

Final Audit Report

**Audit of
Human Resources Planning**

March 2012

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Executive summary

The Treasury Board of Canada defines human resource planning as a process that identifies current and future needs to achieve the organization's goals. The Clerk of the Privy Council, as part of the public service renewal, directed federal departments and agencies to improve human resources planning.

The objective of the audit was to determine if Health Canada has an effective management control framework in place for developing and implementing integrated human resources plans with the aim of achieving operational objectives and strategic outcomes. The audit was conducted in accordance with the Treasury Board *Policy on Internal Audit* and the *International Standards for the Professional Practices of Internal Auditing*. Sufficient and appropriate procedures were performed and evidence gathered to support the audit conclusion.

Health Canada is moving towards a more sophisticated human resource planning process. Human resource planning has evolved from a stand-alone document developed in isolation of corporate priorities into the current integrated version. Branches collect data in the Integrated Planning and Performance Reporting System (IPPRS) in a single coordinated process where they identify activities. In the case of human resources planning, templates were prepared corporately and completed by each of the branches in an effort to drive consistency. However, the template design may have limited the data collected and the full integration.

Human resources planning practices across Health Canada vary widely amongst branches and regions. In some cases, these planning practices and processes are developed whereas others are just being formalized. Focus group results noted that the real objective of the human resources planning was unclear and for many, it was perceived as a paperwork exercise. A corporate human resources planning policy clearly defining expectations, roles, and responsibilities should assist in fostering stronger attention for human resources planning from the branches.

Recently, the Corporate Services Branch began a 3-year strategic human resources planning exercise with individual branches, leading to the development of a multitude of unique human resources plans. The Human Resources Services Directorate consolidated this work and drafted a corporate strategic human resources plan which has not yet been reviewed and approved by senior management.

There is an opportunity to better integrate risk information into the planning process and the human resources plans. There is currently no link between human resources plans and risks identified in the Corporate Risk Profile. Therefore, mitigation strategies from the Corporate Risk Profile are not all considered within the human resources plans.

In terms of resource allocation, the Departmental Integrated Operational Planning Process should be used as an exercise to control the full time equivalent count and other human resource requirements for the Department. The recent strategic operating review

has driven some of this discipline but it will be important to secure a permanent methodology going forward to assist in establishing a staff complement based on business needs and not historical staffing levels.

For last year's planning process, the Human Resources Services Directorate had only one week to review and provide quality assurance on the human resources data entered into the system. The Directorate expects to be able to perform a greater challenge function in the upcoming planning cycle; however they are dependent on branches completing and submitting their plans on time. This requirement has been difficult for branches to meet as they are expected to complete their human resources plans a month prior to completing their operational plans. There is an opportunity in the planning process to better synchronize these planning activities.

Monitoring human resources performance results is essential to evaluating progress. Although Health Canada's human resources planning guidelines expect branches to measure, monitor and report on progress, there was no evidence of monitoring at the corporate level, during the period under review.

1. Introduction

1.1 Background

The Treasury Board of Canada defines human resource planning as a process that identifies current and future needs to achieve the organization's goals. As such, human resource planning should be linked to managing those resources and the organization's overall strategic and operational plans. In 2007, the Treasury Board of Canada Secretariat developed a planning process which was widely recognized as key to integrating the human resources plan with the business planning process.

The *Integrated Planning Handbook for Deputy Ministers and Senior Managers* states that the legislative base for human resources planning is in the *Financial Administration Act* 11.1 (1)(a). As well, the *Public Service Employment Act* (Preamble and Section 30 (2b and 3)) contains potential uses for human resources planning. In addition, as a part of public service renewal, the Clerk of the Privy Council directed federal departments and agencies to improve human resources planning as part of integrated business planning. The handbook outlines six key principles of integrated human resources and business planning.

Principles of Integrated Planning

- Planning takes place at all levels
- Planning is information driven
- Planning identifies risk
- Planning is transparent and values-based
- Reporting on integrated planning takes place
- Planning efforts are monitored, measured and evaluated

Health Canada has taken steps in its commitment to contribute to public service renewal efforts and indicated that the Department would upgrade its human resources planning practices. For the purpose of the 2011-12 fiscal year, the Department has put in place the *Departmental Integrated Operational Planning Process* and the *Health Canada Integrated Planning and Reporting Framework* where the human resources component is included. In addition to the annual human resources planning exercise, last fiscal year corporate services worked with each of the branches to prepare a strategic human resources plan with a three year horizon.

