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of Canada

Commission de la fonction publique
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PUBLIC
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2012-2013

AUDIT REPORTS



Canada

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AUDIT REPORTS

2012-2013

*All of the audit work in this publication was conducted in accordance
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Introduction

Introduction

- 1.1 The *Public Service Employment Act* (PSEA) gives the Public Service Commission (PSC) exclusive authority to make appointments, based on merit, to and within the public service. The PSEA authorizes the PSC to delegate appointment authorities to the deputy heads of organizations subject to the PSEA. The PSC is ultimately accountable to Parliament for the overall integrity of the staffing system and holds deputy heads accountable for how delegated authorities are exercised in their organizations. As a result, both deputy heads and the PSC are responsible for the overall success of the staffing system.
- 1.2 The PSC has established an oversight framework that provides information on the integrity of the staffing system by examining the different parts of that system. In addition to its regulatory authority and policy-setting function, this framework is comprised of three important feedback mechanisms: monitoring, audits and investigations.
- 1.3 The PSC conducts audits to inform deputy heads and Parliament of whether and how appointments made across the federal public service respect merit. Audit results contribute to deputy heads' understanding of the staffing risks, controls and governance within their respective organizations. Audits also help the PSC meet its mandate to report on and support the integrity of the staffing system. The audits, through a systematic approach, also provide the PSC with information on staffing trends and issues, while contributing to system-wide learning and improved performance.
- 1.4 The following section provides information on the PSC's audit mandate, objectives and methodology used by the PSC in undertaking its audits. These audit reports support the PSC's Annual Report that is tabled in Parliament. A summary of the audit findings from this year can be found in Chapter 4 of the PSC's *Annual Report 2012-2013*.

2012-2013 Audit reports

1.5 This year, the PSC completed audits of the following 12 organizations:

- Registry of the Competition Tribunal
- Canadian Intergovernmental Conference Secretariat
- Patented Medicine Prices Review Board
- Office of the Commissioner for Federal Judicial Affairs Canada
- Office of the Secretary to the Governor General
- Canadian Transportation Agency
- Canadian Environmental Assessment Agency
- Canada School of Public Service
- Public Service Commission of Canada
- Department of Finance Canada
- Industry Canada
- Department of National Defence

1.6 As noted, the PSC itself was audited this year. Like all organizations under the PSEA that have a signed Appointment Delegation and Accountability Instrument (ADAI), the PSC is included in its own seven-year Audit Plan. A number of measures were put in place to mitigate possible conflicts of interest in the scope of the audit, the performance of the work and the communication of the results. These measures included:

- The President of the PSC, as the deputy head responsible for the management and operations of the PSC, removing herself from any discussion or governance around the conduct of the audit;
- The PSC Commissioners assuming the overall governance and oversight responsibility for the conduct of the audit;
- The establishment of an independent committee, made up of three senior public servants from outside the PSC with a range of experience in audit and HR, to provide feedback and advice to the Commissioners on the conduct of the audit;
- As a further measure to assure objectivity, the establishment of a contract with a private sector firm specializing in audits to independently review the quality of the audit; and
- A senior public servant from outside the Commission with experience in human resources participated in reviewing the action plan that the organization developed to address the audit observations and in the elaboration of recommendations to the Commission on whether or not to impose additional terms and conditions to delegation.

Selection of audits

- 1.7 The PSC Audit Plan outlines the departments and agencies that are to be audited in 2013-2014 and 2014-2015 (refer to Appendix 5 of the PSC's *Annual Report 2012-2013*). To ensure a balanced view of staffing in the federal public service, a mix of organizations is selected based on size and identified risks.

Mandate and authorities

- 1.8 In accordance with the PSC's authorities under the PSEA, Section 17 authorizes the PSC to conduct audits on any matter within its jurisdiction. In addition, Section 18 provides the PSC with the powers of commissioners under Part I of the *Inquiries Act* when conducting these audits.
- 1.9 Section 135 of the PSEA requires deputy heads and employees to provide the PSC with facilities, assistance, information and access to their respective offices, as required, to conduct its audits.

Audit objectives and criteria

- 1.10 The objectives of each of the audits were to determine whether the organization had an appropriate framework, systems and practices in place to manage its appointment activities; and to determine whether appointments and appointment processes in the organization complied with the PSEA, the *Public Service Employment Regulations* (PSER), the PSC Appointment Framework and related organizational appointment policies.
- 1.11 The audit objectives are supported by the following seven audit criteria, drawn from, among others, the PSEA, the PSER and the PSC Appointment Framework. See **Table 1** below.

Audit approach

- 1.12 While conducting its audits, the PSC carries out a number of standard audit activities, such as the following:
- Interviews with HR advisors and managers involved in appointment activities, bargaining agent representatives and any other party who is identified as having relevant information;
 - Reviews of organizational documentation regarding plans, policies, programs, communications and reports with respect to the staffing framework; and
 - Examination of appointment process documentation.



Table 1: Public Service Commission audit criteria

The *Public Service Employment Act* and the Public Service Commission's delegated authorities

- The organizational sub-delegation instrument is in place, is well managed and communicated across the organization.

Appointment policies

- The organization has established appointment policies and criteria compliant with the PSEA, the PSER and the PSC Appointment Framework.

Planning for staffing

- The staffing strategies address the priorities of senior management. Strategies are communicated, monitored and adjusted when required.

Capacity to deliver

- Those who have been assigned a role in appointment processes are informed of their responsibilities and have the support to carry out this role.

Monitoring

- The organization has mandatory monitoring in place as outlined in the PSC Appointment Framework and adjusts practices accordingly.

Compliance – Merit

- Appointments and appointment processes respect merit.

Compliance – Other requirements

- Appointments and appointment processes respect other PSEA requirements, the PSER and the PSC Appointment Framework and related organizational appointment policies.

- 1.13 When examining appointments, the PSC reviews a representative sample or, in the case of small organizations, a census of appointments. The samples are designed to focus on risk. Of the 12 audits undertaken in 2012-2013, four organizations had fewer than 20 appointments during the examination period. As a result, a census of all of their appointments was reviewed. For all other audits, a representative sample was selected based on the PSC's organizational risk assessment. Further details on samples are provided in each audit.

Audit scope

- 1.14 The audits conducted in 2012-2013 include a variety of large, medium, small and micro-sized organizations. The audit scope, as well as the number of appointment activities chosen, is selected for each audit to reflect the PSC's organizational risk assessment, as well as the size of the organization. Furthermore, the audit period, which may range from less than a year to two or more years, is influenced by the organizational context; this includes, for example, the results of a recent internal audit, changes to senior management or the transformation of the organization's HR delivery model.

Reliance

- 1.15 When applicable, audit activities may include reliance on the organization's internal reviews or audits. Prior to establishing audit reliance on the information produced by an organization, the PSC will assess the results to ensure that the work completed by the organization meets the PSC's audit standards and includes sufficient and appropriate evidence. This year, the PSC has successfully established reliance on the internal *Audit of Integrated Human Resources Planning* and the review of appointment files completed by the Department of Finance Canada.

After an audit

- 1.16 Once completed, audit reports are forwarded to the deputy head of the organization being audited. Where appropriate, recommendations are included in the audits to help organizations address issues and make improvements to their staffing practices. Two actions generally follow: the deputy head responds to the recommendations and develops an action plan with the support of the PSC; and the PSC determines whether it is satisfied with the response and action plan, or whether additional action is required. Depending on the issues raised, the PSC may take additional action, including working with the organization to address the issues or imposing additional terms and conditions to the delegation to these organizations.

- 1.17 Further to the 2012-2013 organizational audits, the deputy heads of departments and agencies audited this year have provided the PSC with an action plan in response to the audit recommendations. For all organizations (12) audited in 2012-2013, the PSC will monitor actions taken in follow-up to the audit recommendations, as applicable, through its regular monitoring activities. Based on the monitoring of the implementation of audit recommendations, the PSC may conduct follow-up audits, as needed. A list of departments and agencies operating with additional terms and conditions to delegation imposed in previous years is provided in Appendix 4 of the PSC's *Annual Report 2012-2013*.
- 1.18 The PSC will refer to deputy heads those internal appointment files in which issues have been found, to ensure that appropriate action is taken, as required. For external appointments, or if there are indicators of fraud or political influence in either internal or external processes, the appointments will be referred to the Investigations Branch of the PSC to determine whether an investigation is warranted. The PSC will monitor these files to ensure that appropriate action is taken.

Audit of the Registry of the Competition Tribunal

- 2.1 This audit covers the Registry of the Competition Tribunal (the Registry)'s appointment activities for the period between April 1, 2010, and July 13, 2012. The objectives of the audit were to determine whether the Registry had an appropriate framework, practices and systems in place to manage its appointment activities and whether appointments and appointment processes complied with the *Public Service Employment Act* (PSEA), the *Public Service Employment Regulations* (PSER), the Public Service Commission (PSC) Appointment Framework and related organizational appointment policies.
- 2.2 The *Competition Tribunal Act* provides for an administrative infrastructure in support of the workings of the Competition Tribunal, established in 1986, through the Registry. The Registry provides all administrative support required by the Competition Tribunal for the hearing and disposition of all applications. The Registry also responds to all requests for information by the legal community, researchers and the public on the status of cases, the Rules of Procedure and its case law.
- 2.3 The Registry is a micro-organization and had eight employees as of March 31, 2012. The Registry performed very few appointment activities over a span of several years, and only one, managed by the Registrar, during the period covered by our audit. Given this scope, the Registry had simplified planning and monitoring processes that primarily focused on short-term vacancy management. Therefore, the audit team did not audit staffing strategies to determine whether these strategies described planned organizational staffing priorities and how and when they were achieved.
- 2.4 Furthermore, the Registry does not have its own human resources (HR) unit. From December 6, 2010, to March 31, 2011, the Registry had a Memorandum of Understanding (MOU) with the PSC's Staffing and Assessment Services Branch as their service provider for staffing services and HR advice. However, the Registry did not renew its MOU with the service provider for the remaining period covered by the audit.

Observations on the Appointment Framework

The Public Service Employment Act and the Public Service Commission's delegated authorities

A sub-delegation process was in place, but conditions for sub-delegation were not met.

- 2.5 The PSC has the exclusive authority to make appointments to and within the public service as per the PSEA. 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 communicated across the organization.
- 2.6 During the period covered by the audit, the Registrar formally accepted the delegation of appointment authorities by the PSC and had full authority through the signing of an Appointment Delegation and Accountability Instrument (ADAI). As encouraged in the Preamble to the PSEA, the Registrar sub-delegated appointment and appointment-related authorities to the lowest managerial level possible within the organization; however, given the small size of the organization, the Registrar retained sole authority to make indeterminate appointments.
- 2.7 As per the ADAI, the Registrar must ensure that sub-delegated managers have access to the necessary training and to an HR advisor whose expertise in the Appointment Framework has been validated by the PSC. Sub-delegated managers must also have access to the ADAI and a clear description of their roles and responsibilities in relation to the appointment and appointment-related authorities being sub-delegated to them.
- 2.8 We found that the Registrar established and communicated a sub-delegation instrument that clearly defined the roles, responsibilities and accountabilities of sub-delegated managers in relation to appointment and appointment-related authorities. However, the sub-delegated managers did not exercise their appointment and appointment-related authorities during the period covered by the audit, and the only appointment carried out within the scope of the audit was performed by the Registrar. We also found that the Registry did not have access to an HR advisor when the only appointment during the scope of the audit occurred. **Refer to Recommendation 1 at the end of the report.**

Appointment policies

Mandatory appointment policies were not established and communicated as prescribed.

- 2.9 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 appointment processes. The PSC also expects other appointment policies that organizations develop to be compliant with the PSEA, the PSER and the PSC Appointment Framework.

- 2.10 We found that the Registry did not have its own policy on corrective action and revocation. However, during the period covered by the audit, there were no incidences of corrective action or revocation and, therefore, this observation was not material.
- 2.11 The Registry established its own policy on area of selection. We found that the minimum area of selection and area of recourse established by the Registry was limited to the organization, which had only eight employees. Given this restriction, this policy was not aligned with PSC requirements to always have a reasonable pool of potential candidates or reasonable right to recourse. However, in the one appointment audited, the Registry went beyond the requirements of their policy and provided an area of recourse for persons employed in the federal public service occupying a position in the National Capital Region.
- 2.12 We also found that the mandatory criteria for the use of non-advertised appointment processes were not fully aligned with the requirements of the PSC Appointment Framework. The Registry's *Policy for Non-Advertised Processes* stated that a written rationale should include the reasons for choosing a non-advertised appointment process and must be placed in the file; however, this guidance was not aligned with the PSC policy on choice of appointment process. In addition to requiring a written rationale, the PSC policy requires that the reasons given by the sub-delegated manager be specific in demonstrating how the choice of using a non-advertised process meets the established organizational criteria as well as the appointment values. In the one appointment audited, which was a non-advertised process, the Registry did not provide this written rationale.
- 2.13 In addition, the Registry was unable to demonstrate that the mandatory policies were communicated to its managers, employees and bargaining agents during the period covered by the audit. **Refer to Recommendation 2 at the end of the report.**

Monitoring

The Registry had no staffing issues to report.

- 2.14 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 Appointment Framework and adjust practices accordingly.
- 2.15 During the period covered by the audit, the Registry did not report to the PSC on the mandatory monitoring as required. However, based on the PSC's mandatory monitoring requirements, the Registry did not have any appointments and appointment processes on which to report.

Observations on compliance

The appointment met merit.

- 2.16 The PSEA establishes that all appointments must 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, operational requirements and organizational needs established by the deputy head.
- 2.17 We found that, in the one appointment audited, merit was met.

Recommendations

1. The Registrar of the Registry of the Competition Tribunal should ensure that sub-delegated managers have access to a human resources advisor when exercising their appointment and appointment-related authorities.
2. The Registrar of the Registry of the Competition Tribunal should establish and communicate an organizational policy on corrective action and revocation, and update and communicate its policy on area of selection and the criteria for the use of non-advertised appointment processes to ensure that they are aligned with the requirements of the Public Service Commission Appointment Framework.

Conclusion

- 2.18 The first objective of the audit was to determine whether the Registry had an appropriate framework, practices and systems in place to manage its appointment activities. We found that the Registry established a sub-delegation instrument that clearly defined roles, responsibilities and accountabilities of those in the appointment process. In addition, although conditions for sub-delegation and appointment policies were not aligned with the requirements of the PSC Appointment Framework, given the small size of the organization, the impact of these observations was not material.
- 2.19 The second objective was to determine whether appointments and appointment processes complied with the PSEA, the PSER, the PSC Appointment Framework and related organizational policies. We found that, in the one appointment audited, merit was met. However, the Registry did not provide a written rationale to demonstrate how the non-advertised process met the established criteria and the appointment values, as per the requirements of the PSC *Choice of Appointment Process Policy* and the Registry's organizational policy on non-advertised processes.

Action taken by the Public Service Commission

The PSC systematically reviews audit information as well as an organization's management response and associated action that it has taken or will take in response to the audit results and recommendations to determine whether any action should be taken by the PSC. As a result of this review, the PSC is satisfied with the Registry's management response and the actions it has taken or has committed to take in response to the audit results and recommendations. The PSC will monitor the implementation of the Registry's action plan and its staffing performance through its regular monitoring activities, including the annual Departmental Staffing Accountability Report.

Overall response by the Registry of the Competition Tribunal

Following the recommendations of the PSC, the Registry of the Competition Tribunal has developed an action plan and has committed to improving its practices, including the review of its mandatory appointment policies to be compliant with the PSEA, the PSER and the PSC Appointment Framework and also to ensure that the conditions of sub-delegation are met. The Registry of the Competition Tribunal is engaged in a successful implementation of the recommendations.

Audit of the Canadian Intergovernmental Conference Secretariat

- 3.1 This audit covers the Canadian Intergovernmental Conference Secretariat (CICS)'s appointment activities for the period between April 1, 2011, and March 31, 2012, as well as appointments carried out from April 1, 2010, to August 31, 2012. The objectives of the audit were to determine whether the CICS had an appropriate framework, practices and systems in place to manage its appointment activities and whether appointments and appointment processes complied with the *Public Service Employment Act* (PSEA), the *Public Service Employment Regulations* (PSER), the Public Service Commission (PSC) Appointment Framework and related organizational appointment policies.
- 3.2 The mandate of the CICS is to provide the administrative services needed to plan and host high-level intergovernmental conferences. Given that it is an intergovernmental organization, the federal and provincial governments contribute to its direction, funding and staffing, making the Secretariat an impartial organization that serves 14 governments (federal, provincial and territorial).
- 3.3 The CICS is a micro organization with about 20 persons employed under the PSEA. According to the CICS, one of its human resources (HR) challenges is the safeguarding of corporate memory relative to practices and protocols for intergovernmental conferences. The CICS says that its work depends greatly on the expertise and knowledge of its staff.
- 3.4 During the period covered by our audit, the CICS did not have its own HR unit. The organization had therefore signed a memorandum of understanding (MOU) with Public Works and Government Services Canada (PWGSC)'s Shared Human Resources Services (SHRS) to provide staffing services. Although the CICS used a service provider for its staffing activities, the Secretariat was ultimately responsible for the appointments made within its organization.
- 3.5 The organization carried out six appointments over the audit period.¹ As part of our audit, we conducted interviews, analyzed relevant documentation and audited all six of these appointments.

¹ One of the appointments examined was made outside the MOU with PWGSC's SHRS.

Observations on the Appointment Framework

The Public Service Employment Act and the Public Service Commission's delegated authorities

A sub-delegation instrument was in place.

- 3.6 The PSC has the exclusive authority to make appointments to and within the public service as per the PSEA. 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 communicated across the organization.
- 3.7 In December 2005, the PSC signed an Appointment Delegation Accountability Instrument (ADAI) with the Secretary of the CICS. By signing the ADAI, the Secretary was vested with full delegated authority.
- 3.8 We found that monitoring mechanisms for the sub-delegation process were in place. The CICS maintains a list of its sub-delegated managers. We noted that, in all audited appointments, the letter of offer had been signed by a manager who had the appropriate sub-delegated authority at the time of the appointment.
- 3.9 The deputy head of the CICS had put in place a staffing authority sub-delegation instrument, in compliance with the ADAI, authorizing sub-delegated managers to make appointments on the deputy head's behalf. We noted that the instrument set out the conditions that the sub-delegated managers were required to meet before being given staffing authority. These included the requirement to take training, but did not specify what kind. We also found that the persons sub-delegated at the CICS had received training on the essentials of managing in the public service which did not focus specifically on the Appointment Framework. In May 2013, the sub-delegation instrument was revised to specify the mandatory training required in order to meet the sub-delegation conditions.

Appointment policies

Mandatory appointment policies and criteria were in place.

- 3.10 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 appointment processes. The PSC also expects other appointment policies that organizations develop to be compliant with the PSEA, the PSER and the PSC Appointment Framework.
- 3.11 We found that the CICS had put in place mandatory policies for area of selection, corrective action and revocation, as well as criteria for the use of non-advertised appointment processes. These policies and criteria were communicated to all employees and were available on the organization's intranet site.

- 3.12 We found, however, that the CICS had not revised its area of selection policies and criteria for the use of non-advertised appointment processes to include the value of representativeness, as required by the PSC Appointment Framework. In February 2013, the CICS updated its area of selection policies and criteria for the use of non-advertised appointment processes to ensure their compliance.

Planning for staffing

Staffing strategies supported planned staffing priorities.

