Audit of Human Resources Planning and Staffing

Office of the Chief Audit Executive

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List of acronyms

Acronym or abbreviation	Definition
ADM	Assistant Deputy Minister
CFOB	Chief Financial Officer Branch
FTE	Full time Equivalent
HR	Human Resources
HRWMB	Human Resources and Workplace Management Branch
PCH	Department of Canadian Heritage
PSC	Public Service Commission
RMD	Resource Management Directorate
SAP	PCH financial system
TB	Treasury Board

Executive Summary

The Canadian labour force is in constant evolution and the Government of Canada continues to place significant importance on attracting and retaining a diverse and highly qualified workforce to advance programs and initiatives with greater impact for Canadians. In 2016, the Public Service Commission (PSC) implemented a renewed appointment policy and the Appointment Delegation and Accountability Instrument, which is the cornerstone of the New Direction in Staffing. The PSC considers the New Direction in Staffing to be the most significant change to the staffing system in over ten years, representing a shift away from a focus on rules to a modernized system that encourages managers to exercise their discretion when making staffing decisions.

Attracting and retaining a diverse, engaged and skilled workforce is a challenge that the Department of Canadian Heritage (the Department or PCH) continues to face. This challenge is amplified as a result of the impacts of pandemic, such as the Department's workforce working remotely. It is therefore important to have robust human resources management activities with goals to build a diverse and high-performing workforce allowing PCH to meet its mandate and business objectives. As of March 2021, PCH managed a workforce of 1,846 Full Time Equivalent (FTE). With a turnover rate of 15.2% for 2018-2019 and 16.3% for 2019-2020[1] as well as 319 FTE's eligible for retirement within the next five years, it is important for PCH to rely on a sound human resources planning process that will help identify current and future needs, especially in the context of labour shortages.

In accordance with the Department's approved 2019-2022 Risk-Based Audit Plan, the Office of the Chief Audit Executive conducted an audit of Human Resources Planning and Staffing.

What was examined
The objective of the audit was to provide assurance that an efficient and effective management control framework is in place to support the planning and staffing activities of the Department and that the latter is aligned with PCH needs. The audit assessed whether:

- PCH has established a comprehensive human resources planning process and that human resources planning material is used for planning purposes.
- The process for staffing a position is efficient and complies with relevant Public Service Commission policies and directives and that human ressources planning adheres to Treasury Board Secretariat policy.
- Staffing advisors have the necessary tools and training to adequately guide sub-delegated managers in conducting human resources planning and staffing activities.
- Human Resources and Workplace Management Branch has developed a performance measurement framework, including relevant service standards for staffing which are measured, tracked, reported on and monitored.

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[1] Turnover rate for 2020-2021 dropped to 9.7% during the COVID-19 pandemic (Source: HRWMB)

Audit Opinion and Conclusion

Based on the audit findings, my opinion is that the Department of Canadian Heritage (the Department or PCH), has put in place processes to support human resources (HR) planning and staffing activities; these processes continue to be improved however there remain opportunities for improvement. An enhanced HR planning template is being rolled out across the Department and staffing activities are generally consistent with legislation requirements. The Human Resources Workplace Management Branch (HRWMB) is currently developing a new Staffing Tracking System, which includes revised service standards for staffing. Additionally, sub-delegated managers generally receive consistent guidance from staffing advisors. The audit did identify key opportunities for improvement with respect to the following activities:

- Develop a framework or policy for human resources planning in the Department.
- Develop a process so that planned staffing in HR plans are challenged against actual funding.
- Increase efficiencies related to the staffing information system and the management of required staffing information, as well as staffing actions being approved at a higher level than required.
- Document and communicate roles and responsibilities related to end-to-end staffing activities.
- Ensure tracking and monitoring of current service standards for staffing actions.
- Implement an internal feedback mechanism to determine client satisfaction and measure performance.

I would like to note that the fieldwork for this audit was completed and findings shared with the client during the COVID-19 pandemic. Because of the activation of the Department's Business Continuity Plan in March 2020, the project was suspended just when the examination phase was beginning with resources being reassigned to support the Department's efforts to deliver emergency support funding. It should also be noted this hiatus lasted four months before both the audit team and the client were allowed access to the Department's network, permitting the fieldwork to resume. With the advent of PCH employees working remotely, the audit team was required to adjust its audit program and find new ways to conduct file testing.

I would also like to acknowledge the ongoing pressures and challenges that the pandemic has had, and continues to have, on the client as HR planning and staffing services continued to work to address ongoing departmental needs and efforts to tackle the pandemic. In fact, as preliminary findings were identified and the client was made aware, actions were taken to address these areas of improvement. The audit findings and recommendations took into consideration the ongoing changes within HRWMB and the initiatives undertaken, and reflected real-time developments.

Statement of Conformance

In my professional judgment as Chief Audit Executive, this audit was conducted in conformance with the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing* and with the *Policy* and *Directive on Internal Audit* of the Government of Canada, as supported by the results of the quality assurance and improvement program. Sufficient and appropriate audit procedures were conducted, and evidence gathered, to support the accuracy of the findings and conclusion in this report. The findings and conclusions are based on a comparison of the conditions, as they existed at the time, against pre-established audit criteria that were agreed upon with management, and are only applicable to the entity examined and for the scope and time period covered by the audit. The impacts of the pandemic on the audit and the ability to conduct specific lines of inquiry have been noted and recorded.