Over 10,000 employees work for Health Canada. The total expenditure for 2010-2011 was \$3.5 billion; approximately \$1.3 billion of this money was transferred out of the Department, leaving a net expenditure of \$2.2 billion. The Department's total salaries and wages constitute \$924 million (approximately 45 percent of the net expenditure). Given its work, Health Canada requires a human resource plan that will support a workforce of scientific, regulatory and policy excellence to fulfill its mandate and advance its strategic outcomes. Human resource planning is a shared responsibility. The core responsibility for human resource planning is with managers in the branches. The Corporate Services Branch's Human Resources Services Directorate and the Chief Financial Officer Branch act as enablers for integrated business planning. The Human Resources Services Directorate is the departmental lead for the corporate human resources

and for 2011-12 had a total initial allocation of \$33.5 million for both corporate and regional human resources.

1.2 Audit objective

The objective of the audit was to determine if Health Canada has an effective management control framework in place for developing and implementing integrated human resources plans with the aim of achieving operational objectives and strategic outcomes.

1.3 Scope and approach

The audit examined Health Canada's human resources planning process for fiscal year 2011-12. Specifically, it examined governance/strategic direction, risk management, tools and guidance, planning methodology, resource allocation, integration and monitoring.

The audit criteria were derived from the Treasury Board of Canada's *Audit Criteria Related to the Management Accountability Framework*, the *Five Essential Steps to Human Resources Planning* and the *Health Canada Human Resources Planning Guide* (see Appendix A).

The audit methodology included interviews and documentation review of policies, standards, guidelines and frameworks. In addition, an analysis of branch human resources plans was completed using the Integrated Planning and Performance Reporting System (IPPRS). Lastly, focus groups were conducted with branch and regional human resources planners to gather further evidence.

The audit was undertaken by the Audit and Accountability Bureau in accordance with the Health Canada Risk-Based Audit Plan 2009-2010 to 2011-2012.

1.4 Statement of assurance

In the professional judgement of the Chief Audit Executive, sufficient and appropriate procedures were performed and evidence gathered to support the accuracy of the audit conclusion. The audit findings and conclusion are based on a comparison of the conditions that existed as of the date of the audit, against established criteria that were agreed upon with management. Further, the evidence was gathered in accordance with the *Internal Auditing Standards for the Government of Canada* and the *International Standards for the Professional Practice of Internal Auditing*.

2. Findings, recommendations and management responses

2.1 Governance

2.1.1 Strategic direction

Audit criterion: *The Department has in place a human resources planning process.*

As outlined in the *Guidance for Deputy Ministers* from the Clerk of the Privy Council, effective departmental management requires careful integration of human resources planning with the planning of departmental activities. Given the current context of financial constraints, an integrated planning process is particularly critical to provide information for decision making.

Health Canada is moving towards a more sophisticated human resource planning process. Human resources planning has evolved from a stand-alone document developed in isolation of corporate priorities into the current integrated version. Branches collect data in the Integrated Planning and Performance Reporting System (IPPRS) in a single coordinated process where they identify activities. In the case of human resources planning, templates were prepared corporately and completed by each of the branches in an effort to drive consistency.

The 2010-11 human resource planning template has branches identifying risks related to the human resources activities of the Department. The first field asks branches to state their human resources issues. The following fields in the template expect the Branch to link each human resources issue to the Program Activity Architecture, the Report on Plans and Priority commitments, branch commitments and related functional community. The most frequent human resource issue cited was staffing. The template did not have fields for defining current and future human resources needs, effectiveness of human resources strategies, timelines for implementing human resource activities, nor costs. As a result, the design of the template may have prevented branches from achieving fully integrated human resources/business plans.