- 3.13 Organizational staffing strategies describe planned organizational staffing priorities and how and when they will be achieved. The PSC expects deputy heads to establish staffing strategies to address the priorities of senior management. The PSC also expects staffing priorities and strategies to be communicated, monitored and adjusted, when required.
- 3.14 During the period covered by our audit, we found that the CICS had developed a staffing plan for the 2010-2011, 2011-2012 and 2012-2013 fiscal years. To support its priorities, the CICS had put in place at least one staffing strategy indicating the positions to be staffed.
- 3.15 The organization monitored the results of its staffing strategies by gap analysis. This analysis showed anticipated and actual outcomes by staffing strategy.
- 3.16 We found that, over the audit period, these strategies had not been communicated to employees as specified in the Staffing Management Accountability Framework. In February 2013, the CICS communicated its staffing strategies to all employees.

Capacity to deliver

Staffing roles, responsibilities and accountabilities were defined.

- 3.17 The PSC expects deputy heads to ensure that those who have been assigned a role in appointment processes have been informed of their responsibilities and have the support to carry out this role.
- 3.18 We found that the roles, responsibilities and accountabilities were defined, documented and communicated in the staffing authority sub-delegation instrument. We also found that the sub-delegated managers were committed to being held responsible for staffing decisions when they accepted their sub-delegated authority.
- 3.19 The sub-delegated managers had access, through their service provider, to the services of HR advisors whose knowledge in the PSC Appointment Framework had been validated by the PSC. Furthermore, the MOU signed with the SHRS specifies that the role of HR advisors is to provide advice and guidance, as well as challenge function to CICS managers.

Monitoring

Monitoring activities were carried out, but control mechanisms at the appointment level were insufficient.

- 3.20 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 Appointment Framework and adjust practices accordingly.
- 3.21 We found that the CICS conducted the mandatory monitoring required by the PSC appointment policies such as: acting appointments over 12 months; appointments of casual workers to term or indeterminate status through non-advertised processes; and appointments to the Executive through non-advertised processes.
- 3.22 The CICS indicated that appointment decisions were monitored by its service provider. According to the MOU, PWGSC's SHRS was to monitor appointment compliance, and ensure that staffing files were properly documented by using a checklist. The effectiveness of this monitoring was not evident as we found compliance issues in a number of appointments audited.
- 3.23 Specifically, we found a situation where candidate screening had not been properly carried out. This practice jeopardizes the values of fairness and access. We also found situations where the statement of merit criteria was not identical in both official languages. When certain merit criteria are communicated differently in one language than in the other, the values of fairness, access and transparency may not be respected, as not all potential applicants may choose to apply or persons in the area of selection may not avail themselves of their proper recourse rights. **Refer to Recommendation 1 at the end of this report.**

Observations on compliance

Merit was met in the majority of appointments audited.

- 3.24 The PSEA establishes that all appointments must 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, operational requirements and organizational needs established by the deputy head.
- 3.25 We found that merit was met in four out of the six appointments audited. However, merit was not demonstrated in two of the appointments audited.² In one case, the assessment tool used for the appointment did not assess all of the appointment criteria. In the other, the assessment of the person appointed was not applied as per the tool. **Table 1** provides a summary of our observations concerning merit for the appointments audited. **Table 2** provides a further breakdown of the reasons for which merit was not demonstrated. **Refer to Recommendation 1 at the end of this report.**

² One of the appointments examined was made outside the MOU with PWGSC's SHRS.

Priority persons may not have received proper consideration.

- 3.26 The PSEA and the PSER provide an entitlement, for a limited period, for certain persons who meet specific conditions to be appointed in priority to others. The organization must take into consideration persons with priority entitlements, and must also obtain a priority clearance from the PSC before making an appointment.
- 3.27 We found that, in the two appointment processes audited, the essential qualifications used to obtain priority clearance did not match those used to make the appointment decision. These situations could have had an impact on the consideration of priority persons. This practice is contrary to PSC requirements and may have put at risk the values of access and transparency. **Refer to Recommendation 2 at the end of this report.**

Recommendations

1. The Secretary of the CICS should improve and enhance its control mechanisms at the transactional level. This would enable the Secretary to ensure that appointments are made in accordance with Public Service Commission requirements, that they are well documented and that actions are taken when shortcomings are identified.
2. The Secretary of the CICS should ensure that each request for priority clearance includes accurate and complete information for each appointment.

Conclusion

- 3.28 We concluded that the CICS had a framework in place to manage its appointment activities. We found that the CICS's staffing strategies supported planned staffing priorities. We also found that a sub-delegation instrument as well as mandatory appointment policies and criteria were in place and that roles, responsibilities and accountabilities were defined. We found that monitoring activities were carried out, however, improvement was required.
- 3.29 We also concluded that merit was met in four of the appointments audited, but was not demonstrated in two others. We found instances where the statement of merit criteria was not identical in both official languages. Lastly, we identified situations where essential qualifications listed in the request for priority clearance did not match those used to make the appointment decision.

Action taken by the Public Service Commission

The PSC systematically reviews audit information as well as an organization's management response and associated action that it has taken or will take in response to the audit results and recommendations to determine whether any action should be taken by the PSC. As a result of this review, the PSC is satisfied with the CICS's management response and the actions it has taken or has committed to take in response to the audit results and recommendations. The PSC will provide advice and guidance to the CICS in implementing several elements of its action plan. The PSC will monitor the implementation of the CICS action plan on a quarterly basis and its staffing performance through its regular monitoring activities, including the annual Departmental Staffing Accountability Report.

Overall response by the Canadian Intergovernmental Conference Secretariat

The CICS accepts the observations and recommendations of the PSC and commits to remedy in due time and in a rigorous manner the weaknesses identified in the report. The CICS takes the utmost care to ensure that staffing in the federal public service is based on values aimed to build an organization that is competent, non-partisan and based on merit. The respect of these values is the cornerstone of audits performed by the PSC. The Secretary of CICS promotes continued adherence to these values within the organization.

The CICS has already begun taking measures to assure complete compliance with Public Service Employment Act and with all the appointment-related policies and practices. In addition, we will work with our service provider to implement the recommendations of the PSC. This commitment is underlined in the Action Plan and will be communicated to the personnel of CICS and to employees of our service provider. The CICS senior management will continue to work with its service provider regarding certain measures concerning the application of merit, and on the importance of documenting appointment decisions to ensure the implementation of the recommendations made in the report.

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. | 4 |
| Merit was not met | The person appointed failed to meet one or more of the essential qualifications or other applicable merit criteria identified. | 0 |
| Merit was not demonstrated | Assessment tools or methods did not demonstrate that the person appointed met the identified requirements. | 2* |
| Total appointments audited | | 6 |

Source: Audit and Data Services Branch, Public Service Commission

* One of the appointments examined was made outside the MOU with PWGSC's SHRS.

Table 2: Observations on merit not demonstrated

| Merit was not demonstrated | Reasons for merit not demonstrated | | | |
|----------------------------|------------------------------------|--|--|--|
| | No assessment performed | Assessment tool did not evaluate all of the appointment criteria | Assessment was not applied as per tool | Organization was unable to provide documentation that supports merit |
| Total | 0 | 1 | 1 | 0 |

Source: Audit and Data Services Branch, Public Service Commission

Audit of the Patented Medicine Prices Review Board

- 4.1 This audit covers the Patented Medicine Prices Review Board (PMPRB)'s appointment activities for the period between December 1, 2011, and December 1, 2012. The objectives of the audit were to determine whether the PMPRB had an appropriate framework, practices and systems in place to manage its appointment activities and whether appointments and appointment processes complied with the *Public Service Employment Act* (PSEA), the *Public Service Employment Regulations* (PSER), the Public Service Commission (PSC) Appointment Framework and related organizational appointment policies.
- 4.2 The PMPRB is an independent quasi-judicial body established by Parliament in 1987 under the *Patent Act*. The PMPRB's roles are to ensure that prices charged by patentees for patented medicines sold in Canada are not excessive and to report on pharmaceutical trends of all medicines and on research and development spending by pharmaceutical patentees.
- 4.3 The organization consisted of 56 employees as of March 31, 2012, and carried out 7 staffing appointments between December 1, 2011, and December 1, 2012. As part of our audit, we conducted interviews with key stakeholders, analyzed relevant documentation and audited all seven of the PMPRB's appointments.
- 4.4 The PMPRB reported that, as the result of a spending review, it undertook a workforce adjustment exercise within the organization. As a result, PMPRB's focus was primarily on the workforce adjustment exercise during the period covered by the audit. Therefore, the audit team did not audit staffing strategies to determine whether these strategies described planned organizational staffing priorities and how and when they were achieved.

Observations on the Appointment Framework

The Public Service Employment Act and the Public Service Commission's delegated authorities

A sub-delegation instrument was in place, but the Patented Medicine Prices Review Board was unable to provide assurance that managers met required conditions for sub-delegation.

- 4.5 The PSC has the exclusive authority to make appointments to and within the public service as per the PSEA. 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 communicated across the organization.
- 4.6 During the period covered by the audit, the Chairperson of the PMPRB formally accepted the delegation of appointment authorities by the PSC and had full delegated authority through the signing of an Appointment Delegation and Accountability Instrument (ADAI).
- 4.7 The Chairperson of the PMPRB approved an instrument to sub-delegate appointment authorities to managers and communicated it to all employees. In order to become sub-delegated, a manager had to occupy a designated sub-delegated position, meet identified competencies, complete the mandatory training, receive a staffing sub-delegation letter signed by the Chairperson and accept the conditions of sub-delegation in writing.
- 4.8 We found that the PMPRB was unable to demonstrate whether managers met all the conditions of sub-delegation prior to receiving their sub-delegation. For example, the organization was unable to demonstrate whether two out of the six managers completed the mandatory training. As well, we found that the PMPRB was unable to confirm effective dates of sub-delegation for four of them. As a result, in five out of the seven appointments audited, letters of offer were signed by managers for whom the PMPRB could not demonstrate that they met conditions of sub-delegation. **Refer to Recommendation 1 at the end of this report.**

Appointment policies

Mandatory appointment policies and criteria were in place, but shortcomings were identified.

- 4.9 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 appointment processes. The PSC also expects other appointment policies that organizations develop to be compliant with the PSEA, the PSER and the PSC Appointment Framework.
- 4.10 We found that that the Chairperson of the PMPRB established the mandatory appointment policies for corrective action and revocation and criteria for the use of non-advertised appointment processes. These policies and criteria complied with the PSC Appointment Framework.

- 4.11 We also found that the PMPRB established, communicated and made the mandatory policies and criteria for the use of non-advertised appointment processes accessible to employees.
- 4.12 However, we found that the PMPRB *Policy on Area of Selection* was not compliant with the *PSC Area of Selection Policy* requirement to provide reasonable area of recourse for internal non-advertised appointments. We found that the PMPRB minimum area of recourse for internal non-advertised appointments did not always provide the required recourse opportunities. This is illustrated in one appointment audited where the minimum area of recourse was used but was not broad enough to consider other employees within the organization. This restriction had an impact on the values of transparency and access.
- 4.13 In addition, the PMPRB did not ensure that the lifeline provisions in place for Veterans Affairs and the National Energy Board, within this policy, were aligned with the PSC requirements.
- 4.14 Finally, we found that the PMPRB had approval practices for mandatory policies; however, they were not formally and consistently applied. Having this formal approval would support the Chairperson of the PMPRB in validating that the organization was complying with the requirements of the ADAI to establish a management framework based on the Staffing Management Accountability Framework provided by the PSC. **Refer to Recommendation 2 at the end of this report.**

Capacity to deliver

Roles, responsibilities and accountabilities were clearly defined, but not always carried out adequately.

- 4.15 The PSC expects deputy heads to ensure that those who have been assigned a role in appointment processes have been informed of their responsibilities and have the support to carry out this role.
- 4.16 We found that the Chairperson of the PMPRB clearly defined the roles, responsibilities and accountabilities of sub-delegated managers and human resources (HR) advisors in relation to appointment and appointment-related authorities. We found that sub-delegated managers had access to HR advisors whose knowledge had been validated by the PSC, and that HR was involved throughout each appointment process.
- 4.17 However, despite the requirement by the Chairperson of the PMPRB for consultation between sub-delegated managers and HR advisors when undertaking an appointment process, we found that this consultation process was not always successful in producing the intended results. For example, we noted that merit had not been met or demonstrated in three out of seven of audited appointments and that priority persons did not always receive proper consideration. **Refer to Recommendation 3 at the end of this report.**

Monitoring

Some monitoring activities were conducted, but appointments were not monitored.

- 4.18 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 Appointment Framework and adjust practices accordingly.
- 4.19 The PMPRB has conducted the mandatory monitoring outlined in PSC policies; however, we found that the PMPRB did not monitor, at the transactional level, compliance of staffing decisions with the PSC Appointment Framework. As a result, the PMPRB was not always effective in ensuring that appointment and appointment-related decisions adhered to the PSEA and the PSC Appointment Framework. **Refer to Recommendation 3 at the end of this report.**

Observations on compliance

Merit was demonstrated in more than half of the appointments audited.

- 4.20 The PSEA establishes that all appointments must 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, operational requirements and organizational needs established by the deputy head.
- 4.21 We found that merit was met in four out of seven appointments, merit could not be demonstrated in two out of seven appointments and merit was not met in one out of seven appointments. The main causes of merit not being demonstrated were weaknesses in the application of the assessment tools, the assessment of the appointee being performed after the appointment date and the organization not being able to provide sufficient information to conclude on merit. **Table 1** provides a summary of our observations concerning merit for the appointments audited. **Table 2** provides a further breakdown of the reasons for which merit was not demonstrated.
- 4.22 We also found in the two appointments where merit was not demonstrated that the rationale for the choice of non-advertised internal appointment processes did not allow to validate that proper consideration was given to potential applicants.
- 4.23 Finally, in the appointment for which merit was not met, we found that the candidate did not obtain one of the established pass marks in the assessment of essential qualifications. **Refer to Recommendation 3 at the end of this report.**

Priority persons did not always receive proper consideration.

- 4.24 The PSEA and the PSER provide an entitlement, for a limited period, for certain persons who meet specific conditions to be appointed in priority to others. The organization must take into consideration persons with priority entitlements, and must also obtain a priority clearance from the PSC before making an appointment.
- 4.25 All seven audited appointments were required to consider priority persons and obtained priority clearance from the PSC prior to proceeding with appointments.
- 4.26 Using the authorization flowing from the PSEA, organizations can obtain clearance from the PSC to not consider priority persons in those instances where appointing a priority person would result in the creation of a priority entitlement for another employee. This was used in four appointments that resulted in promotions for all appointees. However, in two of these appointments, we found that the PMPRB did not follow through with the reasons used to obtain the priority clearance from the PSC. **Refer to Recommendation 4 below.**

Recommendations

1. The Chairperson of the Patented Medicine Prices Review Board should ensure that managers are sub-delegated according to organizational requirements as expressed in the sub-delegation instrument.
2. The Chairperson of the Patented Medicine Prices Review Board should review its *Policy on Area of Selection* to align it with the Public Service Commission Appointment Framework.
3. The Chairperson of the Patented Medicine Prices Review Board should ensure the provision of sound support to sub-delegated managers to assist them in demonstrating respect for the values and expectations set out in the *Public Service Employment Act* in the appointment processes.
4. The Chairperson of the Patented Medicine Prices Review Board should ensure that priority clearance requests contain accurate and complete information and that sub-delegated managers give proper consideration to persons with priority entitlement before making an appointment.

Conclusion

- 4.27 The first objective of the audit was to determine whether the PMPRB had an appropriate framework, practices and systems in place to manage its appointment activities. We found that the PMPRB had established the PSC's mandatory policies; however, the PMPRB's policy on area of selection was ineffective. We found that the roles, responsibilities and accountabilities of those in the appointment process were clearly defined but not always carried out adequately. Finally, we found that conditions of sub-delegation could not be demonstrated and that monitoring of appointments was not undertaken.
- 4.28 The second objective was to determine whether appointments and appointment processes complied with the PSEA, the PSER, the PSC Appointment Framework and related organizational policies. We found that merit was met in four out of seven, merit was not demonstrated in two out of seven and merit was not met in one out of seven audited appointments and appointment processes. In the two internal appointments where merit was not demonstrated, the rationale for the choice of non-advertised appointment processes did not allow to validate that proper consideration was given to potential applicants. Also, merit was not met in one appointment process because the appointee did not meet all essential qualifications. We also found that priority persons were not always given proper consideration in the appointment process.

Action taken by the Public Service Commission

The PSC systematically reviews audit information as well as an organization's management response and associated action that it has taken or will take in response to the audit results and recommendations to determine whether any action should be taken by the PSC. As a result of this review, the PSC is satisfied with the PMPRB's management response and the actions it has taken or has committed to take in response to the audit results and recommendations. The PSC will monitor the implementation of PMPRB's action plan and its staffing performance through its regular monitoring activities, including the annual Departmental Staffing Accountability Report.

Overall response by the Patented Medicine Prices Review Board

In view of the findings and recommendations brought forth, PMPRB is committed to improving its staffing practices and will consult with the PSC in developing monitoring tools. The PMPRB has developed a detailed action plan and will implement it to ensure that audit recommendations are addressed. Some actions are under way. For example, in April 2013, staffing authorities have been restricted to the Chairperson and the Executive Director. The Chairperson will consider sub-delegating the Directors once she is satisfied that staffing practices and decisions are aligned with the Public Service Employment Act and core guiding values. It should be noted that 100% of our appointments were audited and that merit was met for 57% of them. The PMPRB is in agreement with all of the PSC's recommendations and is committed to addressing them.

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. | 4 |
| Merit was not met | The person appointed failed to meet one or more of the essential qualifications or other applicable merit criteria identified. | 1 |
| Merit was not demonstrated | Assessment tools or methods did not demonstrate that the person appointed met the identified requirements. | 2 |
| Total appointments audited | | 7 |

Source: Audit and Data Services Branch, Public Service Commission

Table 2: Observations on merit not demonstrated

| Merit was not demonstrated | Reasons for merit not demonstrated | | | |
|----------------------------|------------------------------------|--|--|--|
| | No assessment performed | Assessment tool did not evaluate all of the appointment criteria | Assessment was not applied as per tool | Organization was unable to provide documentation that supports merit |
| Total | 1 | 0 | 0 | 1 |

Source: Audit and Data Services Branch, Public Service Commission

Audit of the Office of the Commissioner for Federal Judicial Affairs Canada

- 5.1 This audit covers the Office of the Commissioner for Federal Judicial Affairs Canada (FJA)'s appointment activities for the period between April 1, 2011, and March 31, 2012. The objectives of the audit were to determine whether FJA had an appropriate framework, practices and systems in place to manage its appointment activities and whether appointments and appointment processes complied with the *Public Service Employment Act* (PSEA), the *Public Service Employment Regulations* (PSER), the Public Service Commission (PSC) Appointment Framework and related organizational appointment policies.
- 5.2 FJA was established in 1978 under the *Judges Act*. Its mandate is to support and safeguard judicial independence through a wide variety of services provided to Canada's judiciary. As of March 2012, FJA had 62 full-time equivalents in its workforce. FJA's environment is complex, due in part to the small size of its organization, the range of services it provides (compensation, benefits, language training, legal publishing, etc.) and the large number of clients it serves.
- 5.3 According to FJA, the principal risk that the organization faces, from a human resources (HR) perspective, is the loss of expertise and corporate memory from the retirement of long-serving, experienced staff. As with most government organizations, the short- and medium-term retirement of managers and employees may exacerbate FJA's vulnerability. FJA indicated that, although efforts have been made to develop succession plans, there is a shortage of skilled resources available in the staffing marketplace suitable for its activities.
- 5.4 FJA carried out 11 appointments during the period covered by our audit. As part of our audit, we conducted interviews, analyzed relevant documentation and audited these 11 appointments.