Original signed by

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Bimal Sandhu
Chief Audit Executive
Department of Canadian Heritage

Audit Team Members
Dylan Edgar, Director of Internal Audit
Philippe Knight, Audit Manager
Chrystianne Pilon, Team Lead
Dahlia McKrae, Senior Auditor
Geneviève Gnahoué, Senior Auditor

With the support of external resources.

1.0   Background

Sound human resources (HR) planning is an essential element in supporting organizations through the challenges they face, such as a competitive employment market and labour shortages. HR planning helps define HR capacity and guide staffing activities according to the organization's HR needs. In 2016, the Public Service Commission (PSC) introduced the New Direction in Staffing (NDS) designed to simplify and streamline the staffing process in the federal government. The PSC considers the NDS to be the most significant change to the staffing system in over ten years, representing a shift away from a focus on rules to a modernized system that encourages managers to exercise their discretion when making staffing decisions. Sub-delegated managers are encouraged to use the flexibilities provided by a renewed staffing policy and the Appointment Delegation and Accountability Instrument, such as the use of non-advertised appointment processes.

Departmental Context
At PCH, hiring managers with sub-delegated staffing authority, the Human Resources Workplace Management Branch (HRWMB or the Branch), the Resources Management Directorate (RMD) and the Chief Financial Officer Branch (CFOB) have important roles to play in HR activities. Sectors are responsible for HR planning and sub-delegated managers are accountable for staffing appointments. HRWMB support sub-delegated managers with strategic advice related to HR activities and are responsible for corporate HR planning. The RMDs in each sector and direct reports are responsible for supporting managers in the HR planning and staffing procedures in various ways. Finally, the CFOB is responsible to support and advise sector's on financial management including salary forecasting.

As of March 31, 2021, the Department managed a workforce of 1,846 Full Time Equivalent (FTE), including 258 in the regions and within the next five years, 319 FTE's are eligible for retirement The turnover rate, which includes retirements, was 15.2% for 2018-2019 and 16.3% for 2019-2020[2]. For the calendar years 2018 and 2019, HRWMB completed 2,618 and 2,422 staffing actions respectively, for a total of 5,040. These are the most recent pre-pandemic data. Of this number, 17% (871 out of 5,040) were completed in the regions. These included all types of appointments, such as indeterminate and temporary staffing (both internal and external appointments from both advertised and non-advertised processes). For these two years combined, 85% of all staffing actions at PCH were for temporary staffing such as students, acting assignments and casual employees, while indeterminate represented 15%. The extensive use of temporary staffing is consistent with the nature of PCH's mandate, for example, the use of temporary staffing increases for the delivery of new funds allocated to the Department for a determined period.

Planning
The legislative base for HR planning is in the Financial Administration Act 11.1 (1)(a), and the Public Service Employment Act (Preamble and Section 30 (2b and 3)) contains potential uses for HR planning. In addition, the Treasury Board *Policy on People Management* requires deputy heads to determine HR needs in accordance with their respective organizations' mandates and core responsibilities. While there is currently no formal HR planning framework or policy for HR planning at PCH, in 2019 and again in 2020, HRWMB launched an HR planning pilot exercise separately from the Department's existing Integrated Business Plan. A new HR planning template has been developed for the purpose of these exercises and is intended for all sectors and direct reports to use. Information collected was to be rolled-up at the corporate level.

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[2] Turnover rate for 2020-2021 dropped to 9.7% during the COVID-19 pandemic (Source: HRWMB)

Staffing

In 2018, a newly appointed Director of Resourcing initiated a series of changes that impacted both the staffing team structure and staffing operations. These changes were intended to improve the quality of services provided by staffing advisors to sub-delegated managers, in addition to making the overall staffing process more efficient. The Audit of HR Planning and Staffing was conducted with these changes in mind and the knowledge that the HRWMB has taken significant strides forward. The audit findings and recommendations take into consideration the ongoing changes within the Branch.

2.0 About the Audit

2.1 Project Authority

The authority for this audit was derived from the Risk-based Audit Plan for 2019-2020 to 2020-2022 that was recommended by the Departmental Audit Committee and approved by the Deputy Minister on April 26, 2019.

2.2 Objective and Scope

The objective of this audit was to provide assurance that an efficient and effective management control framework is in place to support the planning and staffing activities of the Department and that the latter is aligned with PCH needs. The scope covered the period from January 1, 2018 through March 15, 2021 with file testing covering the period of January 1, 2018 to December 31, 2019. The planning phase of this audit was complete and the examination phase had just started when the Department activated its Business Continuity Plan at the outbreak of the COVID-19 pandemic in March 2020. This resulted in significant delays to the project as the audit was paused with the team and client both having limited access to the Department network. When activities resumed four months later, the new realities of working remotely meant the audit team and the client had to adapt by developing new approaches and methods.

2.3 Approach and Methodology

All audit work was conducted in accordance with the Treasury Board of Canada Policy on Internal Audit, its affiliated directive, and the International Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors.

The audit methodology included:

- review of documentation, guidelines, procedures, policy instruments and relevant legislation;
- collection of data and information through interviews and observations with the organization's personnel to examine processes;
- staffing file testing;
- virtual walkthrough of the staffing process for a sample of staffing actions;
- analysis of PeopleSoft data; and
- analysis of financial and non-financial information.

