputy Minister (Science & Technology) were selected as they represent approximately 50 percent of the Department's civilian population.
- Includes employees throughout the National Capital Region and in various bases across the country.

Scope Exclusions

- Leave options associated with AWAs such as pre-retirement transition leave, leave with income averaging and self-funded leave.



Methodology

- Interviews and Follow-Up Communications
 - Personnel within ADM(HR-Civ) involved in developing the Total Health strategy, labour relations, well-being, recourse, operations and compensation.
 - Several departmental managers and their employees who are using AWAs.
 - Stakeholders within the Vice Chief of the Defence Staff/Director General Defence Security and Assistant Deputy Minister (Information Management).
- Document Reviews
 - Relevant policies, directives, guidelines and collective agreements.
 - Employee application forms and agreements for telework or compressed arrangements
 - AWAs are not tracked centrally, therefore management in each of the five L1s had to be contacted to gather a list of employees currently using AWAs. From this list, a sample was selected by the review team. To a certain extent, this limits the representativeness of the observations, considering the review team did not have access to the complete population as a starting point from which to draw the sample.
 - Documentation was requested from our sample of 21 teleworkers and 25 workers on compressed schedules.
 - Evaluations and studies on telework, as well as AWA policies from other organizations which include Treasury Board Secretariat (TBS), Public Services and Procurement Canada, and Transport Canada.



Methodology (p.2)

- Survey
 - Developed and administered a survey in collaboration with Director General Military Personnel Research and Analysis.
 - Survey invitations sent out to 229 directors and managers of civilian employees within the five L1s selected in the scope of the review.
 - 112 completed responses were received, resulting in a 48.9 percent response rate.
 - Response rates for each question varied as participants were able to skip questions.
 - The survey we conducted will be referred to as “ADM(RS) Survey” from this point forward.



Observation 1: Mechanisms Supporting AWAs

Although a departmental guide is in place to inform civilian employees and their managers about AWAs and how to implement these arrangements, it is not being followed consistently and does not elaborate on some important elements such as operational requirements, security and cost considerations.

Condition

Policies and Procedures:

- In March 2009, ADM(HR-Civ) published a Guide to AWAs, formally named *A Practical Guide to Alternative Work Arrangements for civilian employees and their managers*. It also has a Leave Guide, formally named the *Civilian Leave Guide for Managers* which covers many leave types, including those associated with AWAs.
 - Some other federal government departments were observed to have a directive on AWAs or telework specifically rather than a guideline.
 - A guideline is generally a set of non-specific rules, principles or standards that encourage actions or behaviours. A directive is an instruction that indicates how an action should be performed to reach a goal.
- “Operational requirement” or “operationally feasible” is mentioned several times throughout the Guide to AWAs but is not defined. There is some guidance on this however in the Leave Guide.
 - The Leave Guide states that managers should consider each leave request in light of their particular circumstances. Also, managers need to demonstrate that the person’s presence is absolutely necessary and that their absence is not just an inconvenience. Furthermore, operational requirements must be based on work to be performed and not on administrative or economic criteria.



Observation 1: Mechanisms Supporting AWAs (p.2)

Condition (cont'd)

- The Guide to AWAs states that managers should consider security issues when approving telework; however there are no references to relevant departmental security policies to assist managers in this task.
 - DND does have an Operational Security Standard for Information Systems that outlines in detail the minimum security requirements for telework to be acceptable. Security authorities indicated that although the Standard is dated 1998 and may require an update, the content remains valid.
- Terms and conditions in the AWA template do not include sections most relevant for telework such as security considerations, occupational health and safety obligations, or how additional costs aside from equipment costs should be treated.

Support for AWAs:

- In the 2014 Public Service Employee Survey, 64 percent of DND employees felt that their immediate supervisor supported the use of AWAs. This was compared to 70 percent of public service employees who supported AWAs. The ADM(RS) Survey results indicated that support for compressed and flexible hours was significantly higher than telework, part-time and job sharing.



Observation 1: Mechanisms Supporting AWAs (p.3)

Condition (cont'd)

- ADM(RS) Survey respondents found the most common barriers to AWAs were as follows: nature of the work, productivity management, lack of AWA requests from employees and perception of fairness among employees.
- 25 percent of ADM(RS) Survey respondents are of the opinion that telework increases productivity and 44 percent feel that telework does not have an impact on productivity. In addition, 29 percent of respondents who manage teleworkers have experienced a positive impact on productivity and 42 percent experienced no impact.
- Information Technology (IT) authorities have indicated that on average, approximately 25 percent of the Department's remote access capability is being used on a daily basis.