Observations on the Appointment Framework

The Public Service Employment Act and the Public Service Commission's delegated authorities

A sub-delegation instrument was established.

- 5.5 The PSC has the exclusive authority to make appointments to and within the public service as per the PSEA. 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 communicated across the organization.
- 5.6 In August 2011, the Commissioner of FJA signed an Appointment Delegation and Accountability Instrument (ADAI) with the PSC. Before August 2011, the acting commissioner also had a valid ADAI with the PSC. Both Commissioners had full delegated appointment and appointment-related authorities during the period covered by our audit. The ADAI was communicated to sub-delegated managers, but not to employees or bargaining agents. However, at the end of the audit, FJA did communicate its ADAI to employees and bargaining agents.
- 5.7 We found that FJA had an official sub-delegation instrument authorizing sub-delegated managers to make appointments on the Commissioner's behalf. This instrument was compliant with the ADAI and was communicated to all of FJA's employees. In October 2012, the sub-delegation instrument was also shared with bargaining agents.
- 5.8 We noted that the Commissioner of FJA determined conditions that must be met by managers prior to being sub-delegated. These conditions included mandatory training and completion of a variety of appointments under the PSEA. We found that, during the period covered by our audit, there were no control mechanisms in place to ensure that this latter condition was met by managers before being sub-delegated. In November 2012, the conditions that must be met by managers to be sub-delegated were revised, and the requirement of completing a variety of appointments under the PSEA was removed. This was communicated to all of FJA's employees and bargaining agents.

Appointment policies

Mandatory appointment policies and criteria were in place.

- 5.9 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 appointment processes. The PSC also expects other appointment policies that organizations develop to be compliant with the PSEA, the PSER and the PSC Appointment Framework.

- 5.10 We found that FJA had established the mandatory appointment policies. We also found that these policies were compliant with the PSEA, the PSER and the PSC Appointment Framework, and that they were accessible to all of FJA's employees via the organization's intranet. However, we found that, in two of the three non-advertised appointment processes reviewed, the choice of process was not compliant with the organization's policy and the *PSC Choice of Appointment Process Policy*. In these appointment processes, the choice of process did not consider the values of access and transparency.
- 5.11 We also noted that FJA had established other policies related to staffing, such as its *Policy on Notifications* and *Informal Discussion Policy*, which were also compliant and were communicated to FJA's employees. However, we found that, in some appointment processes reviewed, FJA had not respected its own policy requirements. For example, the number of days for notification was not compliant with that stipulated in the *Policy on Notifications*, and/or the opportunity for an informal discussion was not offered in accordance with the *Informal Discussion Policy*. This illustrates weaknesses in the control of the application of FJA's policy requirements. **Refer to Recommendation 1 at the end of this report.**

Planning for staffing

Staffing strategies were in place, but errors were found in reported data.

- 5.12 Organizational staffing strategies describe planned organizational staffing priorities and how and when they will be achieved. The PSC expects deputy heads to establish staffing strategies to address the priorities of senior management. The PSC also expects staffing priorities and strategies to be communicated, monitored and adjusted, when required.
- 5.13 FJA developed an Integrated Business and Workforce Management Plan 2009-2012, which included staffing priorities, as well as strategies that supported them. The staffing strategies have been communicated to FJA's employees by e-mail, and are also accessible through the organization's intranet.
- 5.14 The staffing priorities and staffing strategies are also summarized in the *Integrated Human Resources Plan – Human Resources Priorities Performance Indicators* that FJA established for 2011-2012, which provides the period, measure of success and stakeholders of each staffing strategy. Moreover, FJA has developed *Divisional Integrated Business and Workforce Management Plans* for 2011-2012 and 2012-2013 that describe how staffing will be conducted for each business unit/division in order to fulfill their respective gaps.
- 5.15 We found that FJA monitored the results of its staffing strategies and conducted a variance analysis on planned versus actual staffing activities. The variance report was presented to senior management in January 2012. The report shows results in terms of appointments linked to staffing strategies, reasons for variances and strategies to address deficiencies. However, when we examined the details of the variance analysis, we found errors in the data reported. This resulted in incorrect information being provided to management and to the PSC. **Refer to Recommendation 2 at the end of this report.**

Capacity to deliver

Roles, responsibilities and accountabilities were defined.

- 5.16 The PSC expects deputy heads to ensure that those who have been assigned a role in appointment processes have been informed of their responsibilities and have the support to carry out this role.
- 5.17 We found that FJA defined, documented and communicated the appointment-related roles, responsibilities and accountabilities of both sub-delegated managers and HR advisors. We also found that the sub-delegated managers had access to HR advisors whose knowledge in the PSC Appointment Framework was validated by the PSC.

Monitoring

Some monitoring activities took place, but improvement is required.

- 5.18 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 Appointment Framework and adjust practices accordingly.
- 5.19 We found that FJA conducted the mandatory monitoring required by the PSC appointment policies such as: acting appointments over 12 months; appointments of casual workers to term or indeterminate status through non-advertised processes; and appointments to the Executive group through non-advertised processes. We also noted that, although FJA reported to the PSC on the number of processes for which the national area of selection was used, in one appointment process reviewed, the screening was done without respecting the established national area of selection. This practice jeopardizes the values of fairness and access.
- 5.20 FJA also conducted a review of a number of appointment processes during the fall of 2011, the results of which were presented to FJA's Management Committee in January 2012. However, the review did not identify all compliance issues, for example, ensuring that essential qualifications requested for referrals of priority persons were the same as those used for appointments. Moreover, not all issues that were identified during the monitoring exercise were addressed. Since the organizational monitoring activity was incomplete, not all risk areas could be identified, resulting in the ineffectiveness of the monitoring activity to identify issues that should be corrected. **Refer to Recommendation 1 at the end of this report.**

Observations on compliance

Merit was not demonstrated in more than half of the appointments audited mainly due to lack of supporting documentation.

- 5.21 The PSEA establishes that all appointments must 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, operational requirements and organizational needs established by the deputy head.
- 5.22 Our audit revealed that merit was met in 45% (5 out of 11) of the appointments audited, and was not demonstrated in 55% (6 out of 11) of them. The main reason for merit not being demonstrated was that the organization was unable to provide documentation supporting merit. These issues included the lack of proof that the person appointed met the advertised education requirements, or the absence of assessment documentation for the person appointed. We also found cases where the assessment tool did not cover all criteria used to make the appointment, or where the assessment tool was not fully applied. **Table 1** provides a summary of our observations concerning merit for the appointments audited. **Table 2** provides a further breakdown of the reasons for which merit was not demonstrated. **Refer to Recommendation 1 at the end of this report.**

Information on appointments and appointment processes was at times incorrect or incomplete.

- 5.23 In our review of appointment processes, we found cases where there was either information missing or significant errors in the information available to candidates. In six of the appointment processes reviewed, the English and French versions of the advertisement or the statement of merit criteria were not identical, and/or the official languages requirements were not identified in the notification of consideration, and/or the language profile stated in the offer of appointment did not match the advertised position requirements. For example, one statement of merit criteria indicated experience in monitoring as an essential qualification in the English version, however in the French version this essential qualification was experience in mentoring. When the information on the appointment or appointment process is incorrect, the values of fairness, transparency and access are at risk, as not all potential applicants may choose to apply or that the persons in the area of selection do not avail themselves of their recourse rights. **Refer to Recommendation 1 at the end of this report.**

Priority persons may not have received proper consideration.

- 5.24 The PSEA and the PSER provide an entitlement, for a limited period, for certain persons who meet specific conditions to be appointed in priority to others. The organization must take into consideration persons with priority entitlements, and must also obtain a priority clearance from the PSC before making an appointment.

- 5.25 We found that, in five of the appointment processes reviewed, the information used to obtain priority clearance and the one used to make the appointment decision was different. Each had one or more of the following issues: differences between the operational requirements; the essential qualifications; and, the position number. This could have resulted in denial of access to persons with a priority entitlement. **Refer to Recommendation 3 at the end of this report.**

Recommendations

1. The Commissioner for Federal Judicial Affairs Canada should ensure that monitoring activities address all requirements in order to provide accurate, reliable, complete and compliant information on appointments and appointment processes, and that issues identified are addressed in a timely way.
2. The Commissioner for Federal Judicial Affairs Canada should ensure that staffing priorities and strategies are accurately monitored and reported so that appropriate adjustments can be made, when needed.
3. The Commissioner for Federal Judicial Affairs Canada should ensure that each request for priority clearance includes accurate and complete information for each appointment.

Conclusion

- 5.26 We concluded that most of the elements of FJA's appointment framework were in place. We noted that the organization had an appropriate sub-delegation instrument and that the roles, responsibilities and accountabilities were defined. We also found that mandatory appointment policies and criteria were implemented and compliant. However, we noted that FJA did not always respect the requirements of these policies, which resulted in some appointment processes not being compliant. We have noted that staffing strategies were in place, but some results were not accurately reported. Finally, we found that some monitoring activities took place, but that improvement is required to ensure compliance of appointments.
- 5.27 We also concluded that merit was not demonstrated in more than half of the appointments audited. The main reason being that the organization was unable to provide documentation that supports merit, such as assessment documentation for the person appointed. We also found that information on appointments and appointment processes available to candidates was at times incorrect or incomplete, thereby placing at risk the values of fairness, transparency and access. Finally, we noted that priority persons may not have always received proper consideration.

Action taken by the Public Service Commission

The PSC systematically reviews audit information as well as an organization's management response and associated action that it has taken or will take in response to the audit results and recommendations to determine whether any action should be taken by the PSC. As a result of this review, the PSC is satisfied with the FJA management response and the actions it has taken or has committed to take in response to the audit results and recommendations. The PSC will monitor the implementation of FJA's action plan and its staffing performance through its regular monitoring activities, including the annual Departmental Staffing Accountability Report.

Overall response by the Office of the Commissioner for Federal Judicial Affairs Canada

I welcome this audit initiative. Please be assured that the Office of the Commissioner for Federal Judicial Affairs (FJA) and I personally are committed to managing the appointment processes in accordance with the Public Service Employment Act (PSEA) and its core and guiding values of merit, non-partisanship, fairness, transparency, accessibility and representativeness. It is important that all appropriate controls and mechanisms are in place so that the PSEA and the values it represents are respected and that this is demonstrated in our files and records. FJA has already developed an action plan to address the deficiencies identified by the PSC.

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. | 5 (45%) |
| 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. | 6 (55%) |
| Total appointments audited | | 11 (100%) |

Source: Audit and Data Services Branch, Public Service Commission

Table 2: Observations on merit not demonstrated

| Merit was not demonstrated | Reasons for merit not demonstrated | | | |
|----------------------------|------------------------------------|--|--|--|
| | No assessment performed | Assessment tool did not evaluate all of the appointment criteria | Assessment was not applied as per tool | Organization was unable to provide documentation that supports merit |
| Total | 0 | 1 | 1 | 4 |

Source: Audit and Data Services Branch, Public Service Commission

Audit of the Office of the Secretary to the Governor General

- 6.1 This audit covers the appointment framework of the Office of the Secretary to the Governor General (OSGG) for the period between April 1, 2011, and October 31, 2012, as well as the appointment activities conducted between April 1, 2011, and July 31, 2012. The objectives of the audit were to determine whether the OSGG had an appropriate framework, practices and systems in place to manage its appointment activities and whether appointments and appointment processes complied with the *Public Service Employment Act* (PSEA), the *Public Service Employment Regulations* (PSER), the Public Service Commission (PSC) Appointment Framework and related organizational appointment policies.
- 6.2 The OSGG is the government agency that supports the Governor General in delivering on his/her mandate and in fulfilling his/her constitutional, state, ceremonial and other traditional responsibilities. The OSGG is also responsible for planning and implementing the Governor General's program, and the many activities they undertake with, and on behalf of, Canadians in communities across the country and abroad, as well as with the Canadian Forces as Commander-in-Chief.
- 6.3 The OSGG's workforce included 157 employees as of March 31, 2012. Most employees had an indeterminate status and were located in the National Capital Region (NCR). According to OSGG's Human Resources (HR) Plan for 2011-2012, it faces a demographic challenge posed by the retirements of qualified professionals with unique skills and knowledge (e.g. of protocol and the honours system) and the recruitment and retention of their replacements. At the time of the audit, the organization informed us that it was going through a transitional period due to changes in personnel at the management level.
- 6.4 The organization carried out 48 appointments within the period of April 1, 2011, and July 31, 2012. As part of our audit, we conducted interviews, analyzed relevant documentation and audited a representative sample of 25 appointments.

Observations on the Appointment Framework

The Public Service Employment Act and the Public Service Commission's delegated authorities

An instrument of sub-delegation and related control mechanisms were established.

- 6.5 The PSC has the exclusive authority to make appointments to and within the public service as per the PSEA. 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 communicated across the organization.
- 6.6 We found that the Secretary to the Governor General signed an Appointment Delegation and Accountability Instrument (ADAI) with the PSC in February 2011 and was vested with full delegated authority. The ADAI was accessible to all employees through the organization's shared information management system. We found that the deputy head approved, in December 2011, a new *Instrument of Delegation and Sub-Delegation of Human Resources Authorities* that authorized sub-delegated managers to make appointments on the deputy head's behalf. This instrument is compliant with the ADAI and is accessible to employees on the OSGG's intranet site.
- 6.7 The OSGG has established control mechanisms related to sub-delegation. The sub-delegation of appointment-related authorities is confirmed in writing to sub-delegated managers. In addition, we found that the OSGG maintains a list of sub-delegated managers. We noted that, for all appointments audited, the letter of offer was signed by a sub-delegated manager with the appropriate level of sub-delegation.

Appointment policies

Mandatory appointment policies and criteria were compliant.

- 6.8 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 appointment processes. The PSC also expects other appointment policies that organizations develop to be compliant with the PSEA, the PSER and the PSC Appointment Framework.
- 6.9 We found that the OSGG had established all mandatory policies and criteria. The OSGG revised and approved its appointment policies and criteria during the period covered by our audit: area of selection; non-advertised appointment processes; and corrective action and revocation of appointment. We found that the OSGG consulted with stakeholders, including senior officials and HR and bargaining agents.
- 6.10 These appointment policies and criteria were compliant with the PSEA, the PSER and the PSC Appointment Framework, they were communicated to all OSGG employees by e-mail and are accessible through the organization's intranet site.

- 6.11 In all advertised appointment processes audited, we found that the advertised area of selection complied with the organization's policy on area of selection. However, in two non-advertised appointment processes audited, the area of recourse did not comply with the organization's policy. In both instances, the area of recourse was limited to "Employees of the Office of the Secretary to the Governor General currently occupying a position in the National Capital Region." This was not compliant with OSGG *Policy on Area of Selection*, that required "Public Service / NCR" for recourse purposes. **Refer to Recommendation 1 at the end of this report.**

Planning for staffing

Planning for staffing activities took place.

- 6.12 Organizational staffing strategies describe planned organizational staffing priorities and how and when they will be achieved. The PSC expects deputy heads to establish staffing strategies to address the priorities of senior management. The PSC also expects staffing priorities and strategies to be communicated, monitored and adjusted, when required.
- 6.13 During the period covered by the audit, we found that the OSGG had identified two staffing priorities in their HR Plan for 2011-2012 relating to the need to attract and retain expertise and to address the gaps in employment equity. To support these priorities, the OSGG established five staffing strategies that describe the types of staffing actions that would be undertaken to fill certain positions, and included performance indicators for each of the staffing strategies. The staffing priorities and strategies included in the HR Plan for 2011-2012 were communicated to employees by e-mail and were made accessible to them on the organization's information management shared system.
- 6.14 The OSGG conducted a mid-year assessment to report on the variance analysis between planned and actual staffing strategies identified in the HR Plan for 2011-2012. We found that the results of the variance analysis were presented to and discussed with senior management.
- 6.15 The organization developed a HR Management Plan as well as a salary derivation exercise for 2012-2013 and 2013-2014 that included staffing activities at the branch level and that were discussed on several occasions with the senior management committee.

Capacity to deliver

Roles and responsibilities were defined but not always adequately carried out.

- 6.16 The PSC expects deputy heads to ensure that those who have been assigned a role in appointment processes have been informed of their responsibilities and have the support to carry out this role.
- 6.17 We found that the OSGG defined and documented the roles, responsibilities and accountabilities for appointment-related authorities in its appointment policies, instrument of sub-delegation of HR authorities, agreements of sub-delegation of appointment and appointment-related authorities, as well as its services standards. These documents are available on the OSGG's intranet site.

- 6.18 We also found that sub-delegated managers had access to HR advisors whose knowledge in the PSC Appointment Framework had been validated.
- 6.19 The HR advisors are responsible for providing advice and guidance to sub-delegated managers. The sub-delegated managers are accountable to ensure that appointments are compliant with the PSEA, the PSER, the PSC Appointment Framework and related organizational appointment policies. Despite the fact that these roles, responsibilities and accountabilities were defined, we found that the support provided by HR advisors was not always adequate and that the exercise of appointment-related responsibilities by sub-delegated managers was not always adequately carried out, given the compliance results presented later in this report. In December 2012, OSGG began developing an action plan to further define roles and responsibilities for HR advisors and sub-delegated managers. **Refer to Recommendation 2 at the end of this report.**

Monitoring

Some monitoring activities were undertaken, but improvement is required.

- 6.20 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 Appointment Framework and adjust practices accordingly.
- 6.21 The OSGG established a *Staffing Management Accountability Framework* and *Staffing Monitoring Framework* to perform the mandatory monitoring outlined in the PSC appointment policies and assess staffing performance against risks identified by the organization. We found that the OSGG had conducted the mandatory monitoring required by the PSC appointment policies, such as acting appointments over 12 months; appointments of casual workers to term or indeterminate status through non-advertised processes; and appointments to the Executive Group through non-advertised processes for the period of April 1 to September 30, 2011. However, the OSGG did not conduct this mandatory monitoring for the remainder of fiscal year 2011-2012 and beyond. **Refer to Recommendation 3 at the end of this report.**
- 6.22 The OSGG also conducted a transactional monitoring exercise on a sample of appointment processes. The results of this transactional exercise were presented to senior management in February 2012. This report concluded that missing documentation in the staffing files required significant improvement, and recommended regular monitoring of appointment files. The OSGG developed an action plan to follow up on the recommendations of the report. However, we found that there was limited progress on the implementation at the time of the audit. **Refer to Recommendation 1 at the end of this report.**

Observations on compliance

Merit was not demonstrated in 56% of appointment processes audited.

- 6.23 The PSEA establishes that all appointments must 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, operational requirements and organizational needs established by the deputy head.
- 6.24 We found that merit was met in 36% (9 out of 25) of the appointments audited. However, we found that merit was not demonstrated in 56% (14 out of 25) of appointments. This is primarily due to incomplete information or missing assessment material that the organization was unable to provide. In addition, the assessment tools did not always cover all merit criteria used to make the appointment.
- 6.25 We also found that, in 8% (2 out of 25) of appointments audited, merit was not met, as the person appointed did not meet one or more of the essential qualifications used to make the appointment¹. **Table 1** provides a summary of our observations concerning merit for the appointments audited. **Table 2** provides a further breakdown of the reasons for merit not being demonstrated. **Refer to Recommendation 1 at the end of this report.**

Information on appointment processes was sometimes incorrect or incomplete.