3.0 Findings and Recommendations

Findings are based on the evidence gathered through the interviews conducted, analyses performed and documentation reviewed for each assessment criteria. **Appendix A** provides an assessment scale summary for each of the assessed criteria. Findings of lesser materiality, risk or impact have been communicated with the auditee either verbally or in a management letter. This audit sought to provide assurance that a management framework is in place to support the HR planning and staffing activities of the Department. It should be noted that the coronavirus pandemic occurred while the audit was in the early stages of the examination phase. In addition to affecting the audit process itself, PCH will likely need to adapt its HR activities to the new realities brought forward by the pandemic, such as remote work and regional challenges.

3.1 Human Resources Planning

There is currently no framework or policy for human resources planning in place that would establish a formal human resources planning process, including human resources risk analysis and monitoring processes of HR plans. As a result, HR planning activities have not been consistent throughout the Department.

The legislative base for human resources planning is in the Financial Administration Act 11.1 (1)(a). As well, the Public Service Employment Act (Preamble and Section 30 (2b and 3)) contains potential uses for HR planning. In addition, the Treasury Board (TB) *Policy on People Management* requires deputy heads to determine HR needs in accordance with their organizations' mandates and core responsibilities. The audit team expected that HR plans are documented, communicated, and understood and that they are integrated into business plan activities. At PCH, there is currently no formal HR planning framework or policy for HR planning. HRWMB developed the 2017-2020 PCH HR Roadmap to be used as a framework for the Department's HR planning process, however it was put on pause. Currently, HRWMB is at a different juncture and working on a broader Workforce-Workplace Beyond 2021 Strategy that takes in to account a post-COVID environment and the future of work.

HR planning at PCH used to be part of the annual Integrated Business Plan process, but in December 2019, the Human Resources and Workforce Management Branch launched an HR planning pilot exercise separately from the IBP process. A call letter was sent from the Director General (DG) of HRWMB inviting all branches to reach out to the HR Policy, Planning and Strategies team for assistance on conducting this planning exercise. Completion of the HR planning templates along with approvals of respective Assistant Deputy Ministers (ADMs) for sectors and DGs for direct reports, were due by February 28, 2020. Despite reminders combined with a deadline extension, HRWMB had received only 22% completed HR planning templates by March 2020. The pilot HR planning exercise had yet to go through a full cycle, partly due to the impacts of the COVID-19 pandemic. HRWMB resumed the exercise in November 2020 with a deadline of February 2021. As of April 7, 2021, HRWMB had received 29 out of 32 (91%) completed HR planning templates.

For the purpose of the pilot planning exercise, an HR planning template was developed in consultation with the CFOB and the Integration and Results Management Committee (a departmental level two governance committee), and shared amongst branches. The template includes four sections, each corresponding to a specific step of the HR panning process: linkage between the program's objectives and the Department's mandate (step 1), environment and workforce capacity analysis (step 2), gaps analysis (step 3) and strategies to address gaps (step 4). Risks related to staffing are considered throughout the four steps. Workforce data

specific for each sector and direct report, such as turnover rates or upcoming retirements, was shared with branches to facilitate their HR planning. It is expected that the information collected in these templates will be shared with various stakeholders to help better plan HR needs for the upcoming years and is meant to be rolled-up at a corporate level. The audit team found that the HR planning template is comprehensive and contains relevant HR planning information.

Corporate planning is the responsibility of the HR Policy, Planning and Strategies team within HRWMB. They provide sectors and direct reports with guidance and planning tools. The audit team found that roles and responsibilities among stakeholders regarding HR planning are not documented, which leads to inconsistencies across the Department. Indeed, prior to the current pilot planning exercise, HR planning practices across PCH varied amongst branches. Sectors that have made efforts to develop their own HR plan have not followed any standardized templates resulting in HR plans missing relevant information, such as initial staffing budgets and talent management. For the sectors that had established HR plans, the audit team observed that the plans are not updated on a regular basis to reflect ever changing staffing needs, and as a results, these plans are not utilized at their full capacity. In addition, there is no HR risk analysis completed at the corporate level and risk analysis at the sector's level are incomplete and not consistent from one sector to the other. HR planning is an evergreen process and monitoring the results of HR activities is the key to improve performance of the organization and is essential for decision-making to be agile.

HR plans reviewed did not include clear linkage to corporate documents such as the Departmental Plan or the Department's Corporate Risk Profile. However, some plans documented links to diversity and inclusion which aligns with the PCH mandate and the Departmental Plan.

Planned staffing

During interviews, stakeholders noted that there is a disconnect between planned staffing and the actual available salary funding, which leads to more planned staffing than the salary envelope allows. The audit team noted that there is no interaction between HRWMB and CFOB to challenge the planned staffing and identify which positions are truly funded. This challenge function would allow more accurate forecasting and any deficits or surpluses would be managed more strategically and in a more controlled manner.

In support of this observation, the testing of staffing files indicated a lack of timely back-and-forth communication between the involved stakeholders. This leads to false expectations and improbable timelines for staffing actions, which may have an impact on salary forecasting and the pay of the associated employee. The implementation of the new HR planning template, which includes budget information, should allow staffing advisors to challenge the timeliness of the planned staffing, therefore reducing the risk of unrealistic appointment start dates.