Cause

- Due to the non-mandatory nature of the Guide to AWAs, it is not being followed consistently across the organization.
- Relevant elements such as those related to costs, productivity management and security were left out or not expanded upon when the Practical Guide was published in 2009.



Observation 1: Mechanisms Supporting AWAs (p.4)

Impact

- Inconsistent application of guidelines and inconsistent interpretation of operational requirements may lead to unfair, inequitable and non-transparent application of AWAs and the possibility of employee grievances.
- Security risks and issues may not be properly considered prior to telework approvals and therefore may lead to security incidents such as theft or loss of IT assets and sensitive information.
- Costs for implementing telework may not be properly considered, forecast or foreseen. Managers may not know whether telework arrangements are cost effective.
- Barriers will limit the use of AWAs where they are operationally and economically feasible.
- If managers feel that it takes more work to supervise teleworkers, they may be less inclined to approve telework.

ADM(RS) Recommendation

1. ADM(HR-Civ), in consultation with relevant authorities, should bolster existing guidelines by including additional information, considerations and/or tools useful to managers and employees on the subjects of, but not limited to, operational requirements, security, health and safety, productivity management, and use of personal IT equipment.

OPI: ADM(HR-Civ)



Observation 2: Controls

Prescribed alternative work arrangement forms were not consistently completed and submitted to the appropriate authorities. The result was limited information on compressed employees and teleworkers and their related arrangements.

Condition

Databases:

- There is no central database of teleworking employees.
- There is an option in the Human Resources Management System to identify workers on compressed schedules. Human resources managers and advisors have indicated that this information was not consistently captured and they were not aware of any reporting or monitoring.
 - This function now resides in the Phoenix pay system and managers are responsible for updating their employees' compressed work schedules. However, it is unclear whether the Department has access to this information for reporting and monitoring.



Observation 2: Controls (p.2)

Condition (cont'd)

Forms:

- The Guide to AWAs prescribes specific forms to apply for a compressed or telework arrangement. As an alternative, the AWA template included in the guide may be modified to establish a compressed or telework arrangement.
- Five of twenty-five sampled workers on compressed schedules and nine of twenty-one teleworkers provided documentation that was prescribed in the Guide to AWAs.
- Eight other workers on compressed schedules provided a variety of other application forms which were not prescribed in the Guide to AWAs.

IT Inventory Management and IT Security:

- Inventory of IT equipment is tracked in an Enterprise Information Technology Service Management system. Lost, stolen or damaged IT equipment is also tracked.
 - This information does not specifically state whether assets were being used in a telework arrangement.
- Departmental information management security authorities have indicated that DND issued laptops have the same IT controls in place as typical Defence Wide Area Network (DWAN) workstations when remotely connected.
- There are a number of policies, directives, instructions and training that cover IT security and the use of approved storage media. Although the Department tracks security incidents, it does not identify if they are specifically related to telework.



Observation 2: Controls (p.3)

Cause

- Forms are not often completed for telework arrangements because these arrangements are often informal or ad hoc.
 - The Guide to AWAs does not explicitly state whether forms are required for ad hoc telework.
 - The majority of teleworkers who were identified by ADM(RS) Survey respondents were teleworking on an ad hoc basis.
- Human resources authorities may not be receiving the completed forms if the arrangements between employee and supervisor are informal. Also, instructions on where to send forms are outdated.

Impact

- ADM(HR-Civ) may have less oversight on compressed workers and teleworkers. Successful implementation and evaluation of relevant programs and strategies may be difficult to determine with limited data.
- If proper terms and conditions are not agreed upon when alternative work arrangements are requested, unintended or unforeseen issues may arise resulting in disputes or grievances.
- If the computer used for telework is not connected to the DWAN, it may not be possible to enforce some IT controls. For example, DND-issued IT equipment and the security of information may be compromised if unauthorized media is introduced to a computer while it is offline. The computer may then compromise the security of the DWAN once it connects to the network.
- Any technological or security improvements necessary to enhance the delivery of the telework platform above policy and training will have a cost impact that will need to be funded.