- 6.26 In our review of appointment processes, we found instances where there was either information missing or there were significant errors in the information available to applicants. In six of the appointment processes audited, certain essential qualifications in the French and English versions of the statements of merit criteria were not the same. For example, in one instance, the essential qualification “Ability in editing texts” was included in the English version of the advertisement, but was not included in the French version. When the information on the appointment process is incorrect or incomplete, the values of fairness, access and transparency are at risk, as not all potential applicants may choose to apply. **Refer to Recommendation 1 at the end of this report.**

¹ Appointees are no longer in the position.

Priority persons may not have received proper consideration.

- 6.27 The PSEA and the PSER provide an entitlement, for a limited period, for certain persons who meet specific conditions to be appointed in priority to others. The organization must take into consideration persons with priority entitlements, and must also obtain a priority clearance from the PSC before making an appointment.
- 6.28 Priority persons were referred by the PSC in 13 of the appointments audited. In two of these appointments, there was no evidence to demonstrate whether the priority person had been considered. Moreover, in one appointment, we found evidence that a priority person was not considered. In addition, we found that, in four of the appointments audited, the essential qualifications identified in the priority clearance request were more stringent than those in the statement of merit criteria used for the appointment. When the information in the priority clearance request is not the same as that used to make the appointment, the values of fairness, access and transparency are at risk, as not all persons with a priority entitlement may receive proper consideration. **Refer to Recommendation 4 at the end of this report.**

Recommendations

1. The Secretary to the Governor General should establish and implement control mechanisms to ensure that appointment processes and related decisions are fully documented and are compliant with legislative, regulatory, Public Service Commission and organizational policy requirements.
2. The Secretary to the Governor General should ensure that sub-delegated managers be provided with sound human resources support and adequately carry out their appointment-related responsibilities to ensure that appointments are made on the basis of merit and respect the appointment values.
3. The Secretary to the Governor General should continue to perform the mandatory monitoring outlined in the PSC Appointment Framework, identify risks, and adjust staffing practices accordingly.
4. The Secretary to the Governor General should ensure that each request for priority clearance includes accurate and complete information and that priority persons are given proper consideration.

Conclusion

- 6.29 We concluded that the OSGG has put in place most of the elements of an appropriate framework, practices and systems to manage its appointment activities. We found that the OSGG had in place an instrument of sub-delegation and mandatory appointment policies and criteria. Although roles, responsibilities and accountabilities were defined, we found that the support provided by HR advisors was not always adequate and that the exercise of appointment-related responsibilities by sub-delegated managers was not always adequately carried out given the compliance results. In addition, we found that the OSGG established staffing priorities for 2011-2012 that were supported by staffing strategies and performed a mid-year variance analysis and implemented a salary derivation exercise for 2012-2013 and 2013-2014. Finally, we found that the OSGG established a staffing management framework and conducted some monitoring activities, but there was no ongoing process to assess and improve staffing performance.
- 6.30 We also concluded that merit was not demonstrated in 56% of the appointments audited. This was primarily due to missing assessment material or incomplete information as well as assessment tools that did not always cover all merit criteria used to make the appointment. We also found that merit was not met in two appointments, as the person appointed did not meet one or more of the essential qualifications used to make the appointment. In addition, we found that, in some appointment processes audited, there was no evidence to demonstrate whether the priority person had been considered, or the information available to applicants on appointment processes was sometimes incorrect or incomplete.

Action taken by the Public Service Commission

The PSC systematically reviews audit information as well as an organization's management response and associated action that it has taken or will take in response to the audit results and recommendations to determine whether any action should be taken by the PSC. As a result of this review, the PSC is satisfied with OSGG's management response and actions it has taken or committed to take in response to the audit results and recommendations. The PSC will monitor the implementation of OSGG's action plan on a quarterly basis and its staffing performance through its regular monitoring activities, including the annual Departmental Staffing Accountability Report.

Overall response by the Office of the Secretary to the Governor General

After reviewing the audit report issued by the Public Service Commission of Canada (PSC), the Office of the Secretary to the Governor General (OSGG) acknowledges that the facts in the report are accurate and fully accepts the recommendations. The OSGG undertakes to continue implementing best staffing practices in order to comply with PSC requirements.

The OSGG appreciates the PSC's acknowledgement that the Department has put in place most elements of an appropriate framework, practices and systems to manage its appointment activities as well as the completion of its instrument of sub-delegation and mandatory appointment policies and criteria. The PSC also acknowledged that the OSGG has established staffing priorities supported by variance analysis and salary derivation exercises.

In response to the audit, the OSGG has developed an action plan that has been shared with operational human resources (HR) employees and with sub-delegated managers. Throughout the audit process, the OSGG has been implementing various measures to improve its staffing practices. Roles and responsibilities of HR Advisors and sub-delegated managers have been updated and we continue to implement our transactional monitoring framework as well as our assessment of staffing management and overall performance against our HR Plan.

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. | 9 (36%) |
| Merit was not met | The person appointed failed to meet one or more of the essential qualifications or other applicable merit criteria identified. | 2 (8%)* |
| Merit was not demonstrated | Assessment tools or methods did not demonstrate that the person appointed met the identified requirements. | 14 (56%) |
| Total appointments audited | | 25 (100%) |

Source: Audit and Data Services Branch, Public Service Commission

* Appointees are no longer in the position.

Table 2: Observations on merit not demonstrated

| Merit was not demonstrated | Reasons for merit not demonstrated* | | | |
|----------------------------|-------------------------------------|--|--|--|
| | No assessment performed | Assessment tool did not evaluate all of the appointment criteria | Assessment was not applied as per tool | Organization was unable to provide documentation that supports merit |
| Total | 4 | 6 | 1 | 6 |

Source: Audit and Data Services Branch, Public Service Commission

* In some cases, more than one reason applies to an appointment.

Audit of the Canadian Transportation Agency

- 7.1 This audit covers the Canadian Transportation Agency (CTA)'s appointment framework for the period between April 1, 2011, and September 30, 2012, as well as the appointment activities conducted between April 1, 2011, and July 31, 2012. The objectives of the audit were to determine whether the CTA had an appropriate framework, practices and systems in place to manage its appointment activities and whether appointments and appointment processes complied with the *Public Service Employment Act* (PSEA), the *Public Service Employment Regulations* (PSER), the Public Service Commission (PSC) Appointment Framework and related organizational appointment policies.
- 7.2 According to the CTA's 2012-2013 Report on Plans and Priorities, the CTA is an independent administrative body of the Government of Canada. It performs two functions within the federal transportation system: As a quasi-judicial tribunal, the CTA resolves a range of commercial and consumer transportation-related disputes, including accessibility issues for persons with disabilities; and, as an economic regulator, the CTA makes determinations and issues authorities, licenses and permits to transportation carriers under federal jurisdiction.
- 7.3 In 2012-2013, the CTA had 257 full-time equivalents (FTEs). The Agency's headquarters are in the National Capital Region, where 97% of the FTEs are located. The remaining employees work within six provinces: New Brunswick, Quebec, Ontario, Manitoba, Alberta and British Columbia.
- 7.4 The organization carried out 64 appointments between April 1, 2011, and July 31, 2012. As part of our audit, we conducted interviews, analyzed relevant documentation and audited a representative sample of 25 appointments.

Observations on the Appointment Framework

The Public Service Employment Act and the Public Service Commission's delegated authorities

A sub-delegation instrument was in place, but completion of training requirements was not always documented.

- 7.5 The PSC has the exclusive authority to make appointments to and within the public service as per the PSEA. 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 communicated across the organization.
- 7.6 We found that the deputy head of the CTA signed an Appointment Delegation and Accountability Instrument (ADAI) with the PSC in March 2007 and was vested with full delegated authority. The deputy head of the CTA established a *Policy on Sub-Delegation of Staffing Authorities* in September 2009, which includes a sub-delegation instrument that complies with the ADAI and describes the terms and conditions to be met for officials prior to being sub-delegated, including mandatory training. The ADAI and the *Policy on Sub-Delegation of Staffing Authorities* were accessible to employees on the CTA's intranet site.
- 7.7 We also found that control mechanisms related to sub-delegation were in place. The sub-delegation of appointment-related authorities and terms and conditions were confirmed in writing by a letter signed by the deputy head of the CTA. In addition, the CTA maintains a list of sub-delegated managers.
- 7.8 We found that all letters of offer except for one were signed by a sub-delegated manager with the appropriate level of sub-delegation. In addition, we found that the CTA was unable to provide documentation to support that four sub-delegated managers had completed the mandatory training prior to being sub-delegated. These four sub-delegated managers signed seven letters of offer from the appointment processes audited. **Refer to Recommendation 1 at the end of this report.**

Appointment policies

Mandatory appointment policies and criteria were compliant.

- 7.9 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 appointment processes. The PSC also expects other appointment policies that organizations develop to be compliant with the PSEA, the PSER and the PSC Appointment Framework.
- 7.10 We found that the CTA established all mandatory appointment policies and criteria in compliance with the PSEA, the PSER and the PSC Appointment Framework.

- 7.11 During the audit period, the organization updated its *Choice of Appointment Process and Criteria for Non-Advertised Process Policy* and the *Area of Selection and Area of Recourse Policy*. We noted that stakeholders were consulted throughout the revision process and that mandatory appointment policies were accessible to sub-delegated managers, employees and bargaining agents on the CTA's intranet site.

Planning for staffing

Some staffing strategies in place were not aligned to support the staffing priority.

- 7.12 Organizational staffing strategies describe planned organizational staffing priorities and how and when they will be achieved. The PSC expects deputy heads to establish staffing strategies to address the priorities of senior management. The PSC also expects staffing priorities and strategies to be communicated, monitored and adjusted, when required.
- 7.13 The CTA staffing priorities were included in two documents: The CTA Strategic Plan for 2011-2014 and the 2008-2011 Human Resources (HR) Plan. The CTA Strategic Plan for 2011-2014 included one staffing priority linked to four staffing strategies. In addition, the CTA 2008-2011 HR Plan included another staffing priority that was adequately supported by the vacancy management staffing strategy. The organization confirmed that this staffing priority remains relevant.
- 7.14 We found that the staffing priorities and staffing strategies included in the CTA's 2008-2011 HR Plan and Strategic Plan for 2011-2014 were made accessible to employees on the CTA's intranet site.
- 7.15 The CTA monitored the results relating to its vacancy management staffing strategy. However, we found that the CTA did not monitor the results relating to the other four staffing strategies and that they did not adequately support the targeted recruitment staffing priority, as they did not describe how and when they will be achieved.
- 7.16 Finally, we found that the CTA reported the results of its vacancy management staffing strategy and related staffing activities to senior management on a regular basis. **Refer to Recommendation 2 at the end of this report.**

Capacity to deliver

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

- 7.17 The PSC expects deputy heads to ensure that those who have been assigned a role in appointment processes have been informed of their responsibilities and have the support to carry out this role.
- 7.18 We found that the CTA defined and documented the roles, responsibilities and accountabilities for appointment-related authorities in their mandatory appointment policies and in their *Policy on Sub-Delegation of Staffing Authorities*, which includes an appendix related specifically to roles and responsibilities. These documents were available on the CTA's intranet site.

- 7.19 We also found that sub-delegated managers had access to HR advisors whose knowledge of the PSC Appointment Framework had been validated. During our review of appointments, we noted that HR advisors at the CTA provided advice and guidance on staffing. In the review of appointment processes, we found evidence of written advice or guidance that was compliant with the PSC Appointment Framework.

Monitoring

Monitoring activities were undertaken.

- 7.20 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 Appointment Framework and adjust practices accordingly.
- 7.21 We found that the CTA had conducted the mandatory monitoring required by the PSC appointment policies, such as: acting appointments over 12 months; appointments of casual workers to term or indeterminate status through non-advertised processes; and appointments to the Executive group through non-advertised processes.
- 7.22 According to the CTA's *Policy on Sub-Delegation of Staffing Authority*, the CTA has an ongoing monitoring process to report annually to the PSC and to conduct monitoring of the appointment processes. We found that this ongoing monitoring process included generating automated logged reports of staffing activity results that were discussed at the Executive Committee on People Strategic Priority (ECPSP) meetings on regular basis.
- 7.23 We also found that the CTA established two committees responsible for discussing appointment-related matters and making related decisions: The Human Resources Management Committee (HRMC) and the ECPSP. The HRMC is responsible for recommending the use of non-advertised processes to the ECPSP for approval.
- 7.24 The CTA established a staffing management framework for 2012-2013 as well as an action plan to monitor whether appointments and appointment-related decisions adhere to the PSEA, the PSER and the PSC Appointment Framework. In 2012, the CTA conducted a review of a number of appointment processes, and the results were presented to management. A 2012-2013 monitoring action plan was developed to gather evidence for areas identified as high risk but had not yet been implemented at the time of the audit.

Observations on compliance

Merit was met in most of the appointments audited.

- 7.25 The PSEA establishes that all appointments must 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, operational requirements and organizational needs established by the deputy head.
- 7.26 We found that merit was met in 76% (19 out of 25) of the appointments audited. However, it was not demonstrated in 24% (6 out of 25) of appointments. This is primarily due to incomplete information on file, such as proof of education and assessment material. In addition, each qualification in the statement of merit criteria that was used to make the appointment was not always assessed individually. For example, in one appointment made through an advertised process, a single mark was allocated to the appointee's answer to an interview question that was used to assess two essential qualifications. This assessment method is commonly referred to as global assessment, which contravenes the PSEA. **Table 1** provides a summary of our observations concerning merit for the appointments audited. **Table 2** provides a further breakdown of the reasons for which merit was not demonstrated. **Refer to Recommendation 3 at the end of this report.**

Information on appointment processes available to candidates was sometimes incorrect or incomplete.

- 7.27 In our review of appointment processes, we found situations where there was either information missing or where there were significant errors in the information available to candidates. In four of the appointment processes audited, certain essential qualifications in the French and English versions of the statements of merit criteria were not the same. In one instance, the English and French versions of the advertisement included an entirely different asset experience qualification. In another instance, an essential qualification was included in the French version of the advertisement but was not included in the English version. When the information on the appointment process is incorrect or incomplete, the values of fairness, access and transparency are at risk, as not all potential applicants may choose to apply. In addition, those who do apply may not include all the necessary information in their application or may not prepare themselves to be assessed against all the merit criteria. **Refer to Recommendation 3 at the end of this report.**

Information on appointments was communicated to persons entitled to be notified.

- 7.28 The PSEA requires that the name of the person being considered for each appointment be provided to all persons in the area of selection who participated in an advertised internal appointment process; and all persons in the area of selection in a non-advertised internal appointment process.
- 7.29 We found that, in all internal appointment processes audited, the Notification of Consideration or the Information Regarding Acting Appointment was issued to the persons entitled to be notified and those eliminated from consideration were offered informal discussion.

Priority persons received proper consideration.

- 7.30 The PSEA and the PSER provide an entitlement, for a limited period, for certain persons who meet specific conditions to be appointed in priority to others. The organization must take into consideration persons with priority entitlements, and must also obtain a priority clearance from the PSC before making an appointment.
- 7.31 We found that, in the appointment processes audited, priority persons referred received proper consideration. For example, the CTA requested a priority clearance number when necessary and priority referrals were assessed accordingly.

Recommendations

1. The Chair of the Canadian Transportation Agency should strengthen the organization's control mechanisms to ensure that records of completion of mandatory training requirements for sub-delegated managers are maintained.
2. The Chair of the Canadian Transportation Agency should ensure that organizational staffing strategies support staffing priorities and describe how and when they will be achieved. In addition, the Chair should monitor the results of staffing strategies to identify any variances between planned and actual activities in order to make adjustments, when needed.
3. The Chair of the Canadian Transportation Agency should further refine the organization's control mechanisms to monitor ongoing appointments and ensure that appointment activities are subject to review in a timely manner. This would enable the Chair to ensure that appointment decisions are based on accurate and complete documentation and comply with legislative, regulatory and policy requirements.

Conclusion

- 7.32 We concluded that the CTA had most elements of an appropriate framework, practices and systems in place to manage its appointment activities. We found that all mandatory appointment policies and criteria were in place and that sub-delegated managers were informed of their roles, responsibilities and accountabilities and had the support to carry out their appointment-related responsibilities. We also noted that the CTA conducted the mandatory monitoring required by the PSC appointment policies and a transactional monitoring exercise of a number of appointment processes. In addition, we found that the CTA had an instrument of sub-delegation in place but that completion of training requirements was not always documented. Finally, some staffing strategies in place did not support one staffing priority, and monitoring of results did not occur for all identified staffing strategies.
- 7.33 We also concluded that merit was met in most of the appointments audited. In addition, we found that, in the appointment processes audited, priority persons received proper consideration and information on appointments was communicated to those entitled to be notified. However, information on appointment processes available to candidates was sometimes incorrect or incomplete, thereby placing at risk the values of fairness, transparency and access.

Action taken by the Public Service Commission

The PSC systematically reviews audit information as well as an organization's management response and associated action that it has taken or will take in response to the audit results and recommendations to determine whether any action should be taken by the PSC. As a result of this review, the PSC is satisfied with the CTA's management response and actions it has taken or has committed to take in response to the audit results and recommendations. The PSC will monitor the implementation of the CTA's action plan and its staffing performance through its regular monitoring activities, including the annual Departmental Staffing Accountability Report.

Overall response by Canadian Transportation Agency

The Canadian Transportation Agency (CTA) is committed to the continuous improvement of its staffing program and activities. We accept the PSC's recommendations, and have developed an action plan in response, including updating the staffing delegation tracking system; renewing the CTA's staffing strategy with respect to staffing planning and priorities; ensuring clear demonstration of merit during appointment processes; enhancing control mechanisms for monitoring of staffing appointments; and ensuring complete and accurate documentation in staffing files. The core values of merit and non-partisanship remain the cornerstones of the CTA's staffing appointments program. The PSC's audit results and the CTA's commitment to implementing its action plan will ensure that the CTA sustains these core values as well as the sound administration of its staffing program and control mechanisms.

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 (76%) |
| 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. | 6 (24%) |
| Total appointments audited | | 25 (100%) |

Source: Audit and Data Services Branch, Public Service Commission

Table 2: Observations on merit not demonstrated

| Merit was not demonstrated | Reasons for merit not demonstrated* | | | |
|----------------------------|-------------------------------------|--|--|--|
| | No assessment performed | Assessment tool did not evaluate all of the appointment criteria | Assessment was not applied as per tool | Organization was unable to provide documentation that supports merit |
| Total | 0 | 4 | 0 | 6 |

Source: Audit and Data Services Branch, Public Service Commission

* In some cases, more than one reason applies to an appointment.