Recommendations:

1. The Director General of Human Resources and Workplace Management Branch, should develop a formal departmental HR Planning Framework and related planning tools to formalize an HR planning process throughout the Department, and:
   a) establish and communicate clear roles, responsibilities and accountabilities among stakeholders with respect to HR Planning and staffing administration and activities; and
   b) determine and establish a mechanism for monitoring and periodic reporting of operational staffing requests against the HR plans.

2. The Chief Financial Officer, in collaboration with the Director General of Human Resources and Workplace Management Branch, should:
   a) ensure that accurate and relevant financial data is integrated into the HR planning exercise, including annual and ongoing funding information; and
   b) ensure that at the sector and direct report level, financial information and advice related to planned salary expenses versus actuals are included as part of the Monthly Financial Situation Reporting exercise.

3.2 Staffing

Staffing activities at PCH are generally consistent with legislation requirements. However, efficiency and information management issues were noted which should be resolved as long as the Staffing Tracking System, currently under development, and the revised Table of Sub-Delegation Authorities in Staffing are fully implemented and adhered to.

PCH Appointment Framework

The Public Service Commission renewed its appointment and oversight framework in 2016 leading to the *Appointment Policy,* which enumerates the required information to be collected for each appointment, and the Appointment Delegation and Accountability Instrument, which sets out specific requirements for deputy heads to establish:

- a policy on area of selection for internal appointment processes;
- direction on the use of advertised and non-advertised appointment processes; and
- requirements for sub-delegated managers to articulate, in writing, their selection decision.

The audit team found that PCH complies with both the *Appointment Policy* and the Appointment Delegation and Accountability Instrument. Staffing files reviewed showed that the HR team requests the same mandatory information as provided in the *Appointment Policy*, and the PCH Staffing Framework renewed in 2016 complies with the Appointment Delegation and Accountability Instrument requirements for deputy heads.

Roles and responsibilities

At PCH, the staffing function within HRWMB is divided into three groups:

- the Corporate Staffing team - responsible for policies and processes including managing the instrument of sub-delegation, monitoring the completeness of staffing files, coaching staffing advisors and developing the new staffing tracking system.
- the Temporary Staffing and Workflow team - responsible for entering and reviewing all staffing transactions in PeopleSoft, in addition to handling temporary staffing activities.
- the Operational Staffing team (a total of ten staffing advisors assigned to one or more branches) - support sub-delegated managers by providing them with advice and guidance on staffing matters.

The two key groups involved in staffing are the managers with sub-delegated staffing authority and the staffing advisors. However, the Resource Management Directorates (RMDs) are also involved throughout the process in a variety of activities. Some interviewees reported how it can sometimes be unclear for sub-

delegated managers to distinguish between the role of the staffing advisor and the RMD in a staffing process. This issue was raised in the 2018 PCH Corporate Services Delivery Study, conducted by Office of the Chief Audit Executive. At the time, the study suggested that roles and responsibilities of each stakeholder in the delivery of staffing services be defined and communicated. The audit team observed that subsequent to the study a Baseline Service Map was developed in consultation with involved parties that describes the roles and responsibilities between sub-delegated managers, RMDs, and staffing advisors. However, it has yet to be communicated or shared with the respective stakeholders.

PCH Sub-delegation of staffing authorities

The Department's Sub-delegation of Human Resources Authorities Guide sets out HR authorities that are sub-delegated by the Deputy Minister to managers, in accordance with PSC's Appointment Delegation and Accountability Instrument. PCH Table of Sub-Delegation Authorities in Staffing indicates which level of sub-delegation is assigned to each staffing action based on risk. Sub-delegated managers are directly accountable for staffing decisions. It ranges from Level 5 being the lowest level of sub-delegated staffing authority (managers), up to level 1 (Deputy Minister). At the time of the audit, the Table of Sub-Delegation Authorities in Staffing called for 58% of all staffing actions to be approved at levels 3 (DG) and 2 (ADM), leaving 28% to be approved at level 4 (Director). However, the *Public Service Employment Act* clearly states that the "*delegation of staffing authority should be to as low a level as possible[3]* ". At the time of the audit, the Table of Sub-Delegation Authorities in Staffing was not aligned with the *Public Service Employment Act* principle. The team found that out of 212 staffing files tested, 107 (50%) hiring decisions were made at a higher level than required by the Table of Sub-Delegation Authorities in Staffing. This can lengthen the process and cause delays that may eventually have an impact on employees' pay.

HRMWB has recently reviewed the Table of Sub-Delegation Authorities in Staffing, bringing most of PCH staffing actions (74%) down to level 4 (Director). The revised 2021 Table of Sub-Delegation Authorities in Staffing was approved at Executive Committee in January 2021 and went into effect on April 1, 2021. While these changes ensure better alignment with the provision of the *Public Service Employment Act* and efficiency improvement of the staffing process, they also represent an important change of culture for PCH.

Table 2: PCH Table of Sub-Delegation Authorities in Staffing (2016 and 2021)

Number of staffing actions by sub-delegated levels (Total of 50)	Level 5 / Manager		Level 4 / Director		Level 3 / DG		Level 2 / ADM	
	2016	2021	2016	2021	2016	2021	2016	2021
	7 (14%)	7 (14%)	14 (28%)	37 (74%)	17 (34%)	4 (8%)	12 (24%)	2 (4%)

Some sectors require sub-delegated managers to justify their staffing needs in writing prior to discussions at a Resource Advisory Committee (RAC), which is a sector-level governance committee. While discussing staffing needs at the RAC is a good way to plan and to coordinate staffing efforts within the sector, it may lengthen the process when implementing staffing actions, especially when sub-delegated managers are required to prepare additional justification in writing for the RAC meeting prior to exercising their sub-delegation. While the hiring decision still resides with the sub-delegated manager, this added step in the process can add burden for already planned staffing actions.