Observation 2: Controls (p.4)

ADM(RS) Recommendations

2. ADM(HR-Civ) should update prescribed application forms or templates for alternate work arrangements. Telework agreements or forms should include important terms and conditions such as security and reimbursement of expenses.
3. ADM(HR-Civ) should develop and implement mechanisms to improve collection of data on AWAs for future use and oversight.

OPI: ADM(HR-Civ)



Conclusion

The Department has guidelines that are aligned with relevant TBS policies to help organizational units manage alternative work arrangements. These guidelines provide information on the benefits of various types of alternative work arrangements and on how to implement them. The guidelines could be strengthened by providing important details on security, cost considerations, and the measurement of productivity.

Information on employees in telework or compressed work schedule arrangements was not readily available because it was not consistently captured or requested. This type of information could help ADM(HR-Civ) evaluate and monitor the impacts of AWAs on the health and well-being of the Department's employees and facilitate good management practices. This information could also contribute to the management of departmental IT capacity. In addition, it could enhance departmental due diligence on occupational health and safety and IT security.

Auditor's note: Stakeholders within the Vice Chief of the Defence Staff / Director General Defence Security and Assistant Deputy Minister (Information Management) were also consulted and have provided their concurrence on the observations related to their areas of responsibility in this review.



Annex A—Management Action Plan

ADM(RS) Recommendation

1. ADM(HR-Civ), in consultation with relevant authorities, should bolster existing guidelines by including additional information, considerations and/or tools useful to managers and employees on the subjects of, but not limited to, operational requirements, security, health and safety, productivity management, and use of personal IT equipment.

OPI: ADM(HR-Civ)

| Management Action Plan | Target Completion Date |
|---|------------------------|
| <ul style="list-style-type: none"> • In consultation with ADM IM, VCDS, and other relevant authorities, gather existing information, standards, tools, policies etc. that support decision making and include these resources in HR-Civ’s existing Guide to AWAs to cover subjects such as, but not limited to, operational requirements, security, health and safety, productivity management, and use of personal IT equipment. This action would also serve as a reminder/signal to relevant authorities to ensure that their standards, tools, policies etc. are current and up to date. • Send a reminder to all L1s to refer to the updated guidelines, specifying that these resources should be reviewed and discussed between managers and employees in determining conditions of AWAs, and considered prior to managerial approval. | <p>June 2017</p> |



Annex A—Management Action Plan (p.2)

ADM(RS) Recommendation

2. ADM(HR-Civ) should update prescribed application forms or templates for alternate work arrangements. Telework agreements or forms should include important terms and conditions such as security and reimbursement of expenses.

OPI: ADM(HR-Civ)

| Management Action Plan | Target Completion Date |
|---|------------------------|
| <ul style="list-style-type: none">Update the existing AWA Template document within the ADM(HR-Civ) Guide to AWAs to include sections for specifying conditions related to security and reimbursement of expenses. | June 2017 |



Annex A—Management Action Plan (p.3)

ADM(RS) Recommendation

3. ADM(HR-Civ) should develop and implement mechanisms to improve collection of data on AWAs for future use and oversight.

OPI: ADM(HR-Civ)

| Management Action Plan | Target Completion Date |
|---|------------------------|
| <ul style="list-style-type: none">• Inform all L1s of the modified AWA template within the existing Guide to AWAs, and prescribe that the new template be used to document all future formalized AWA work arrangements.• Monitor usage of AWAs, as part of Departmental Functional Planning Guidance, by collecting the number of AWA requests and usage rates from each L1. | June 2017 |



Annex B—Types of AWA

- **Telework:** An arrangement that allows employees to work away from their official place of work for all or part of their regular work week. This could be on a regular or ad hoc basis. Employees choose to work from their home in most cases; however, other locations may be approved.
- **Variable work hours:** Also known as compressed work week, is an arrangement that permits employees to complete their weekly hours of work in a period other than the five day standard work week. For example, an employee might work 75 hours over 9 days rather than the standard 10 days.
- **Flexible work hours:** An arrangement that allows employees to establish their hours of work while respecting the applicable collective agreement. For example, start time could be anywhere between 0700 and 0930 hours; finish time between 1500 and 1800 hours; and a lunch period of 30 to 90 minutes in duration.
- **Part-time employment:** An arrangement that allows employees to work in a position for fewer hours than the standard work day, week or month established for full-time employment.
- **Job sharing:** An arrangement that involves two part-time employees sharing and carrying out the duties and functions of the same job at different times during the normal work schedule.