Audit of the Canadian Environmental Assessment Agency

- 8.1 This audit covers the Canadian Environmental Assessment Agency's (CEAA) appointment activities for the period between April 1, 2011, and March 31, 2012. The objectives of the audit were to determine whether the CEAA had an appropriate framework, practices and systems in place to manage its appointment activities and whether appointments and appointment processes complied with the *Public Service Employment Act* (PSEA), the *Public Service Employment Regulations* (PSER), the Public Service Commission (PSC) Appointment Framework and related organizational appointment policies.
- 8.2 The CEAA is a federal body accountable to the Minister of the Environment. The CEAA's mandate is to provide Canadians with environmental assessments that contribute to informed decision making in support of sustainable development. According to the CEAA, it serves as the centre of expertise on environmental assessment within the federal government.
- 8.3 As of March 2012, the CEAA had 236 full-time equivalents, and the majority of its population was of indeterminate status. The CEAA expects the ratio of temporary staffing measures, such as specified period employment, secondments, assignments and actings, to increase. It anticipates that this situation may create challenges in recruitment and retention for the organization.
- 8.4 The organization carried out 61 appointments during the period covered by our audit. As part of our audit, we conducted interviews, analyzed relevant documentation and audited a representative sample of 25 appointments.

Observations on the Appointment Framework

The Public Service Employment Act and the Public Service Commission's delegated authorities

A sub-delegation instrument was in place, but related control mechanisms required adjustment.

- 8.5 The PSC has the exclusive authority to make appointments to and within the public service as per the PSEA. 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 communicated across the organization.
- 8.6 We found that the deputy head of the CEAA had signed an Appointment Delegation and Accountability Instrument (ADAI) with the PSC in July 2010. The deputy head had full delegated appointment and appointment-related authorities during the period covered by our audit. The ADAI was accessible to sub-delegated managers, employees and bargaining agents on the CEAA intranet site.
- 8.7 We noted that the CEAA had established an official sub-delegation instrument authorizing sub-delegated managers to make appointments on the deputy head's behalf. The instrument was accessible to all employees on the CEAA's intranet site. Although we found this instrument to be mostly compliant with the ADAI, the audit did find that the instrument did not include the requirement that the deputy head retain sole authority to revoke sub-delegation. In May 2013, CEAA amended its sub-delegation instrument to specify this requirement.
- 8.8 We also noted that the deputy head of the CEAA had determined, in the sub-delegation instrument, the conditions that must be met by managers prior to their being sub-delegated, including specific mandatory training requirements. We found that some control mechanisms were in place to ensure that conditions were met before the managers were sub-delegated; however, these controls were not effective in some cases. For instance, the sub-delegation instrument specifies that the decision to waive training requirements, if the manager received different training, is to be made by the deputy head on a case-by-case basis, on the recommendation of the Human Resources (HR) Division. We found no evidence of the deputy head's decision to waive requirements for three managers who had received other training. At least two of these managers signed letters of offer during the period covered by our audit.
- 8.9 Further, the organization provided a list of sub-delegated managers that contains, among other things, their name, position number and specific sub-delegation level. During our review, we found one case where a letter of offer was signed by a manager who did not have the proper level of sub-delegated authority at the time of the appointment. These deviations indicate weaknesses with the control of sub-delegation. **Refer to Recommendation 1 at the end of this report.**

Appointment policies

Mandatory appointment policies and criteria were established and were compliant.

- 8.10 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 appointment processes. The PSC also expects other appointment policies that organizations develop to be compliant with the PSEA, the PSER and the PSC Appointment Framework.
- 8.11 We found that the CEAA had established the mandatory appointment policies and criteria for the use of non-advertised appointment processes. We found that these policies were compliant with the PSEA, the PSER and the PSC Appointment Framework, and were discussed with bargaining agents. We also noted that they were accessible to all employees on the CEAA intranet site.

Planning for staffing

Staffing strategies supported staffing priorities and were communicated.

- 8.12 Organizational staffing strategies describe planned organizational staffing priorities and how and when they will be achieved. The PSC expects deputy heads to establish staffing strategies to address the priorities of senior management. The PSC also expects staffing priorities and strategies to be communicated, monitored and adjusted, when required.
- 8.13 We found that the CEAA had developed an Integrated HR Plan for 2011-2014, which included staffing priorities. Each priority was supported by at least one staffing strategy. We noted that the plan was developed in consultation with senior management and was approved by the HR committee. We also found that the staffing strategies were communicated to all employees via the CEAA intranet site.
- 8.14 We found that the CEAA monitored the results of its staffing strategies and conducted a variance analysis on planned versus actual staffing activities. The results of the variance analysis were presented to senior management.

Capacity to deliver

Roles, responsibilities and accountabilities were defined and communicated.

- 8.15 The PSC expects deputy heads to ensure that those who have been assigned a role in appointment processes have been informed of their responsibilities and have the support to carry out this role.
- 8.16 We found that the CEAA's sub-delegation instrument defines the roles, responsibilities and accountabilities for appointment-related authorities. The CEAA's mandatory appointment policies and criteria also outline roles and responsibilities. To support this, the CEAA has developed a planning tool outlining the specific responsibilities of the HR advisor and hiring manager during an appointment process.

- 8.17 We also found that the sub-delegated managers had access to HR advisors whose knowledge of the PSC Appointment Framework was validated by the PSC. More specifically, we found that all of the CEAA HR advisors had passed the Appointment Framework Knowledge Test. We also found that mechanisms, such as regular meetings and e-mails, were in place to provide HR advisors with continuous learning regarding appointments and appointment-related issues.

Monitoring

Monitoring activities were undertaken.

- 8.18 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 Appointment Framework and adjust practices accordingly.
- 8.19 We found that the CEAA had conducted the mandatory monitoring required by the PSC appointment policies such as monitoring of acting appointments over 12 months, appointments of casual workers to term or indeterminate status through non-advertised processes and appointments to the Executive group through non-advertised processes.
- 8.20 We found that the CEAA had developed its own Staffing Management Accountability Framework, which was designed to ensure that the organization meets the accountability requirements and expectations established by the PSC Appointment Framework. It provides the CEAA with a framework for monitoring staffing activities to assess and manage risks related to appointments, as well as opportunities for improvement. During the scope of our audit, the HR Division conducted a monitoring exercise of staffing activities. The report was presented to the CEAA's HR committee in December 2011.
- 8.21 We also found that the CEAA had established a transactional monitoring and review process. A sample of appointment processes was reviewed by the organization, and an action plan was established for each process where deficiencies were identified. The findings of the transactional monitoring were then addressed by the HR advisor responsible for the specific process. During our review of appointment processes and appointments, we found evidence that corrective actions had been completed as identified.

Observations on compliance

Merit was met in most of the appointments audited.

- 8.22 The PSEA establishes that all appointments must 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, operational requirements and organizational needs established by the deputy head.
- 8.23 We found that merit was met in 84% (21 out of 25) of the appointments audited. However, it was not demonstrated in 16% (4 out of 25) of appointments. This was primarily due to the fact that the appointments were made retroactively with an effective date prior to the completion of the assessment. **Table 1** provides a summary of our observations concerning merit for the appointments audited. **Table 2** provides a further breakdown of the reasons for which merit was not demonstrated. **Refer to Recommendation 2 at the end of this report.**

Information on appointment processes and appointments was sometimes incorrect or incomplete.

- 8.24 In our review of appointment processes, we found cases where either there was information missing or there were significant errors in the information available to candidates. In three of the appointment processes reviewed, the English and French versions of the advertisement or the statement of merit criteria were not the same, and/or the official languages requirements were not identified in the notification of consideration. For example, the English version of one advertisement indicated experience using a spreadsheet application as an essential qualification; however, this essential experience qualification was not included in the French version. When the information on the appointment process or appointment is incorrect, the values of fairness, transparency and access are at risk, as not all potential applicants may choose to apply or avail themselves of their proper recourse rights. **Refer to Recommendation 2 at the end of this report.**

Assessment of candidates was not always consistently conducted.

- 8.25 We found five appointment processes in which the screening of applicants was not properly conducted or the assessment of candidates was not consistently applied at each step of the process. This practice jeopardizes the values of fairness and access. **Refer to Recommendation 2 at the end of this report.**

Priority persons did not always receive proper consideration.

- 8.26 The PSEA and the PSER provide an entitlement, for a limited period, for certain persons who meet specific conditions to be appointed in priority to others. The organization must take into consideration persons with priority entitlements, and must also obtain a priority clearance from the PSC before making an appointment.

- 8.27 We found that, in two of the appointment processes reviewed, there were differences between the essential qualifications used to obtain priority clearance and those used to make the appointment decision, or the English and French versions of the statement of merit criteria used to obtain priority clearance were different. These situations could have resulted in persons with a priority entitlement not being appropriately considered. We also found one situation where the letter of offer was signed more than two months before the priority clearance was obtained from the PSC. **Refer to Recommendation 3 below.**

Recommendations

1. The deputy head of the CEAA should strengthen its control mechanisms for granting sub-delegation and the subsequent exercise of sub-delegated authorities.
2. The deputy head of the CEAA should further refine its control mechanisms in order to monitor ongoing appointment processes at key decision points to ensure that appointment-related activities are subject to review in an opportune manner. This would enable the deputy head to ensure that appointment decisions are based on accurate and complete documentation and comply with legislative, regulatory and policy requirements.
3. The deputy head of the CEAA should ensure that priority clearance requests are made when needed, and that each request includes accurate and complete information for each appointment.

Conclusion

- 8.28 We concluded that all of the elements of the CEAA's appointment framework were in place, but that some controls required strengthening. We found that mandatory appointment policies and criteria were implemented and compliant. Staffing strategies were in place, monitored and communicated. We also noted that roles, responsibilities and accountabilities were defined and communicated. A sub-delegation instrument was established, but the implementation of the control mechanisms for the sub-delegation process was not always effective. Finally, monitoring activities took place, but improvement is required to ensure timely corrective action at the transactional level.
- 8.29 We also concluded that merit was met in the majority of appointments reviewed. However, merit was not demonstrated in a few of the appointments audited, primarily due to the fact that the appointments were made retroactively with an effective date prior to the completion of the assessment. We found some processes in which the assessment tools were not consistently applied for all candidates. Further, we found situations where priority persons may not have received proper consideration. The above practices jeopardize the values of fairness, transparency and access.

Action taken by the Public Service Commission

The PSC systematically reviews audit information as well as an organization's management response and associated action that it has taken or will take in response to the audit results and recommendations to determine whether any action should be taken by the PSC. As a result of this review, the PSC is satisfied with the CEAA's management response and the actions it has taken or has committed to take in response to the audit results and recommendations. The PSC will monitor the implementation of the CEAA's action plan and its staffing performance through its regular monitoring activities, including the annual Departmental Staffing Accountability Report.

Overall response by the Canadian Environmental Assessment Agency

The CEAA has reviewed and concurs with the findings and recommendations of the audit report. While the elements for an effective appointment framework were in place, some anomalies in the execution of controls were identified. The CEAA is committed to managing its appointment processes in accordance with the Public Service Commission Appointment Framework, the core values of merit and non-partisanship, and the guiding values of fairness, transparency, access and representativeness. Accordingly, the CEAA has developed an action plan that addresses the recommendations outlined in the audit report. The CEAA has since implemented the required adjustments and controls to correct the deficiencies noted.

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. | 21 (84%) |
| 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. | 4 (16%) |
| Total appointments audited | | 25 (100%) |

Source: Audit and Data Services Branch, Public Service Commission

Table 2: Observations on merit not demonstrated

| Merit was not demonstrated | Reasons for merit not demonstrated* | | | |
|----------------------------|-------------------------------------|--|--|--|
| | No assessment performed | Assessment tool did not evaluate all of the appointment criteria | Assessment was not applied as per tool | Organization was unable to provide documentation that supports merit |
| Total | 3** | 0 | 1 | 2 |

Source: Audit and Data Services Branch, Public Service Commission

* In some cases, more than one reason applies to an appointment.

** Effective appointment dates were prior to the completion of the appointee's assessment.

Audit of the Canada School of Public Service

- 9.1 This audit covers the Canada School of Public Service (CSPS)'s appointment activities for the period between April 1, 2011, and September 30, 2012. The objectives of the audit were to determine whether the CSPS had an appropriate framework, practices and systems in place to manage its appointment activities and whether appointments and appointment processes complied with the *Public Service Employment Act* (PSEA), the *Public Service Employment Regulations* (PSER), the Public Service Commission (PSC) Appointment Framework and related organizational appointment policies.
- 9.2 The CSPS was created on April 1, 2004, when the legislative provisions of Part IV of the *Public Service Modernization Act* came into force. The CSPS has been part of the Treasury Board Portfolio since July 2004. It was created from an amalgamation of three organizations: the Canadian Centre for Management Development; Training and Development Canada; and Language Training Canada. The School's mission, which is set out in the *Canada School of Public Service Act*, is to provide a broad range of learning opportunities and establish a culture of learning within the public service.
- 9.3 The CSPS is a medium-sized organization that had 898 employees as of March 31, 2012. The majority (82%) of employees were located in the National Capital Region.
- 9.4 From April 1, 2011, to September 30, 2012, the organization carried out 231 appointments. As part of our audit, we conducted interviews, analyzed relevant documentation and reviewed with CSPS officials, during the planning phase of the audit, a sample of appointments in order to understand the way the organization conducted and documented its staffing processes.

- 9.5 During the same period, due to structural reorganization, the CSPA relied on a senior management committee to approve each indeterminate appointment request. Therefore, the audit team did not include in the conduct of its audit the verification of the staffing strategies to determine whether these described planned organizational staffing priorities and how and when they were achieved.
- 9.6 The audit effort focused on the staffing framework, including an assessment of the sub-delegation process and policies, the definition of roles and responsibilities, the availability of adequate human resources (HR) support and the use of monitoring.
- 9.7 In addition to the review of the staffing framework, the PSC would normally select a sample of appointments for review during the examination phase of the audit to assess whether appointments and appointments processes comply with the PSEA, the PSER, the PSC Appointment Framework and related organizational policies. However, given that the audit observations indicated systemic issues with the application of the approved CSPA instrument of sub-delegation document (which defined the staffing authorities and related roles and responsibilities of sub-delegated managers), further review of appointments for compliance was not undertaken.



Observations on the Appointment Framework

The Public Service Employment Act and the Public Service Commission's delegated authorities

A sub-delegation instrument was in place, but was not adequately applied.

- 9.8 The PSC has the exclusive authority to make appointments to and within the public service as per the PSEA. 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 communicated across the organization.
- 9.9 During the period covered by the audit, the President of the CSPS formally accepted the delegation of appointment authorities by the PSC and had full delegated authority through the signing of an Appointment Delegation and Accountability Instrument (ADAI).
- 9.10 The President of the CSPS approved an instrument to sub-delegate appointment authorities to managers and communicated it to all employees. In order to become sub-delegated, a manager had to occupy a sub-delegated position, as identified by title and level in the sub-delegation instrument; complete mandatory training on staffing; receive a staffing sub-delegation letter signed by the President; and accept the conditions of sub-delegation in writing.
- 9.11 We found that, during the period covered by the audit, the list of the 23 sub-delegated managers, used by HR advisors to verify whether an individual was sub-delegated, was not accurate. For example, we found that one sub-delegated manager was not included on the list. Furthermore, the CSPS was not able to provide evidence that 15 sub-delegated managers identified on the list had completed the required training. This demonstrates that the control of sub-delegation described above was not systematically applied as required. **Refer to Recommendation 1 at the end of this report.**

Appointment policies

Mandatory appointment policies and criteria were not always aligned with the CSPS sub-delegation instrument.

- 9.12 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 appointment processes. The PSC also expects other appointment policies that organizations develop to be compliant with the PSEA, the PSER and the PSC Appointment Framework.
- 9.13 The CSPS established mandatory appointment policies that met the minimum provisions required by the PSC. We found that the mandatory appointment policies and criteria were not always aligned with the CSPS sub-delegation instrument. Although these policies were communicated and made accessible to all sub-delegated managers, employees and bargaining agents, we found that these stakeholders were not consulted in their development, as required under the conditions of delegation in the ADAI.

- 9.14 Furthermore, we found that the CSPA President formally approved the sub-delegation instrument but not the mandatory policies, which are PSC requirements and important components of the CSPA staffing framework. Giving this formal approval would have allowed the CSPA President to ensure consistency within the various components of the staffing framework and to identify and rectify any related issues in a timely manner.
- 9.15 We also found that HR advisors developed additional tools (HR procedures, templates) to support and guide sub-delegated managers in conducting staffing activities. However, these tools were not always aligned with the sub-delegation instrument approved by the President. For instance, we found inconsistencies in the level of authority associated with key staffing decision points, including the qualifications for the work to be performed, the area of selection and the selection of the chair of the assessment boards.
- 9.16 In addition, the CSPA established organizational criteria for the use of non-advertised appointment processes. However, we found that the template used for the required written rationale omitted the value of representativeness. **Refer to Recommendation 1 at the end of this report.**

Capacity to deliver

Roles, responsibilities and accountabilities were defined, but were not carried out as approved.

- 9.17 The PSC expects deputy heads to ensure that those who have been assigned a role in appointment processes have been informed of their responsibilities and have the support to carry out this role.
- 9.18 The sub-delegated managers had access to HR advisors who passed the Appointment Framework Knowledge Test. However, we found that these sub-delegated managers were not always adequately informed of their responsibilities, and the support received from HR was not always consistent with the terms and conditions established in the approved sub-delegation instrument and required by the PSC as a condition of delegation. This was due to inconsistencies within the various components of the CSPA staffing framework. As a result, some sub-delegated managers carried out key duties within the staffing process that the sub-delegation instrument did not authorize. This included an assessment board being chaired by a sub-delegated manager who did not occupy the appropriate level required by the approved sub-delegated instrument. **Refer to Recommendation 1 at the end of this report.**

Monitoring

Monitoring was not in place.

- 9.19 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 Appointment Framework and adjust practices accordingly.



- 9.20 During the period covered by the audit, the CSPS could not demonstrate effective appointment monitoring at the transactional level in order to ensure that appointment and appointment-related decisions adhered to the PSEA, the PSER, the PSC Appointment Framework and related organizational appointment policies. We also found that the CSPS did not have effective control mechanisms and did not conduct all of the mandatory monitoring outlined in PSC policies. Although the CSPS had hired external consultants to review some of the appointments after they were made, this was done on an ad hoc basis.
- 9.21 We also found that the information available at the CSPS on its appointment system and its individual appointment staffing actions was not always complete and reliable. For example, the length of acting appointments recorded in the CSPS HR database was not always properly calculated, and some appointment process numbers were missing. As a result, the organization did not have sufficient and accurate information available to adequately monitor acting appointments for periods of more than four months. Thus, the organization could not determine whether these appointments should have been subject to merit, or whether they required a rationale to demonstrate how a non-advertised process meets the organizational criteria and the appointment values.
- 9.22 The absence of organizational monitoring on staffing based on accurate information can hamper the ability of the CSPS to identify issues and take appropriate timely action as needed. **Refer to Recommendation 1 at the end of this report.**

Observations on compliance

Staffing activities were not always compliant with the instrument of sub-delegation approved by the CSPS President.

- 9.23 The PSEA establishes that all appointments must 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 other asset qualifications, operational requirements and organizational needs established by the deputy head.
- 9.24 The CSPS President sub-delegated the establishment of the qualifications for the work to be performed to sub-delegated managers occupying a position at least at the level of director general or regional director. During the planning of this audit, we reviewed a sample of appointments to understand the CSPS staffing processes. We found that staffing activities were not always compliant with the instrument of sub-delegation approved by the CSPS President. For example, CSPS officials could not demonstrate that the establishment of qualifications was exercised at the required sub-delegated level, and they confirmed that no control was in place to this effect.