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[3] *Public Service Employment Act, preamble*

Advertised versus non-advertised

One of the changes put forward by the New Direction in Staffing is to provide more flexibility for sub-delegated managers to choose between an advertised or non-advertised process. At PCH, the proportion of non-advertised staffing actions has been increasing since 2015, a year prior to the implementation of the NDS. From representing 25% of all staffing actions[4] in 2015, it reached 54% in 2019.

Table 3: Proportion of non-advertised staffing versus advertised staffing actions

Year	% advertised	% non-advertised
2015	75%	25%
2019	46%	54%

When using non-advertised staffing actions, sub-delegated managers must articulate their selection decision in writing to demonstrate merit as per the PSC *Appointment Policy*. During testing, the required articulation of selection decision for non-advertised staffing actions was found on file in 96% of the cases. For the remaining 4%, it should be noted that the audit team did not assess whether the missing articulations of decision were kept with other stakeholders, such as sub-delegated managers and/or RMDs, and the file numbers have been forwarded to HRWMB for follow-up as appropriate.

Information Management

The PSC *Appointment Policy* requires deputy heads to ensure that mandatory information related to staffing is "*accessible electronically or through other means for a minimum of five years after the last administrative action for each appointment*". As HRWMB is the Office of Primary Interest for Departmental staffing activities, the audit team expected that HRWMB would ensure that controls are in place for staffing information to be properly maintained and readily available. The audit team selected a non-statistically representative sample of staffing actions that occurred between January 2018 and December 2019 to assess whether required staffing information as per PSC'S *Appointment Policy* is kept in HRWMB's staffing files.

A checklist for each type of staffing action is available for staffing advisors to consult, which lists all required documents, including those required by the PSC's A*ppointment Policy*. The audit team found that the use of these checklists was not always adhered to, and in some cases required information was not on file in the dedicated shared drive for the staffing operations team or in various information repositories. The team did not assess whether these documents were kept with other stakeholders, such as sub-delegated managers and/or RMDs.

Opportunities for improvement were identified from an information management standpoint. This is particularly noteworthy since the pandemic has forced most employees to work remotely and previous methods of information management have often found to be lacking. There is an opportunity for innovation and to move towards digital readiness concerning staffing files.

The Corporate Staffing group is responsible for the monitoring of staffing files, which consists of an annual exercise that focuses on the following five elements: 1) the Public Service Employment Act, 2) the Public

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[4] *Only staffing actions that constitute an appointment are included in these numbers.*

Service Commission's Appointment Policy, 3) the delegation instrument, 4) internal departmental policies, and 5) other regulations. The quantity of items to be monitored combined with the fact that the Corporate Staffing group is relatively small, makes it impossible to monitor all five elements in a single year. Each year one of the five elements to be monitored is chosen based on risk and then files are randomly chosen representing 5% of the total staffing files. One such example would be specific classifications or specific staffing actions, such as acting assignments over four months. The inability to fully monitor staffing files may account for the issues noted above.

Timeliness of Staffing Actions

The audit team noted several instances where a staffing action took longer to conclude due to sub-delegated managers not providing documents to staffing advisors in a timely manner. Audit found that for 38% of temporary staffing actions reviewed, documents were sent to HR after the effective date of appointment. It is the responsibility of the sub-delegated manager to ensure documents are sent to HR on time. In addition, for 10% of all 212 staffing files that audit examined, the letter of offer was signed by the employee after the start date of employment. Delays in providing signed letters of offer to HR results in delays with sending documentation to the Pay Center, which in turn leads to a direct impact on the employee's pay.

HRWMB and the Chief Information Officer Branch have been working to develop a Staffing Tracking System that should eventually allow for better tracking and monitoring of staffing actions resulting in increased efficiency of the staffing process. The Staffing Tracking System should include:
- clear and standardized steps for all users involved in a staffing action;
- renewed service standards built into the Staffing Tracking System and used to measure and monitor each step of a staffing action by the person involved;
- easy to track occurrence of delays; and
- a list of required documents for each type of staffing action

Testing and deployment of this tool is set to pilot in the Summer of 2022, with full roll-out after the successful completion of the pilot.

Overall, staffing activities at PCH are generally consistent with the requirements of government legislations with areas of improvement noted with the monitoring of mandatory documentation to be kept available, the receipt of these in a timely manner, and management's compliance with staffing delegation levels. Notable efforts are being made to improve efficiencies in the staffing process, such as a greater use of non-advertised processes. Additionally, the development of the new Staffing Tracking System and the new 2021 Table of Sub-Delegation Authorities in Staffing, should address some of the issues noted during the audit.

Recommendations:

3. The Director General of Human Resources and Workplace Management Branch, in collaboration with the Chief Information Officer, should ensure the implementation of the Staffing Tracking System (STS). Pending the implementation of the STS and in conjunction with the program performance framework, the Director General of Human Resources and Workplace Management Branch should:
   a) institute a practice to monitor and report on staffing indicators and trends; and
   b) integrate a client feedback mechanism.