The Corporate Services Branch recognizes that there are limitations with the annual human resources planning process. It has committed to better aligning this process with business needs at the operational level to begin to capture the current and future needs of the Department as opposed to focusing on staffing vacancies as they arise. The Corporate Services Branch has designed a new template to improve its human resources data input for the 2012-13 planning period. This will include much more detailed information which was not previously available, such as full-time equivalents, which can then be monitored. This will help Health Canada to further standardize its human resources planning process and have branches more closely align their own planning processes with the one that will support the Department in having more information for decision making.

In addition to the one-year human resources planning process, the Corporate Services Branch has recently begun a strategic human resources planning exercise at the branch and functional levels, covering a 3-year period.

2.1.2 Approval

Audit criterion: *The departmental human resources information is approved by senior management.*

Health Canada's Executive Committee is responsible for approving the *Departmental Operational Plan*, including the human resource component. Approval of the operational plan establishes accountability for planned results with the responsible assistant deputy ministers, and therefore, a commitment from the responsible branch to deliver results. The operational plan was approved by senior management, and was released by the Deputy Minister and Associate Deputy Minister on September 7, 2011.

As previously mentioned, last fiscal year, most branches developed a 3-year strategic plan or the Branch was included in a functional community 3-year strategic plan. While it is important for the Department to consider its human resources over the longer term, it has led to several (approximately 19) unique human resources plans. This allowed the Human Resources Service Directorate to be well positioned to produce a single corporate strategic human resource plan. As such, the Directorate drafted the *2011-2014 Health Canada Integrated Human Resources Management Strategic Plan*, however it has not yet been vetted by the branches nor has it been reviewed by senior management. The approved Departmental Strategic Human Resource Plan will allow Health Canada to map out "where it is, where it wants to go, and how to get there". The strategic human resources planning should align with the Department's priority setting exercise.

Recommendation 1

It is recommended that the Assistant Deputy Minister, Corporate Services Branch obtain formal approval of the Departmental Strategic Human Resource Plan, which provides an organizational view and strategic functional support to the Department.

Management response

Management agrees with this recommendation.

The Corporate Services Branch has produced a Departmental Strategic Human Resources Plan with a 3-year horizon that identifies the Department's key human resources management issues, priorities, and resolution strategies in the context of the Department's operating environment and strategic business objectives. The Departmental Strategic Plan is analogous to the Report on Plans and Priorities, in that it provides context and identifies longer term human resources management priorities for the Department to be considered when developing the human resources management functional summary in the annual Departmental Integrated Operational Planning Process.

The Corporate Services Branch will move to seek approval of this document. To further embed this practice in departmental planning processes for future years, the Corporate Services Branch will include a requirement to update and approve the Departmental Strategic Human Resources Plan annually in the *Human Resources Planning Policy* referenced in recommendation #2.

A plan update will be produced annually.

2.1.3 Roles and responsibilities

Audit criterion: Roles and responsibilities for human resources planning are delineated and communicated.

Human resource planning is a shared responsibility between the Corporate Services Branch's Human Resources Services Directorate, the Chief Financial Officer Branch and management within each of the branches.

The **Chief Financial Officer Branch's, Integrated Planning and Reporting Division** leads Health Canada's annual planning and reporting cycle. Key outputs of the cycle include the *Report on Plans and Priorities*, the *Departmental Performance Report* and the Departmental Integrated Operational Planning Process, leading to the *Departmental Operational Plan*.

The **Corporate Services Branch, Human Resources Services Directorate** is responsible for providing guidance and advice; collaborating with the Chief Financial Officer Branch to develop a Human Resource Planning Process that meets the requirements set out by the Chief Financial Officer Branch and that fulfills the needs of branches; developing the human resources planning process with supporting tools and data; leading the annual human resources planning process; developing the annual Departmental People Resourcing Strategy; integrating with the annual *Departmental Operational Plan*; and monitoring and reporting on progress against them as part of corporate performance measurement reporting to central agencies.

Managers are responsible for developing the branch human resources plans towards meeting the overall branch goals and objectives. Branch managers should be working with HR planners to scan the environment, conduct gap and workforce analyses in order to best plan and manage the human resources in their branch. The Branch must also approve, implement and monitor those plans, towards meeting requirements.