- 9.25 The lack of consistency within the CSPA framework, practices and systems to manage appointment activities meant that CSPA appointments were at risk of non-compliance with the CSPA President's sub-delegation instrument. This also meant that there was a risk of non-compliance with the PSC Appointment Framework, as lack of compliance with the approved framework does not meet PSC Appointment Framework requirements. As a result, given that audit findings indicated systemic issues with the application of the approved CSPA instrument of sub-delegation, as well as with the terms and conditions of the PSC delegation, further review of appointments for compliance was not needed to conclude the audit. **Refer to Recommendation 1 below.**

Recommendation

1. The President of the Canada School of Public Service should confirm and communicate the approved organizational staffing management framework to ensure the implementation of:
 - Effective control of the sub-delegation process;
 - Approved and compliant staffing policies;
 - Sound support by human resources staff;
 - Clear guidance and effective staffing tools; and
 - Effective monitoring for staffing.

Conclusion

- 9.26 The first objective of the audit was to determine whether the CSPA had an appropriate framework, practices and systems in place to manage its appointment activities. Although the President of the CSPA had approved an instrument of sub-delegation, it had not been adequately carried out, as the CSPA developed a suite of policies and staffing tools — including defined roles and responsibilities — that were not always consistent. For instance, appointment policies were not always aligned with the approved sub-delegation instrument; roles, responsibilities and accountabilities were not adequately carried out; and organizational monitoring was not conducted as required.
- 9.27 The second objective was to determine whether appointments and appointment processes complied with the PSEA, the PSER, the PSC Appointment Framework and related organizational appointment policies. We found that staffing activities were conducted based on a framework that could not result in appointments that would be compliant with the requirements established by the President and that, by itself, was not compliant with the PSC Appointment Framework. As a result, further review of appointments for compliance was not undertaken.



Action taken by the Public Service Commission

The PSC informed the CSPA of its initial observations early in the conduct of the audit. The CSPA took immediate action in response to the preliminary audit observations. It also asked the PSC to assist it in meeting its obligations under the Appointment Delegation and Accountability Instrument; ensure that appointments respect all legislative, regulatory, policy and other requirements; and improve its internal controls. During the early stage of the audit, the PSC dedicated resources to the CSPA to help it to respond immediately to the preliminary audit observations.

The PSC systematically reviews audit information as well as an organization's management response and associated action that it has taken or will take in response to the audit results and recommendations to determine whether any action should be taken by the PSC. As a result of this review, the PSC is satisfied with the CSPA's management response and the actions it has taken or has committed to take in response to the audit results and recommendations. The PSC will continue to provide ongoing advice and support to the CSPA in the implementation of its action plan and will monitor progress on the implementation of the action plan on a quarterly basis. Another audit of the CSPA appointment framework and compliance will be conducted when the Commission determines it is appropriate.

Overall response by the Canada School of Public Service

The CSPA accepts the findings and recommendations of the PSC, and as the deputy head, I am fully committed to addressing the issues raised in a timely, rigorous and effective manner. A detailed action plan is being developed and will strengthen the staffing regime to ensure compliance with staffing values and with legislative, regulatory and policy requirements. It should be noted that each of the findings leading to the recommendation will be subject to specific improvement measures. The CSPA has begun discussion with the PSC representatives to put in place a Letter of Understanding to collaborate on specific areas for improvement. An important component of our response will be training and development.

Audit of the Public Service Commission of Canada

Note to the reader

A number of measures, as outlined in the Appendix to this report, were put in place to mitigate possible conflicts of interest in the scope of this audit, the performance of the work and the communication of the results.

- 10.1 This audit covers the Public Service Commission of Canada (the organization)'s appointment activities for the period between April 1, 2010, and September 30, 2012. The objectives of the audit were to determine whether the organization had an appropriate framework, practices and systems in place to manage its appointment activities and whether appointments and appointment processes complied with the *Public Service Employment Act* (PSEA), the *Public Service Employment Regulations* (PSER), the Public Service Commission (the Commission)'s Appointment Framework and related organizational appointment policies.
- 10.2 The Commission safeguards the integrity of staffing and the non-partisan nature of the public service. The PSEA gives the Commission exclusive authority to make appointments, based on merit, to and within the public service. The PSEA also authorizes the Commission to delegate appointment authorities to deputy heads subject to terms and conditions.
- 10.3 The organization reported that, as a result of budget reductions, it undertook a workforce adjustment exercise that was its primary focus in 2012. Therefore, the audit team did not audit staffing strategies to determine whether these strategies described planned organizational staffing priorities and how and when they were achieved.
- 10.4 The organization made 269 non-Executive (non-EX) appointments and 11 Executive (EX) appointments between April 1, 2010, and September 30, 2012. As part of our audit, we conducted interviews, analyzed relevant documentation and audited a representative sample of 40 of the non-EX appointments, as well as all 11 of the EX appointments made.

Observations on the Appointment Framework

The *Public Service Employment Act* and the Public Service Commission's delegated authorities

A sub-delegation process was in place, but control mechanisms did not produce intended results.

- 10.5 The Commission has the exclusive authority to make appointments to and within the public service as per the PSEA. The Commission delegates many of its appointment and appointment-related authorities to deputy heads, who in turn may sub-delegate the exercise of these authorities. The Commission expects deputy heads to have a sub-delegation instrument in place that is well managed and communicated across the organization.
- 10.6 During the period covered by the audit, the President of the organization formally accepted the delegation of appointment authorities by the Commission and had full delegated authority through the signing of the Appointment Delegation and Accountability Instrument (ADAI) with the Commission.
- 10.7 The President of the organization established a *Staffing Sub-Delegation and Accountability Policy* and sub-delegation matrices to sub-delegate appointment authorities to managers. In order to become sub-delegated, a manager had to occupy a sub-delegated position; receive financial authority; complete mandatory training on staffing delegation, involving a one-hour in-house training session specific to staffing; receive a staffing sub-delegation letter signed by the President; and accept the conditions of sub-delegation in writing.
- 10.8 We found that the list of sub-delegated authorities annexed to the organization's *Staffing Sub-Delegation and Accountability Policy* was not updated to reflect some of the changes in authorities that were effective during the period covered by the audit.
- 10.9 We also found that the list of managers used by human resources (HR) staff to verify whether an individual was sub-delegated was not always accurate and was not always used adequately. Out of the 34 sub-delegated managers who signed the 51 letters of offer within the audit sample, we found that the organization was unable to demonstrate that 9 of the managers met the conditions of sub-delegation. For example, two did not occupy a position at the required level when they signed the letter of offer; in addition, the organization was not able to demonstrate that three others had received a staffing sub-delegation letter. Finally, the organization was not able to demonstrate that seven of the sub-delegated managers had completed the training required by the organizational policy. We have been advised that the organization has taken steps to address this issue. **Refer to Recommendation 1 at the end of this report.**

Appointment policies

Mandatory appointment policies and criteria were established, but gaps were identified.

- 10.10 The Commission 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 appointment processes. The Commission also expects other appointment policies that organizations develop to be compliant with the PSEA, the PSER and the Commission's Appointment Framework.
- 10.11 We found that the mandatory appointment policies and criteria were in place and generally contained the provisions required by the Commission.
- 10.12 However, we found that the organization did not always comply with the Commission's *Area of Selection Policy* or with its own policy on area of selection. As a result, we found a range of issues in 17% of appointments, such as the area of selection not providing meaningful access to potential candidates or the person appointed not being included in the area of selection.
- 10.13 In addition, we also found that, although the organization's policy established that advertised internal EX appointment processes were open to employees of the public service across Canada, the organization had a practice of restricting the area of selection for advertised acting EX appointment processes to its own employees. Further, as required by their organizational policy, the organization could not provide a written explanation as to why the area of selection for the process was smaller than the established benchmark. **Refer to Recommendation 2 at the end of this report.**

Capacity to deliver

Roles, responsibilities and accountabilities were defined, but their application did not always produce intended results.

- 10.14 The Commission expects deputy heads to ensure that those who have been assigned a role in appointment processes have been informed of their responsibilities and have the support to carry out this role.
- 10.15 We found that the President clearly defined the roles, responsibilities and accountabilities of sub-delegated managers, and that they had access to an HR advisor whose knowledge of the Commission's Appointment Framework was validated by the Commission.
- 10.16 Specifically, the organization's appointment framework outlined that it is the responsibility of sub-delegated managers to ensure the compliance of appointments with the PSEA, the PSER, the Commission's Appointment Framework and related organizational appointment policies. It also noted that it is the role of HR advisors to provide expert advice to a manager when a decision would contravene the organization's staffing appointment framework. An escalation process exists for HR advisors to raise non-compliance issues with management, while respecting that the final decision rests with the sub-delegated manager.
- 10.17 While roles, responsibilities and accountabilities were defined, their application did not always produce intended results.

- 10.18 For instance, according to the Commission's *Selection and Appointment Policy*, the deputy head must ensure that the person to be appointed meets the established merit criteria, is within the area of selection and has applied within the period established for receiving applications. The reasons for the appointment decisions must also be documented and demonstrate respect for the values and expectations set out in the PSEA.
- 10.19 This policy's requirements were met in 48% (19 out of 40) of non-EX appointments and in 45% (5 out of 11) of EX appointments audited. For example, observations of concern included the fact that, in 13 out of the 30 non-EX advertised appointment processes and 5 out of the 8 EX advertised appointment processes audited, the assessment of candidates was not consistently applied at each step of the assessment process. Thus, the organization's controls to ensure compliance of appointments and appointment processes did not always produce the intended results.
- 10.20 Finally, we noted some confusion in the application of the control mechanisms established by the President to support sub-delegated managers in the exercise of their sub-delegated authorities. For example, the approval of staffing actions by a senior management committee, as required by the President of the organization, was not always adequately recorded. Where approval was required in the appointments within our sample, the organization was not able to provide dates of approval for 6 out of 8 EX appointments and for 22 out of 29 non-EX appointments. **Refer to Recommendation 1 at the end of this report.**

Monitoring

Monitoring was not always effective.

- 10.21 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 Commission expects deputy heads to undertake the mandatory monitoring outlined in the Commission's Appointment Framework and adjust practices accordingly.
- 10.22 The organization conducted the mandatory monitoring outlined in the Commission's policies.
- 10.23 We found that the organization established a monitoring and review mechanism for key risk areas and produced ad hoc monitoring reports for reporting and management purposes. However, the organization did not always provide its senior management with an analysis of staffing information that identified patterns and risks, and it did not always report risk areas that were identified through monitoring exercises in order to allow for informed decision-making.

- 10.24 Furthermore, we found that the application of controls and monitoring at the transactional level was inconsistent and did not always produce intended results. For instance, we found that HR established a formal process to support sub-delegated managers in conducting non-EX appointments through a service-level agreement and a staffing file checklist. These should have helped the organization fully demonstrate the values and expectations set out in the PSEA through sound documentation of appointment-related decisions. However, these control processes for non-EX appointments were not always adequately implemented. For example, documents initially missing from the organization's appointment files included proof of education, assessment material, priority clearance requests, second language evaluation results and articulation of the reasons for the selection of appointees.
- 10.25 We noted that the articulation of the reasons for appointment decisions was better demonstrated when the organization's checklist was adequately used to ensure completeness and quality of documentation. **Refer to Recommendation 1 at the end of this report.**

Observations on compliance

Merit was met in 69% and not demonstrated in 31% of appointments.

- 10.26 The PSEA establishes that all appointments must 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, operational requirements and organizational needs established by the deputy head.
- 10.27 We found that merit was met in 68% (27 out of 40) of the non-EX appointments and in all EX appointments audited, and that merit could not be demonstrated in the remaining 32% (13 out of 40) of non-EX appointments. The main reasons for merit not being demonstrated were weaknesses in the assessment tools and the organization being unable to provide sufficient information to conclude on merit. **Table 1** provides a summary of our observations concerning merit for the appointments audited. **Table 2** provides a further breakdown of the reasons for which merit was not demonstrated. **Refer to Recommendation 1 at the end of this report.**

Priority persons may not have always received proper consideration.

- 10.28 The PSEA and the PSER provide an entitlement, for a limited period, for certain persons who meet specific conditions to be appointed in priority to others. The organization must take into consideration persons with priority entitlements, and must also obtain a priority clearance from the Commission before making an appointment.
- 10.29 In 5 out of 38 non-EX appointments and in 1 out of 8 EX appointments that required priority clearance, we noted differences between the essential qualifications or other information used to obtain the priority clearance number and the actual requirements of the position. In one other non-EX appointment, there was a lack of documentation to demonstrate priority consideration. Such situations could result in priority persons not being appropriately considered.

- 10.30 In addition, we found that, in other appointments, the controls used to obtain and document priority clearance numbers for positions to be staffed were not always effective. For example, we found that the organization was not able to identify the priority clearance number for the position to be staffed in 6 out of 38 non-EX appointments and in 1 out of 8 EX appointments that required priority clearance.
- 10.31 Using the authorization flowing from the PSEA, organizations can obtain clearance from the Commission to not consider priority persons in those instances where appointing a priority person would result in the creation of a priority entitlement for another employee. This authority was used in two appointments. However, in one of these appointments, we found that the organization did not follow through with the reason used to obtain the priority clearance from the Commission. We have been advised that, after the period of this audit, the organization has taken steps to address this issue. **Refer to Recommendation 3 below.**

Recommendations

1. The President of the Public Service Commission of Canada should review and enhance controls to ensure the integrity of the sub-delegation process, provide sound human resources support to sub-delegated managers and enhance monitoring to ensure that established controls have the intended effect of ensuring the compliance of appointment processes.
2. The President of the Public Service Commission of Canada should consider reviewing the organization's policy on area of selection to ensure that it is reflective of current expectations, and should implement effective control mechanisms to ensure that meaningful access is provided to potential candidates.
3. The President of the Public Service Commission of Canada should ensure that priority clearance requests contain accurate and complete information for each appointment.

Conclusion

- 10.32 The first objective of the audit was to determine whether the organization had an appropriate framework, practices and systems in place to manage its appointment activities. We found that a sub-delegation process was in place, but related control mechanisms did not produce intended results; the organization established the Commission's mandatory policies, but gaps were identified; and roles, responsibilities and accountabilities were defined, but their application did not always achieve intended results. Finally, we found that the organization conducted the mandatory monitoring outlined in the Commission's policies. However, the monitoring was not always effective.
- 10.33 The second objective was to determine whether appointments and appointment processes complied with the PSEA, the PSER, the Commission's Appointment Framework and related organizational policies. We found that merit was met in 69% and not demonstrated in 31% of appointments. Lastly, we identified situations where the essential qualifications and other information listed in the request for a priority clearance did not match those used to make the appointment.

Action taken by the Commission

The Commission systematically reviews audit information as well as an organization's management response and associated action that it has taken or will take in response to the audit results and recommendations to determine whether any action should be taken by the Commission. As a result of this review, the Commission is satisfied with the Public Service Commission of Canada's management response and the actions it has taken or has committed to take in response to the audit results and recommendations. The Commission will monitor the implementation of the Public Service Commission of Canada's action plan and its staffing performance through its regular monitoring activities, including the annual Departmental Staffing Accountability Report.

Overall response by the Public Service Commission of Canada

The Public Service Commission (as an organization) has reviewed the Public Service Commission (the body entrusted with appointments to and from the public service) audit report and accepts its findings and recommendations. As an organization, we appreciate the insight provided by the audit regarding our internal staffing control mechanisms and administrative practices.

We are strongly committed to addressing the audit findings and recommendations in a timely fashion. To this end, we have prepared a rigorous action plan, and have already begun to take action.

Appendix

Table 1: Observations on merit

| Observations | | Non-EX appointments | EX appointments | Deviation rate* |
|-----------------------------------|--|---------------------|------------------|-----------------|
| 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. | 27 (68%) | 11 (100%) | 69% |
| 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%) | 0 (0%) | 0% |
| Merit was not demonstrated | Assessment tools or methods did not demonstrate that the person appointed met the identified requirements. | 13 (32%) | 0 (0%) | 31% |
| Total appointments audited | | 40 (100%) | 11 (100%) | 100% |

Source: Audit and Data Services Branch, Public Service Commission

* The average results have been weighted to account for the respective size of each population.

Table 2: Observations on merit not demonstrated

| Merit was not demonstrated | Reasons for merit not demonstrated* | | | |
|----------------------------|-------------------------------------|--|--|--|
| | No assessment performed | Assessment tool did not evaluate all of the appointment criteria | Assessment was not applied as per tool | Organization was unable to provide documentation that supports merit |
| Total | 4 | 6 | 3 | 7 |

Source: Audit and Data Services Branch, Public Service Commission

* In some cases, more than one reason applies to an appointment.

Note to the reader

Like all organizations under the PSEA that have a signed ADAI, the PSC is included in its own seven-year Audit Plan. A number of measures were put in place to mitigate possible conflicts of interest in the scope of the audit, the performance of the work and the communication of the results. These measures included:

- The President of the organization, as the deputy head responsible for the management and operations of the PSC, removing herself from any discussion or governance around the conduct of the audit;
- The PSC Commissioners assuming the overall governance and oversight responsibility for the conduct of the audit;
- The establishment of an independent committee, made up of three senior public servants from outside the PSC with a range of experience in audit and HR, to provide feedback and advice to the Commissioners on the conduct of the audit;
- As a further measure to assure objectivity, the establishment of a contract with a private sector firm specializing in audits to independently review the quality of the audit; and
- A senior public servant from outside the Commission with experience in human resources participated in reviewing the action plan that the organization developed to address the audit observations and in the elaboration of recommendations to the Commission on whether or not to impose additional terms and conditions to delegation.

Audit of the Department of Finance Canada

- 11.1 This audit covers the Department of Finance Canada's appointment framework for the period between April 1, 2011, and August 31, 2012. The objective of our audit was to determine whether the department had an appropriate framework, practices and systems in place to manage its appointment activities.
- 11.2 The Department of Finance Canada is the federal department primarily responsible for providing the Government of Canada with analysis and advice on the broad economic and financial affairs of Canada.
- 11.3 In 2011-2012, the Department of Finance Canada had 791 full-time equivalents and carried out 259 appointments. The majority of the department's employees have an indeterminate status, and all are working in the National Capital Region. Almost half of the department's employees (about 45%) are in the Economics and Social Science Services (EC) occupational group.

Purpose and methodology of the audit

- 11.4 As part of our standard audit process, we conducted interviews and analyzed relevant documentation. With this audit, however, we also conducted review exercises on Department of Finance Canada's internal Audit of Integrated Human Resources (HR) Planning and on its Staffing File Review Exercise. We assessed the results of the two exercises, and found that both met the Public Service Commission (PSC) audit standards and included sufficient and appropriate evidence.
- 11.5 We therefore relied on the results of the Department of Finance Canada's internal Audit of Integrated HR Planning and its recommendations. Our audit focused on the department's progress against these recommendations.

- 11.6 In addition, we also accepted the results of the department's Staffing File Review Exercise. Our audit work focused on the report's recommendations and their implementation. Consequently, the PSC's standard objective on compliance of appointment and appointment processes was not required. With the intent to provide qualitative information on the implementation of the actions planned by the department to address the recommendations of its monitoring exercise, we reviewed a purposeful sample of 10 appointments (5 advertised and 5 non-advertised).

Observations on the Appointment Framework

The Public Service Employment Act and the Public Service Commission's delegated authorities

An appropriate sub-delegation instrument was in place, but the process for the sub-delegation of authorities was not followed.