4. The Director General of Human Resources and Workplace Management Branch should ensure the diligent and consistent utilization of information management controls to ensure the completeness of staffing files.

5. The Director General of Human Resources and Workplace Management Branch should monitor the adherence to the Table of sub-delegation authorities in staffing and report results to the appropriate departmental oversight committee.

3.3 Guidance, training and tools

> While tools to assist in the staffing process are available, this is less the case for tools to assist in the planning of human resources needs.

Staffing
Staffing is one of the core activities for any organization and staffing advisors are at the center by providing their expertise to sub-delegated managers and supporting their staffing efforts. Staffing advisors need to have the appropriate training and tools in order to adequately guide sub-delegated managers to address their staffing needs in compliance with laws and regulations.

In 2019, two team lead positions were created in the operational staffing team in order to provide guidance to staffing advisors and help standardize the staffing approach and advice provided to sub-delegated managers. Adding to this support, the corporate staffing team includes a designated coach. The coach provides assistance to staffing advisors and team leads regarding staffing related legislation and policies. The team also has access to a Staffing Support Advisor from the PSC. Supported by this new structure, sub-delegated managers have expressed generally receiving consistent and useful advice from staffing advisors. Sub-delegated managers have also been benefiting from a three-hour information session on how to use the new staffing flexibilities under the New Direction in Staffing, since 2019. Over 500 sub-delegated managers attended these sessions. In addition, session are offered to employees on demand.

Both staffing advisors and sub-delegated managers have access to a variety of staffing tools on the HRWMB intranet page. For example, to help plan a staffing action, sub-delegated managers may refer to the Staffing Project Plan that guides them through a staffing process in 12 steps, from the project definition to the candidate selection and appointment. They may also consult the list of staffing options and their respective required documents. The PCH Competency Dictionary is a new addition and still being piloted. It is intended to assist sub-delegated managers and staffing advisors in the development of competency-based merit criteria. The HRWMB section of the intranet also hosts all required templates to be used during a staffing process.

HR planning
HR planning is crucial to ensure the organization has the capacity and competency to deliver on its priorities and as such, sectors and direct reports need to rely on tools that will help them achieve their objectives. Apart from the Knowledge Transfer Toolkit that is available on the intranet, HR planning tools are mostly in their implementation phase. For example, the Talent Management Framework for non-EX employees has been developed but is awaiting approval from the newly appointed DG of HRWMB. In addition, the Departmental Talent and Performance Management Board for non-EX, a level 1 governance committee, last met in January 2018. As for the HR Planning template, the tool is relatively new and the exercise has yet to complete a full cycle, so the audit team could not assess its full benefits.

Recommendation:

The insufficiency of tools for HR planning is included as part of Recommendation 1.

3.4 Staffing performance measurement

Currently, service standards are not being used to track and monitor staffing actions in support of the performance measurement framework. Staffing service standards have been recently reviewed, but have yet to be implemented. HR data entered into PeopleSoft is monitored for quality assurance on a daily basis. It should be noted that the audit team did not assess the efficiency of this process and could not conclude on the accuracy and reliability of PeopleSoft data.

Service Standards

The *Policy on Service and Digital* requires that services standards are made available to clients on the Department's intranet. At the time of the audit, the initial service standards for staffing created in 2009 were posted on the intranet, but they were not used to measure performance or monitored by HRWMB. The audit team noted that their congruence was also questionable: 25 days for lengthy processes such as non-advertised, comparatively to 40 days for an acting of less than four months (which only requires only two documents). As of November 2020, the 2009 service standards for staffing were removed from the intranet as new staffing service standards were created.

For most of the files tested (89%), the audit team could not assess whether staffing actions were done in a timely manner since the date on which all documents were received by HR, the start date, was not found on file. For the remaining 11%, the audit team could conclude the start date by inference.

The new staffing service standards are expected to be incorporated into the upcoming Staffing Tracking System allowing for real-time tracking, monitoring and reporting on the completion of each step in a staffing action. Measurement will start once the service request is received by HR. These new standards are now published as of April 2021 and anticipated to be used once the Staffing Tracking System is implemented.

The *Policy on Service and Digital* also requires that services, such as staffing services, be reviewed to identify opportunities for improvement. Client feedback, often obtained through client satisfaction surveys, is an important way to measure performance. While the PSC conducts a staffing and impartiality survey for all departments every two years that includes elements of client satisfaction, there is an opportunity to measure client satisfaction with an approach tailored to department and more frequent than bi-annually to complement the PSC survey and to ensure continuous service delivery improvement. The audit team was informed that the last time an internal client survey was conducted regarding staffing was in 2016.

Recommendation:

The monitoring and reporting on staffing indicators is included as part of Recommendation 3a.

Human Resources Data

Accurate employee data, entered into the Human Resources Management System (PeopleSoft) in a timely manner, is important not only for employee pay implications and organizational structure, but also for decisions on how the Department can best deliver on its mandate. The audit team expected to find that HR data generated by PeopleSoft is reliable and that a quality assurance process is in place to verify the accuracy of the data. While this audit looked at aspects of HR planning and staffing, it was not intended as a full audit of the PeopleSoft system. Therefore, testing focused primarily on assessing the accuracy of PeopleSoft data (second language evaluation results, security profiles, Full Time Equivalent count and acting assignments) compared to the data in one of modules of the Department's financial system, the SAP's Salary Forecasting Tool, and the HR data published in corporate reports.