- 11.7 The PSC has the exclusive authority to make appointments to and within the public service as per the *Public Service Employment Act* (PSEA). 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 communicated across the organization.
- 11.8 In September 2009, the Deputy Minister of the Department of Finance Canada signed an Appointment Delegation and Accountability Instrument (ADAI) with the PSC. We found that the ADAI was available to all of the department's employees through its intranet. The Deputy Minister of the department had full delegated appointment and appointment-related authorities during the period covered by our audit. We found that the Department of Finance Canada had an official sub-delegation instrument authorizing sub-delegated managers to make appointments on the Deputy Minister's behalf. This instrument was also available through the intranet and was compliant with the PSC Appointment Framework.
- 11.9 We noted that the Deputy Minister determined conditions, such as training, that had to be met in order for officials to be considered competent to exercise their appointment and appointment-related authorities prior to being sub-delegated. We found that sub-delegated managers met the identified conditions. Through our audit, we found, however, that the requirement for a written notification from the Deputy Minister to confirm the granting of sub-delegated authority to an individual, as stipulated in its sub-delegation instrument, was not followed. In February 2013, the Deputy Minister issued letters to confirm the granting of sub-delegated authority to individual managers and confirmed that this practice would be resumed, hence strengthening control of the sub-delegation process.

Appointment policies

Mandatory appointment policies and criteria were established.

- 11.10 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 appointment processes. The PSC also expects other appointment policies that organizations develop to be compliant with the PSEA, the *Public Service Employment Regulations* (PSER) and the PSC Appointment Framework.
- 11.11 We found that the Department of Finance Canada had implemented the mandatory appointment policies and criteria required by the PSC Appointment Framework, and that these were approved by the Deputy Minister. These policies and criteria were communicated and made accessible to all employees via the intranet. We also found that the department's stakeholders, such as managers and bargaining agents, were informed of the mandatory policies and criteria.
- 11.12 The department also developed technical directives that provided guidance on how the policies were to be applied within the organization. They also stipulated that these technical directives were to be applied in conjunction with the related departmental policies. As the PSC requirements are found either in the departmental policies or the respective technical directives, we found that the Department of Finance Canada's mandatory appointment policies and criteria were compliant with the PSC Appointment Framework.

Planning for staffing

Staffing strategies were communicated, monitored and adjusted.

- 11.13 Organizational staffing strategies describe planned organizational staffing priorities and how and when they will be achieved. The PSC expects deputy heads to establish staffing strategies to address the priorities of senior management. The PSC also expects staffing priorities and strategies to be communicated, monitored and adjusted, when required.
- 11.14 We found that the Department of Finance Canada's Internal Audit and Evaluation group conducted an Audit of the Integrated HR Planning, which was approved by the Audit and Evaluation Committee in January 2012. The objective of the internal audit was to assess the department's integrated HR planning, including corporate plans and related strategies, as well as their implementation.
- 11.15 The Department of Finance Canada's internal audit concluded that the department has developed and implemented recruitment and retention strategies to address related priorities identified in the integrated HR plan. This internal audit also found that the monitoring and reporting on progress against HR priorities occurred on a regular basis, and that an effective gap analysis was conducted. We found that the departmental Recruitment and Staffing Strategy was communicated.

- 11.16 Furthermore, the Department of Finance Canada's internal audit recommended that future reporting on corporate HR plans include an assessment of the performance achieved against well-defined performance measures, such as those within the 2011-2012 People Management Framework. Particularly, future reporting should include an assessment of results against specific, measurable, attainable and time-oriented targets. The department developed an action plan to address the recommendations made in the audit report.
- 11.17 We found that the planned actions issued in response to the internal audit have been implemented. Moreover, a comparison of the results with the targets was published and communicated to all employees, and a detailed evaluation of results against well-defined targets was included in the 2012-2013 Department of Finance Integrated Business Plan.

Capacity to deliver

Roles, responsibilities and accountabilities were defined.

- 11.18 The PSC expects deputy heads to ensure that those who have been assigned a role in appointment processes have been informed of their responsibilities and have the support to carry out this role.
- 11.19 We found that roles, responsibilities and accountabilities have been defined and communicated in various organizational documents that are accessible to hiring managers, HR advisors and employees through the department's intranet. We also found that sub-delegated managers had access to HR advisors whose knowledge has been validated by the PSC.

Monitoring

A monitoring framework was in place, and effective monitoring activities were conducted.

- 11.20 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 improve staffing performance. The PSC expects deputy heads to undertake the mandatory monitoring outlined in the PSC Appointment Framework and adjust practices accordingly.
- 11.21 We found that the Department of Finance Canada had conducted the mandatory monitoring required by the PSC appointment policies. This includes acting appointments over 12 months; appointments of casual workers to term or indeterminate status through non-advertised processes; appointments to the Executive group through non-advertised processes; use of a national area of selection; and use of the *Public Service Official Languages Exclusion Approval Order*, which provides for certain circumstances in which a person is excluded temporarily or permanently from meeting the official languages proficiency requirements of a non-imperative appointment to a bilingual position.

- 11.22 We also found that the department developed its own Staffing System Monitoring Program based on the Staffing Management Accountability Framework. This program included different types of monitoring activities, such as directed monitoring to respond to central agency requirements; cyclical monitoring to identify risk areas in the compliance of appointment processes; and ongoing monitoring, which includes the regular review of advertisements and notifications. The program indicated when each type of monitoring activity would take place. We noted that the results of the Department of Finance Canada's 2011-2012 Staffing System Monitoring Program were presented to the executive committee in February 2012. A plan for 2012-2013 was also established to continue the monitoring of staffing activities.
- 11.23 The Department of Finance Canada conducted a staffing file review exercise that covered appointments made during the period of April 1 to November 30, 2011. The objective of this file review was to determine the extent to which the department's staffing processes complied with the PSEA, the PSER, the PSC Appointment Framework and departmental policies, as well as any other relevant legislative or regulatory authorities. The results of the Staffing File Review Exercise were presented to the executive committee, and five recommendations were made; subsequently an action plan was developed to address the concerns raised.
- 11.24 We completed an assessment of the Department of Finance Canada's Staffing File Review Exercise and accepted the results as reported by the department. Therefore, we focused our audit work on the actions taken to address the recommendations and reviewed a purposeful sample of 10 appointments (5 advertised and 5 non-advertised) in order to assess the progress made regarding their implementation. The following paragraphs present the five recommendations included in the Department of Finance Canada's Staffing File Review Exercise, as well as the actions taken by the Department of Finance Canada.
- 11.25 **Recommendation 1:** *The Department of Finance Canada "should ensure that the requirements are met and appropriately documented for non-advertised promotions within departmental development programs."*
- 11.26 We found that, during the scope of our audit, all of the actions identified to address the first recommendation were in progress. As such, during our audit scope, HR advisors were informed of the findings of the internal monitoring exercise, and consultations were held on the proposed amendments to the EC development program (ECDP) to better identify the documentation requirements for an appointment. As a consequence, although the proposed amendments to the departmental development program were not officially approved during the time of our audit, the non-advertised appointments reviewed contained evidence of the identified documentation required. Sufficient information on the assessment of the appointee to support promotion within the program was found and resulted in the applicable developmental program's requirements being met. In December 2012, the revised ECDP was officially approved.
- 11.27 **Recommendation 2:** *The Department of Finance Canada "should ensure that the priority clearance process is administered appropriately for all staffing processes where priority persons must be given prior consideration."*

- 11.28 We found that the actions identified in the Department of Finance Canada's Priority Administration Work Plan were implemented. For instance, we noted that training on priority administration was offered to HR advisors, a checklist for priority administration was created and questions and answers for managers on priority administration were being developed. Furthermore, we found that the priority administration checklist was used for most of the advertised appointments we reviewed. For the one process where the checklist was not used, the original priority clearance request was submitted before the checklist was put in place. We also found that the priority process was administered appropriately in all of the advertised appointments reviewed.
- 11.29 **Recommendation 3:** *The Department of Finance Canada "should ensure compliance with its area of selection policy and technical directive, particularly the use of occupational criteria."*
- 11.30 This recommendation was aimed at ensuring compliance with the internal controls identified in the Department of Finance Canada's technical directive on area of selection. The Department of Finance Canada updated its technical directive on area of selection by eliminating the need to justify the use of the occupational criterion. We also found that all of the appointments reviewed complied with the Department of Finance Canada's *Area of Selection Policy* and with its respective technical directive.
- 11.31 **Recommendation 4:** *"In order to demonstrate that merit has been met in all of its appointments," the Department of Finance Canada "must ensure that assessment results are accurately and completely recorded on the staffing file."*
- 11.32 We found that all of the actions identified to address this recommendation were implemented. For instance, the staffing checklists were revised; a presentation to inform HR advisors of the Staffing File Review Exercise's recommendations was offered; and ongoing training has been offered to HR advisors on a bi-weekly basis to discuss HR issues. We also found that, in all of the appointments reviewed, the new checklist was used but was often not co-signed by the HR assistant, as is required. Although this control was not always respected, we found that all of the appointments reviewed contained complete and accurate assessment results and therefore demonstrated that merit was met.
- 11.33 **Recommendation 5:** *The Department of Finance Canada "must ensure that its appointment or right fit decisions are made on the basis of one or more of the merit criteria assessed in the appointment process. When there is more than one qualified candidate, the appointment decision should justify the selection of the person to be appointed."*
- 11.34 We found that all of the actions identified were taken. For instance, a template was developed to ensure that right fit justifications are compliant. We also found that all but one of the advertised appointment processes reviewed contained the appropriate right fit template, and that those using the new template were made on the basis of one or more of the merit criteria assessed in the appointment process. In December 2012, the department provided the PSC with a compliant justification produced after the appointment, demonstrating that the person appointed met all of the qualifications used for the appointment.

Conclusion

- 11.35 We concluded that the Department of Finance Canada had all of the elements of the Appointment Framework in place. We found that the department had staffing strategies, and that these were communicated, monitored and adjusted. We also found that roles, responsibilities and accountabilities were defined. We noted that the department had an appropriate sub-delegation instrument, but that, for the period covered by our audit, the process for the sub-delegation of authorities was not followed. In February 2013, the Deputy Minister of the department rectified the situation. We also found that mandatory appointment policies and criteria were established and compliant with the PSC Appointment Framework. Finally, we noted that the department has a monitoring framework in place and has conducted effective monitoring activities. As a result of our audit, no recommendations were made by the PSC. The PSC encourages the Deputy Minister of the Department of Finance Canada to continue these monitoring activities.

Action taken by the Public Service Commission

The PSC assessed the methodology and the results of the Department of Finance Canada's Internal Audit of Integrated Human Resources Planning and its Staffing File Review Exercise. The PSC found that both exercises met the PSC's audit standards and included sufficient and appropriate evidence. The PSC is satisfied with the rigour and extent of the recommendations of the Department of Finance Canada's internal audit and file review and with the staffing management framework, practices and systems in place within the organization to manage its appointment activities.

The PSC systematically reviews audit information as well as an organization's management response and associated action that it has taken or will take in response to the audit results and recommendations to determine whether any action should be taken by the PSC. As a result of this review, the PSC is satisfied with the Department of Finance Canada's management response and the actions taken in response to the results and recommendations of its internal audit and file review. As it does with all organizations, the PSC will continue to monitor the Department of Finance Canada's staffing performance through its regular monitoring activities, including the annual Departmental Staffing Accountability Report.

Overall response by the Department of Finance Canada

The Department of Finance Canada is in agreement with the overall tone of the report and the accuracy of the facts as they are expressed.

Audit of Industry Canada

- 12.1 This audit covers Industry Canada (IC)'s appointment activities for the period between June 1, 2012, and December 31, 2012. The objectives of the audit were to determine whether IC had an appropriate framework, practices and systems in place to manage its appointment activities and whether appointments and appointment processes complied with the *Public Service Employment Act* (PSEA), the *Public Service Employment Regulations* (PSER), the Public Service Commission (PSC) Appointment Framework and related organizational appointment policies.
- 12.2 IC's mandate is to help make Canadian industry more productive and competitive in the global economy, thus improving the economic and social well-being of Canadians. As of December 2012, IC had 4 771 full-time equivalents in its workforce. The majority of IC's employees had an indeterminate status and were working in the National Capital Region; the rest were spread out in regional and district offices across Canada.
- 12.3 IC carried out 145 appointments during the period covered by this audit. As part of our audit, we conducted interviews, analyzed relevant documentation and audited a representative sample of 35 appointments.
- 12.4 According to IC, the organization recently faced budget constraints and staff reductions. Consequently, IC developed a 2012-2013 People Management Transition Strategy to provide the framework for human resources (HR) activities across the organization, and to deal primarily with workforce adjustment. As a result, the implementation of IC's staffing strategies was still ongoing at the time of our audit, and the results of the variance analysis were planned for summer 2013. Therefore, the audit team did not audit staffing strategies to determine whether these strategies described planned organizational staffing priorities and how and when they were achieved.

Observations on the Appointment Framework

The Public Service Employment Act and the Public Service Commission's delegated authorities

A sub-delegation instrument was in place, but related controls were weak.

- 12.5 The PSC has the exclusive authority to make appointments to and within the public service as per the PSEA. 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 communicated across the organization.
- 12.6 The Deputy Minister signed an Appointment Delegation and Accountability Instrument (ADAI) with the PSC. The Deputy Minister of IC had full delegated appointment and appointment-related authorities during the period covered by our audit. We found that the Deputy Minister established an official sub-delegation instrument that was compliant with the ADAI. The ADAI and the sub-delegation instrument were communicated and made accessible to employees on IC's intranet site.
- 12.7 We noted that the Deputy Minister of IC established conditions to be met for officials to exercise their appointment and appointment-related authorities prior to being sub-delegated. These conditions include having HR and financial authorities and completing the mandatory training. Only those officials who occupied a sub-delegated position, who had completed mandatory training and who met other specified conditions of delegation could exercise appointment authorities.
- 12.8 We also found that IC maintains a list of sub-delegated managers. This list is used by HR advisors to ensure that the manager signing a letter of offer is in fact sub-delegated. In our review of a sample of appointments, we found weaknesses in the management of the list, as not all managers on the list met the conditions of sub-delegation. More specifically, we found two appointments audited were signed by officials who did not meet the conditions of sub-delegation. **Refer to Recommendation 1 at the end of this report.**

Appointment policies

Mandatory appointment policies and criteria were in place, but gaps were identified.

- 12.9 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 appointment processes. The PSC also expects other appointment policies that organizations develop to be compliant with the PSEA, the PSER and the PSC Appointment Framework.

- 12.10 We found that IC put in place the mandatory appointment policies and criteria for the use of non-advertised appointment processes. We also found that these were communicated and made accessible to all employees on IC's intranet site. These policies and criteria have been revised since their initial implementation. Given that IC's sub-delegation instrument was silent on who can approve the revisions of the mandatory appointment policies and criteria, the authority to do so rested with the Deputy Minister. We found that the revisions were not formally approved by the Deputy Minister.
- 12.11 We found that IC's *Corrective Action and Revocation Policy*, as well as its *Criteria for Non-Advertised Appointment Processes*, were compliant with the PSEA, the PSER and the PSC Appointment Framework. However, we found that IC's *Area of Selection Policy* did not ensure that the lifeline provisions in place for Veteran Affairs and the National Energy Board, within this policy, were aligned with the PSC requirements. **Refer to Recommendation 2 at the end of this report.**

Planning for staffing

Strategies to support staffing priorities were established.

- 12.12 Organizational staffing strategies describe planned organizational staffing priorities and how and when they will be achieved. The PSC expects deputy heads to establish staffing strategies to address the priorities of senior management. The PSC also expects staffing priorities and strategies to be communicated.
- 12.13 IC developed a *2012-2013 People Management Transition Strategy*, in recognition of organizational realignment and the impact on its workforce, to provide the framework for HR activities across the organization and to deal primarily with workforce adjustment. In support of this document, IC also developed a *Resourcing Strategy for 2012-2013*, which identified staffing strategies that supported each of the six staffing priorities. We found that these priorities and strategies were communicated and made available to employees on IC's intranet site.

Capacity to deliver

Roles, responsibilities and accountabilities were communicated.

- 12.14 The PSC expects deputy heads to ensure that those who have been assigned a role in appointment processes have been informed of their responsibilities and have the support to carry out this role.
- 12.15 We found that roles, responsibilities and accountabilities were defined, documented and communicated in various organizational documents such as the ADAI, the Instrument of Delegation, the *EX Appointment Policy* for the Executive Group and Staffing Service Standards that are accessible to sub-delegated managers and HR advisors on IC's intranet site.
- 12.16 We also noted that sub-delegated managers had access to an HR advisor whose knowledge had been validated by the PSC.

Monitoring

Monitoring activities were not always effective.

- 12.17 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 Appointment Framework and adjust practices accordingly.
- 12.18 We found that, during the period covered by the audit, IC conducted some activities in regard to the mandatory monitoring required by the PSC appointment policies, such as acting appointments of over 12 months and appointments of casual workers to term or indeterminate status through non-advertised processes for appointments made in 2011-2012. At the end of the audit, the remaining mandatory monitoring requirements were yet to be completed.
- 12.19 IC conducted a transactional monitoring exercise that covered appointments made in 2010 and 2011. The results of the monitoring exercise, as well as associated recommendations, were presented to the Director General of the Human Resources Branch in March 2012. An action plan and timelines were developed. Recommended actions were to be implemented between August 2012 and May 2013. In May 2013, IC indicated that the actions were now planned to be fully implemented by November 2013. Given that the identified actions have not yet been implemented from the monitoring for appointments made in 2010-2011, and given that they are currently monitoring appointments made in 2011-2012, this had an impact on the capacity of the organization to identify risk areas and take remedial measures in a timely manner.
- 12.20 We also found that IC had developed a control mechanism at the transactional level to ensure completeness of staffing files. We found that IC had developed a checklist to assist HR advisors and sub-delegated managers in documenting their appointment decisions, which is consistent with the PSC Appointment Framework. However, despite the completed checklist indicating that the information was on file, the intended results were not achieved since 63% (22 out of 35) of the appointments reviewed lacked important information and/or did not substantiate that merit was met and/or that the values were respected throughout the appointment process, as presented in the following section. **Refer to Recommendation 3 at the end of this report.**

Observations on compliance

Merit was met in most appointments audited.

- 12.21 The PSEA establishes that all appointments must 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, operational requirements and organizational needs established by the deputy head.

- 12.22 We found that merit was met in 74% (26 out of 35) of the appointments audited, and was not demonstrated in 26% (9 out of 35) of them. The main reasons for merit not being demonstrated was that the assessment tool was not fully applied or the organization was unable to provide documentation supporting merit, such as proof that the person appointed met the advertised education requirements or assessment documentation for the person appointed. We also found cases where the assessment tool did not cover all criteria used to make the appointment. **Table 1** provides a summary of our observations concerning merit for the appointments audited. **Table 2** provides a further breakdown of the reasons for which merit was not demonstrated. **Refer to Recommendation 3 at the end of this report.**
- 12.23 In three appointments where merit was not demonstrated, IC provided, in May 2013, revised assessments that now demonstrate that the persons appointed met all of the qualifications used for each appointment.

Information on appointment processes was sometimes incorrect or incomplete.