Second Language Evaluation Results, Security Profiles and FTE Counts

The audit team found that employee data for second language evaluation results and security profiles was accurately accounted for in PeopleSoft. Discrepancies for the FTE count were found in two key reports that were selected for comparison purposes against HR data: the Departmental Plan for 2018-2019 and the Departmental Results Report for 2017-2018. The source of the data for the FTE count in those corporate reports do not come from PeopleSoft, but rather the SAP's Salary Forecasting Tool using the Forecast FTE Utilization Report. This report is generated for a specific run date and includes all employment types. It should be noted that if persons are on leave or on secondment, they will not be part of the FTE count as they are not part of the departmental Employee Forecast for that specific date range. For PeopleSoft, this is also the case as the same omission occurs when an employee's file has not been transferred from his/her previous department or agency.

Acting Appointments

Comparison of data between PeopleSoft and SAP's Salary Forecasting Tool showed a discrepancy between the totals of acting appointments. Despite a review of a sample of the data, the cause of the difference could not be identified. The audit team is unable to conclude if acting assignments are being double counted. A deeper look into the data would be required and this would be better suited to a separate engagement.

HR Data Quality Assurance

The Temporary Staffing and Workflow team within the HRWMB Staffing group is responsible for all data entry into PeopleSoft that is related to staffing, including daily monitoring to ensure the quality of data entry. In addition, the PeopleSoft team within the HRWMB runs a daily report which identifies any PeopleSoft data that does not integrate properly into the Phoenix Pay System. The interconnectivity and relationships of PeopleSoft and Phoenix data are known, so that errors in PeopleSoft can have an impact on employees pay. The audit team did not assess the efficiency of the monitoring process for HR data as part of this engagement.

Recommendation:

No recommendation.

4.0 Conclusion

The Department of Canadian Heritage has put in place processes to support human resources planning and staffing activities; these processes continue to be improved, however there remain opportunities for improvement. An enhanced HR planning template is being rolled out across the Department and staffing activities are generally consistent with legislation requirements. HRWMB is currently developing a new Staffing Tracking System, which includes revised service standards for staffing. Additionally, sub-delegated managers generally receive consistent guidance from staffing advisors. The audit did identify key opportunities for improvement with respect to the following activities:

- Develop a framework or policy for human resources planning in the Department.
- Develop a process so that planned staffing in HR plans are challenged against actual funding.
- Increase efficiencies related to the staffing information system and the management of required staffing information, as well as staffing actions being approved at a higher level than required.
- Document and communicate roles and responsibilities related to end-to-end staffing activities.
- Ensure tracking and monitoring of current service standards for staffing actions.
- Implement an internal feedback mechanism to determine client satisfaction and measure performance.

Appendix A — Assessment Scale and Results Summary

The conclusions reached for each of the criteria used in the assessment were developed according to the following definitions.

Conclusion	Definition
Well Controlled	Well managed and effective. No material weaknesses noted.
Controlled	Managed and effective. Minor improvements are needed.
Moderate Issues	Requires management focus (at least one of the following criteria are met): ▪ Control weaknesses, but exposure is limited because likelihood of risk occurring is not high. ▪ Control weaknesses, but exposure is limited because impact of the risk is not high.
Significant Improvements Required	Requires immediate management focus: At least one of the following three criteria are met: ▪ Financial adjustments material to line item or area, or to the Department. ▪ Control deficiencies represent serious exposure. ▪ Major deficiencies in overall control structure.

Audit Criteria	Results Summary
1. Human Resources Planning Comprehensive human resources plans are documented, communicated, and understood and are integrated into business plan activities.	Moderate Issues
2 Staffing Processes related to staffing are efficient and comply with relevant legislation and Treasury Board regulations, policies and/or directives.	Moderate Issues
3. Guidance, Tools and Training The necessary tools, training and guidance are provided for HR planning and processes related to staffing.	Controlled
4. Human Resources Staffing Performance Measurement The HR function has developed a performance measurement framework including planned results and performance indicators, which are measured, tracked, reported on, and monitored.	Moderate Issues

Appendix B — Management Action Plan

Recommendations	Management Assessment and Actions	Responsibility	Target Date
1. The DG of HRWMB, should develop a formal departmental HR Planning Framework and related planning tools to formalize an HR planning process throughout the Department, and: a) establish and communicate clear roles, responsibilities and accountabilities among stakeholders with respect to HR Planning and staffing administration and activities; and b) determine and establish a mechanism for monitoring and periodic reporting of operational staffing requests against the HR plans.	The DG of HRWMB agrees with the recommendation. a. Develop and pilot a HR Planning framework with accompanying tools and report on pilot results and engage stakeholders to refine the process. b. Conduct analysis of current state understanding of roles and responsibilities in the planning and staffing continuum and develop communication tools to clarify shared responsibility between the HR team and management clients. c. Leverage the Performance Management Program by including a departmental commitment in executive PMAs clarifying accountabilities and expectations regarding people and resource management. d. Based on lessons learned, mature our HR Planning methodology and practice with development of shared analytics and data between the HR Planning team and Operational staffing delivery team to enable workload management as well as regular tracking and reporting on plans and actuals.	DG, HRWMB	a. June 2021 b. March 2022 c. September 2021 d. March 2022 and ongoing
2. The Chief Financial Officer, in collaboration with the DG of HRWMB, should: a) ensure that accurate and relevant financial data is integrated into the HR planning exercise, including annual and ongoing funding information; and b) ensure that at the sector and direct report level, financial information and advice related to planned salary expenses versus actuals are included as part of the Monthly Financial Situation Reporting exercise.	The CFO agrees with the recommendation. a. Leverage the HR planning process to implement a formal challenge function for the planned staffing included in the HR plans against funding levels and sources of funds. b. Monitor, as part of the Monthly Financial Situation Reporting exercise, Sector and Direct Report planned salary expenses against available annual funding.	Director, Financial Planning and Resource Management	a. March 2022 for the 2022-2023 HR planning cycle b. September 2021

Recommendations	Management Assessment and Actions	Responsibility	Target Date
3. The DG of HRWMB, in collaboration with the Chief Information Officer, should ensure the implementation of the Staffing Tracking System (STS). Pending the implementation of the STS and in conjunction with the program performance framework, the DG of HRWMB should: a) institute a practice to monitor and report on staffing indicators and trends; and b) integrate a client feedback mechanism.	The DG of HRWMB agrees with the recommendation. a. Pursue the design of the STS as a means to establish an automated mechanism to record intake and output and enable measurement of workload, services and reporting. b. Incorporate design features that will allow measurement of aggregate trends (types of staffing requests, staffing requests against HR plan, timeliness, volumes, client feedback, etc.) and initiate the pilot in summer 2022. c. Post design and implementation of the STS, work with CIOB to integrate an automated survey aimed at receiving feedback on staffing process and services.	DG, HRWMB	a. Design: March 2022 and June 2023 b. Pilot: September 2023 c. Post-Design: December 2023
4. The DG of HRWMB should ensure the diligent and consistent utilization of information management controls to ensure the completeness of staffing files.	The DG of HRWMB agrees with the recommendation. Review and update of internal practices, training and monitoring as part of the staffing team's core functions to standardize practices around required documentation.	DG, HRWMB	March 2022 and ongoing
5. The DG of HRWMB should monitor the adherence to the Table of sub-delegation authorities in staffing and report results to the appropriate departmental oversight committee.	The DG of HRWMB agrees with the recommendation. a. During its first year of implementation (2021-2022), the team will continue to accompany managers to understand their role and to adhere to the staffing delegations instrument. b. Monitoring activities are being planned for year 2022-2023 to ascertain trends.	DG, HRWMB	a. March 2022 b. March 2022 and March 2023

Appendix C — Sampling strategy

The audit team used the Human Resources Management System database to determine a population of completed staffing actions for the period of January 1, 2018 to December 31, 2019. 26 out of 54 types of staffing processes were included in the sampling population. A trend analysis for the 26 selected types of staffing processes was done to determine volume and risk, which led to the determination of the number of staffing files (staffing actions) to be selected for each type of staffing process. The audit team then proceeded to the selection of staffing files based on volume, level of risk, and trends, ensuring coverage of sectors and direct reports, branches, and regions.

Sampling Overview		
Total staffing actions between January 1, 2018 and December 31, 2019	5040	
Total types of staffing processes	54	
• Number of sampled types of staffing processes	26	48%
• Number of staffing actions included in the 26 sampled types of staffing processes	4021	80%
• Number of staffing actions sampled from the 4021 total staffing actions – based on judgement	219	5%

Staffing Process	Total staffing actions*	Number of staffing actions sampled	%
Internal Non-Advertised	945	29	3%
External Non-Advertised	132	25	7%
Internal Advertised	267	19	19%
External Advertised	99	7	7%
Other *(Secondment, casual, acting less 4 months, assignment)*	2578	139	5%
TOTAL:	**4021**	**219**	**5%**

From the 26 sampled types of staffing processes

Appendix D — Summary of File Testing Results

File testing covered the period of January 1, 2018 to December 31, 2019

#	ISSUES		DETAILS
1	Could not assess if staffing actions are done in a timely manner against the service standards	188 (89%) files	For most of the files reviewed, the dates on which HR had received all documents (start of the clock for service standards) were not available to the audit team.
2	Articulation of decision found in most of the staffing files	96%	The selection decision must be made in writing and documented. According to audit testing results, out of 73 files tested that required an articulation of decision, 67 (96%) did have the articulation of selection on file.
3	Documents sent after the effective appointment date (temporary staffing processes)	53 (38%) files	It is the responsibility of the sub-delegated manager to ensure documents are sent to HR on time. Issue only observed for temporary staffing processes (Secondment, acting < 4 months, Casual and Assignment).
4	Letters of Offer signed after the effective appointment date	22 (10%) files	For nine of those 22 files, letter of offers were signed more than 10 days after the effective appointment date.
5	Hiring decision made at higher level than required	107 (50,5%) files	Sub-delegation authorities were not respected as per PCH Risk-based Staffing Matrix - it was brought up to a higher level than required. *(Manager's responsibility)*
6	PCH Sub-delegation of HR Authorities at higher level than required	58%	58% of all staffing actions tested were sub-delegated to the DGs and ADMs, leaving only 28% to Directors. This was not aligned with the PSEA, however since then the sub-delegation matrix has been appropriately revised.