- 12.24 In our review of appointment processes, we found instances where there was either missing information or significant errors in the information available to candidates. In 46% (16 out of 35) of the appointment processes reviewed, the qualifications on the notification of consideration or information regarding acting appointments were not the same as those used to make the appointment, and/or the English and French versions of the advertised statement of merit criteria were substantially different. For example, one statement of merit criteria indicated the requirement to have “knowledge of policies” in the English version; however, in the French version, this essential qualification was “knowledge of practices.” When the information on the appointment or appointment process is incorrect, the values of fairness, transparency and access are at risk, as not all potential applicants may choose to apply, or persons in the area of selection may not avail themselves of their recourse rights. **Refer to Recommendation 3 at the end of this report.**

Priority persons may not have received proper consideration.

- 12.25 The PSEA and the PSER provide an entitlement, for a limited period, for certain persons who meet specific conditions to be appointed in priority to others. The organization must take into consideration persons with priority entitlements, and must also obtain a priority clearance from the PSC before making an appointment.
- 12.26 As part of our sample, 27 appointments reviewed required a priority clearance before proceeding with an appointment. In five of these appointments, the information used to obtain priority clearance and that used to make the appointment decision was different. Differences included conditions of employment, location of the appointment and tenure. These situations could have resulted in persons with a priority entitlement not being appropriately considered. **Refer to Recommendation 4 at the end of this report.**

Recommendations

1. The Deputy Minister of Industry Canada should strengthen the control mechanisms of the delegation process to ensure that officials meet the conditions of sub-delegation before exercising sub-delegated appointment and appointment-related authorities.
2. The Deputy Minister of Industry Canada should review the organization's *Policy on Area of Selection* to align it with the PSC Appointment Framework, and ensure that all departmental policies and criteria for non-advertised appointment processes are duly approved.
3. The Deputy Minister of Industry Canada should ensure that control mechanisms are enhanced to ensure that appointment processes and related decisions are fully documented and based on accurate and reliable information. This would enable the Deputy Minister to ensure that appointment-related decisions comply with legislative, regulatory and policy requirements and identify areas of concern, as well as take actions in a timely manner to address the recommendations.
4. The Deputy Minister of Industry Canada should ensure that the information used to obtain priority clearance and used to make the appointment are the same.

Conclusion

- 12.27 We concluded that most of the elements of IC's appointment framework were in place. We noted that the organization had established strategies to support staffing priorities, and that roles, responsibilities and accountabilities were communicated. We also found that mandatory appointment policies and criteria were implemented, and that most of them were compliant. IC also had an appropriate sub-delegation instrument; however, weaknesses were found in related controls, as not all managers who signed the letter of offer met the conditions of sub-delegation. Finally, we found that some monitoring activities took place, but that improvement is required to ensure compliance of appointments and to identify the need for remedial measures in a timely manner.
- 12.28 We also concluded that merit was met in most appointments audited. Merit was not demonstrated in the remaining appointments reviewed. The main reason for merit not being demonstrated was that the assessment tool was not fully applied. We also found that information on appointments and appointment processes available to potential applicants and candidates was at times incorrect or incomplete, thereby placing at risk the values of fairness, transparency and access. Finally, we noted that priority persons may not have always received proper consideration.

Action taken by the Public Service Commission

The PSC systematically reviews audit information as well as an organization's management response and associated action that it has taken or will take in response to the audit results and recommendations to determine whether any action should be taken by the PSC. As a result of this review, the PSC is satisfied with IC's management response and the actions it has taken or committed to take in response to the audit results and recommendations. The PSC will monitor the implementation of IC's action plan and its staffing performance through its regular monitoring activities, including the annual Departmental Staffing Accountability Report.

Overall response by Industry Canada

Industry Canada (IC) takes seriously the insights provided by this report and has implemented an action plan, with activities to be completed by June 2014, to address the findings and recommendations contained therein. Specifically, the department will:

- make changes to its staffing sub-delegation system to clarify criteria for sub-delegation, maintain supporting documentation and ensure that updated information on sub-delegated managers is available to human resources Advisors;*
- update its Policy on Area of Selection and implement processes to ensure that staffing policies are duly approved; and*
- put more rigorous processes in place to ensure that persons with priority entitlements are given appropriate consideration.*

Furthermore, any delays in the conduct of monitoring activities and implementation of corrective action due to an intensive focus on workforce adjustment measures undertaken in 2012 are currently being addressed. Over 2013-2014, IC will complete its outstanding monitoring activities, conduct follow up and take corrective action on audited files, and make changes to its monitoring approach to ensure that it is more timely and of greater assistance to senior management in making strategic staffing-related decisions.

The deputy head is committed to further strengthening IC's staffing regime to ensure full alignment with legislative, regulatory and policy requirements, as well as respect of the appointment values. The Senior Management Committee will oversee implementation of the action plan.

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. | 26 (74%) |
| 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. | 9 (26%) |
| Total appointments audited | | 35 (100%) |

Source: Audit and Data Services Branch, Public Service Commission

Table 2: Observations on merit not demonstrated

| Merit was not demonstrated | Reasons for merit not demonstrated* | | | |
|----------------------------|-------------------------------------|--|--|--|
| | No assessment performed | Assessment tool did not evaluate all of the appointment criteria | Assessment was not applied as per tool | Organization was unable to provide documentation that supports merit |
| Total | 0 | 3 | 4 | 4 |

Source: Audit and Data Services Branch, Public Service Commission

* In some cases, more than one reason applies to an appointment.

Audit of the Department of National Defence

- 13.1 This audit covers the Department of National Defence (DND)'s appointment activities for the period between October 1, 2011, and September 30, 2012. The objectives of the audit were to determine whether DND had an appropriate framework, practices and systems in place to manage its civilian appointment activities and whether appointments and appointment processes complied with the *Public Service Employment Act* (PSEA), the *Public Service Employment Regulations* (PSER), the Public Service Commission (PSC) Appointment Framework and related organizational appointment policies.
- 13.2 The DND workforce is comprised of both civilian employees appointed under the PSEA and Canadian Armed Forces (CAF) members, located in over 40 locations across Canada.
- 13.3 In July 2012, DND revised its organizational Human Resources (HR) Plan in response to a spending review. As a result, the focus of the organization over the period covered by the audit has been on managing workforce adjustment. For this reason, the audit team did not audit staffing plans and related strategies to determine whether these strategies described planned organizational staffing priorities and how and when they were achieved.
- 13.4 As of March 31, 2012, the organization consisted of 26 752 civilian employees under the PSEA; it carried out 1 954 civilian appointments between October 1, 2011, and September 30, 2012. As part of our audit, we conducted interviews, analyzed relevant documentation and audited two representative samples: One sample of 45 appointments was used to represent all HR service centres from the National Capital Region (NCR) area, and a second sample of 45 appointments was used to represent all other HR service centres, the Executive staffing team and two Special Operating Agencies of the department (Canadian Forces Housing Agency and Defence Research and Development Canada), for a total of 90 appointments.

Observations on the Appointment Framework

The Public Service Employment Act and the Public Service Commission's delegated authorities

A sub-delegation instrument was in place, but related controls did not always produce intended results.

- 13.5 The PSC has the exclusive authority to make appointments to and within the public service as per the PSEA. 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 communicated across the organization.
- 13.6 During the period covered by the audit, the deputy head of DND formally accepted the delegation of appointment authorities by the PSC and had full delegated authority by signing an Appointment Delegation and Accountability Instrument. In addition, DND was granted specific arrangements by the PSC for sub-delegation to members of the CAF who are managers within the deputy head's jurisdiction, and to the Ombudsman of both DND and the CAF. The deputy head formally established an instrument to sub-delegate appointment and appointment-related authorities to specific officials; this instrument was accessible to all sub-delegated officials, employees and bargaining agents.
- 13.7 DND is a large and diverse organization in which managerial responsibility is held by both civilian employees and CAF members. With DND's goal of delegating staffing authority to as low a level as possible, as well as providing managers with the flexibility necessary to staff, manage and lead their personnel to achieve results, the deputy head has adopted a tailored approach to delegating staffing authorities to civilian employees and CAF members.
- 13.8 The tailored approach included the adoption of two types of sub-delegation. The first type granted full appointment authorities to sub-delegated managers. The second type established shared sub-delegation between certified HR officers (HROs) and partially sub-delegated managers. These partially sub-delegated managers were granted authorities related to the appointment process (such as development of the statement of merit criteria and assessment tools), as well as the authority to sign letters of offer in limited situations. Under this arrangement, the certified HROs were sub-delegated the authority to sign the letters of offer, for which the partially sub-delegated managers were not granted the authority, and thereby assumed the responsibility of the appointment decisions.
- 13.9 We found that all letters of offer within the sample of appointments audited were signed by duly delegated managers or certified HROs, despite the fact that the listings used by HR staff to verify whether an HRO met the conditions of sub-delegation were not always updated in a timely manner.

- 13.10 We also found that DND did not have an effective control mechanism for the sub-delegation process of partially sub-delegated managers within the organization. Not being able to identify the specific individuals authorized to undertake staffing activities can affect accountability for appointment processes. We have been advised that, after the period covering this audit, DND took steps to amend the instrument of sub-delegation. **Refer to Recommendation 1 at the end of this report.**

Appointment policies

Mandatory appointment policies and criteria were in place, but were not always approved or updated as required.

- 13.11 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 appointment processes. The PSC also expects other appointment policies that organizations develop to be compliant with the PSEA, the PSER and the PSC Appointment Framework.
- 13.12 We found that the mandatory appointment policies were in place and generally contained the provisions required by the PSC.
- 13.13 In addition, we found that DND's organizational criteria for use of non-advertised appointment processes were not consistent in the various DND guidelines and templates. We also noted that not all of the guidance documents included the value of representativeness, and they did not always reflect PSC updates. We were informed that DND had revised its template for the justification of non-advertised appointments prior to the conduct of the audit, and that steps were being taken to revise the remaining guidance documents. However, we found that the new template had not been made available to sub-delegated officials for non-advertised appointment processes during the scope of the audit.
- 13.14 Finally, DND had a formal process in place for the development, consultation and approval of the mandatory policies. However, we found that DND could not demonstrate that its corrective action and revocation policy was approved at the appropriate level in accordance with its delegation instrument. We also found that these policies were made accessible to all employees through the organization's intranet site; however, we found that the official version of DND's area of selection policy on the DND intranet site was not the most recent version. DND representatives have informed us that the current version of the policy has now been posted on its intranet site. **Refer to Recommendation 2 at the end of this report.**

Capacity to deliver

Roles, responsibilities and accountabilities were clearly defined, but were not always understood.

- 13.15 The PSC expects deputy heads to ensure that those who have been assigned a role in appointment processes have been informed of their responsibilities and have the support to carry out this role.

- 13.16 We found that the deputy head clearly defined the roles, responsibilities and accountabilities of sub-delegated officials and that they had access to an HR specialist whose knowledge of the PSC Appointment Framework was validated by the PSC.
- 13.17 The majority of the sub-organizations within DND work under the shared sub-delegation approach discussed above. As described earlier, the instrument of sub-delegation assigned to partially sub-delegated managers accountability for key staffing decisions, while the certified HROs were accountable for signing letters of offer. Also, DND management identified the HR function, in conjunction with the required training for sub-delegated officials, to be the main control for ensuring compliance of appointments and appointment processes.
- 13.18 In specified situations where there were shared accountabilities between certified HROs and partially sub-delegated managers, the sub-delegated certified HROs who signed letters of offer were responsible for the appointment decision, which includes responsibility for the requirements of the *PSC Selection and Appointment Policy*. According to this policy, the deputy head must ensure that the person to be appointed meets the established merit criteria, is within the area of selection and has applied within the period established for receiving applications. The reasons for the appointment decisions must also be documented and demonstrate respect for the values and expectations set out in the PSEA.
- 13.19 We found a lack of understanding of the shared accountabilities for the appointment and appointment-related activities between the partially sub-delegated managers and the certified HROs. We also found that, in 28 out of the 61 appointments where the letters of offer for appointments within our sample were signed by the HRO and where there was a shared sub-delegation of accountabilities between HROs and partially sub-delegated managers, merit was not met or not demonstrated. We have been advised that, after the period covering this audit, DND took steps to review the training process for partially sub-delegated managers with the aim to develop a consistent training approach across the department to enhance managers' knowledge, improve working relationships and clarify roles and responsibilities as well as accountabilities. In addition, DND will provide mandatory training for all HR personnel.
- 13.20 Finally, we found that, for the appointments for which sub-delegated managers signed the letter of offer and for which they were supported by HROs, merit was not demonstrated in 18 out of the 29 appointments. Thus, DND's main controls to ensure compliance of appointments and appointment processes were not always successful in producing the intended results.
Refer to Recommendation 3 at the end of this report.

Monitoring

Monitoring activities took place, but did not always result in timely implementation of action plans.

- 13.21 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 Appointment Framework and adjust practices accordingly.

- 13.22 We found that DND established a Staffing Monitoring Framework and conducted the mandatory monitoring outlined in PSC policies. Monitoring plans were developed annually and allowed the department to rotate among the various DND monitoring expectations over the course of a given time frame.
- 13.23 We noted that DND's staffing monitoring framework did not specify a process or identify responsibilities for implementation of corrective measures to allow management to make timely decisions based on results, as needed. For instance, transactional monitoring on appointments was conducted and resulted in recommendations to management, such as improving the compliance of non-advertised appointments. However, DND was not able to provide evidence that corrective measures were implemented. We have been advised that, after the period covering this audit, DND took steps to ensure that follow-up is done on action plans and further action taken, if required, including training for HROs. **Refer to Recommendation 4 at the end of this report.**

Observations on compliance

Merit was met in almost half of the appointments audited.

- 13.24 The PSEA establishes that all appointments must 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, operational requirements and organizational needs established by the deputy head.
- 13.25 We found that merit was met in 48% of the appointments audited, and not met in 6% of them. For the five appointments where merit was not met, the person appointed did not meet either the essential or asset qualifications used to make the appointment decision.
- 13.26 The remaining 46% of appointments where merit was not demonstrated were equally distributed between the NCR and the other HR service centres across Canada. For example, in seven appointments, DND could not demonstrate how the person appointed met the required education. Further, there were nine appointments where DND did not demonstrate how the person appointed met the asset qualifications, operational requirements or organizational needs used to make the appointment decision. **Table 1** provides a summary of our observations concerning merit for the appointments audited. **Table 2** provides a further breakdown of the reasons for which merit was not demonstrated. **Refer to Recommendation 3 at the end of this report.**

Priority persons did not always receive proper consideration.

- 13.27 The PSEA and the PSER provide an entitlement, for a limited period, for certain persons who meet specific conditions to be appointed in priority to others. The organization must take into consideration persons with priority entitlements, and must also obtain a priority clearance from the PSC before making an appointment.
- 13.28 We found, in 2 out of 76 appointments that required priority clearance, that the organization did not request a priority clearance number. In 6 out of the 76 appointments, we noted differences between the information used to obtain the priority clearance number and the position requirements. **Refer to Recommendation 5 below.**

Recommendations

1. The deputy head of the Department of National Defence should implement effective control mechanisms for the delegation process to be able to identify, in a timely manner, the specific individuals authorized to undertake staffing activities.
2. The deputy head of the Department of National Defence should ensure compliance with the Public Service Commission Appointment Framework through the implementation of up-to-date staffing policies and aligned guidelines that are approved according to the department's own established requirements, including guidance for non-advertised appointments.
3. The deputy head of the Department of National Defence should ensure that sub-delegated officials understand their roles, responsibilities and accountabilities in the appointment processes and that sufficient documentation supports key appointment decision points and activities to demonstrate that the appointment requirements, including merit, have been respected.
4. The deputy head of the Department of National Defence should revise its Staffing Monitoring Framework in order to clarify the roles, responsibilities and accountabilities for an effective implementation of corrective measures as a result of monitoring activities.
5. The deputy head of the Department of National Defence should ensure that priority clearance requests are made, when required, and that they contain accurate and complete information.

Conclusion

- 13.29 The first objective of this audit was to determine whether DND had an appropriate framework, practices and systems in place to manage its appointment activities. We found that DND established most elements of an appropriate staffing framework, although there were some weaknesses. We found that a sub-delegation instrument was in place, but that related controls did not always produce intended results. We also found that mandatory appointment policies and criteria were not always approved or updated as required, and that roles, responsibilities and accountabilities were clearly defined, but not always understood. Finally, we found that monitoring activities took place, but did not always result in a timely implementation of action plans.
- 13.30 The second objective was to determine whether appointments and appointment processes complied with the PSEA, the PSER, the PSC Appointment Framework and related organizational appointment policies. We found that merit was met in 48%, and not met in 6%, of appointments. Merit was not demonstrated in the remaining 46% of appointments, as the assessments and related documentation were insufficient to demonstrate that the person appointed met all of the qualifications of the position. Lastly, we found that, in 2 out of 76 appointments that required priority clearance, the organization did not request a priority clearance number. In 6 out of the 76 appointments, we noted differences between the information used to obtain the priority clearance number and that used to make the appointment.

Action taken by the Public Service Commission

The PSC systematically reviews audit information as well as an organization's management response and associated action that it has taken or will take in response to the audit results and recommendations to determine whether any action should be taken by the PSC. As a result of this review, the PSC is satisfied with the Department of National Defence's management response and the actions it has taken or has committed to take in response to the audit results and recommendations. The PSC will monitor the implementation of the Department of National Defence's action plan and its staffing performance through its regular monitoring activities, including the annual Departmental Staffing Accountability Report.

Overall response by the Department of National Defence

The audit findings are generally comparable to our own internal observations and we welcome the recommendations as opportunities to further improve our existing framework. A comprehensive management action plan has been developed to address the recommendations presented. A number of measures have already been implemented or are underway, whereas others will require a more fulsome internal consultation before final implementation dates can be committed to.

The Department works hard towards ensuring appointments are made in accordance with legislative and policy requirements, and are reflective of the guiding values, in a culturally diverse and fast paced environment. We are committed to achieving excellence in all aspects of our staffing framework and doing so in the timeliest manner feasible.

Appendix

Table 1: Observations on merit

| Observations | | Appointments by National Capital Region and others* | | | Deviation rate** |
|----------------------------|--|---|-------|-----|------------------|
| 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. | NCR | 25/45 | 56% | 48% |
| | | Others | 19/45 | 42% | |
| Merit was not met | The person appointed failed to meet one or more of the essential qualifications or other applicable merit criteria identified. | NCR | 0/45 | 0% | 6% |
| | | Others | 5/45 | 11% | |
| Merit was not demonstrated | Assessment tools or methods did not demonstrate that the person appointed met the identified requirements. | NCR | 20/45 | 44% | 46% |
| | | Others | 21/45 | 47% | |

Source: Audit and Data Services Branch, Public Service Commission

* All other HR service centres, the Executive staffing team and two Special Operating Agencies of the department (Canadian Forces Housing Agency and Defence Research and Development Canada)

** The average results have been weighted to account for the respective size of each population.

Table 2: Observations on merit not demonstrated

| Merit was not demonstrated | Reasons for merit not demonstrated* | | | |
|----------------------------|-------------------------------------|--|--|--|
| | No assessment performed | Assessment tool did not evaluate all of the appointment criteria | Assessment was not applied as per tool | Organization was unable to provide documentation that supports merit |
| NCR | 0 | 14 | 10 | 9 |
| Others** | 1 | 8 | 11 | 12 |

Source: Audit and Data Services Branch, Public Service Commission

* In some cases, more than one reason applies to an appointment.

** All other HR service centres, the Executive staffing team and two Special Operating Agencies of the department (Canadian Forces Housing Agency and Defence Research and Development Canada)