Documentation describing roles and responsibilities of planning stakeholders were examined to verify clarity. Roles and responsibilities are defined in several documents using different terminology. While the roles and responsibilities of managers are clearly stipulated in the Treasury Board of Canada Secretariat guidance, the Health Canada *Human Resources Planning Guidelines* omit these roles and responsibilities for managers. As such, key milestones were directed at the human resources planners, instead of managers, who are ultimately accountable for developing and implementing the plans.

Although it is clear that human resources planning is a shared responsibility, evidence from both interviews and focus groups conducted, revealed that there is often confusion around specific roles and responsibilities – and in one specific instance, the human resources plan for the Regions and Programs Branch (RAPB) was completed by the Corporate Services Branch.

Currently, human resources planning guidance focuses on a framework. Frameworks are practical and flexible, however they are informal and their application is voluntary whereas a policy provides formal, mandatory direction that identifies specific expectations. Given central agency mandatory expectations to produce a human resources plan, the Department would benefit from a human resources planning policy with clearly defined mandatory activities/outputs, roles and responsibilities and monitoring processes.

Recommendation 2

It is recommended that the Assistant Deputy Minister, Corporate Services Branch develop a human resources planning policy which aligns with departmental strategic priorities as well as the annual operational planning process.

Management response

Management agrees with this recommendation.

Corporate Services Branch will develop a departmental policy on human resources planning that will be used to guide the 2014-15 planning process. This date aligns with the Chief Financial Officer Branch's commitment to develop an integrated planning policy for the Department.

The Corporate Services Branch will collaborate with the Chief Financial Officer Branch to ensure that the *Human Resources Planning Policy* specifies the expected activities, outputs, timelines, roles and responsibilities are aligned with the broader *Integrated Operational Planning Policy* as recommended in the Audit of the Departmental Integrated Operational Planning Process. As such, the Departmental Strategic Human Resources Plan will be linked and developed in the context of all other corporate plans and processes in the Department (for example: Report on Plans and Priorities, Departmental Operational Plans, Corporate Risk Profile and the Investment Plan).

2.1.4 Information for decision making

Audit criterion: Senior management receives timely, complete and accurate workforce information to support human resources planning decisions.

An important purpose of an integrated human resources/business planning process is to develop an effective human resources plan that management will use to assist in decision making. In order to support human resources planning decisions, senior management needs workforce information that is timely, complete and accurate.

The Corporate Services Branch provides information through reports such as the *Departmental Human Resources Environmental Scan* and the *Demographics and Mobility Trends*. Branches are notified of available human resources quarterly reports in TeamWorks. These reports provide population and demographic information on each of the branches, as well as a consolidated report for the Department as a whole. As well, the Deputy Minister receives monthly human resources data through the corporate "dashboard". In examining this data, the information provided was primarily historic, but did not provide forecasts that reconcile salary budgets, staff complement and space envelope considerations. However, there was no evidence of decision making information reported to senior management with respect to the development, implementation and monitoring of human resources plans.

Lastly, a review of the branch and functional community three-year strategic human resources plans noted that there was little prospective information or measures to assess the effectiveness of the Department's human resources plan vis-à-vis the Department's mission. It would be important for the Departmental Human Resources Strategic Plan to

integrate this type of information. (See section 2.3.5 regarding performance indicators and monitoring against planned results)

2.2 Risk management

Audit criterion: *The Departmental Human Resources Planning Process incorporates the results from the Corporate Risk Profile.*

The 2010 *Corporate Risk Profile* identified ten corporate risks that needed to be managed to achieve the Department's objectives. By linking planned program activities, priorities and deliverables to corporate risks, management will have a better understanding of required mitigation initiatives/activities. Two of the ten corporate risks are human resource risks, and most of the remaining risks are indirectly linked to human resources. For the operational plans, managers and operational planners were asked to link the priorities and/or deliverables to one or more identified corporate risks.

Since risk management is part of the human resources planning process, it would be expected that risks identified in the *Corporate Risk Profile* would be incorporated into the human resources planning process, however no evidence was found. A review of the human resources planning template noted that there was no requirement to reference corporate risks. However, the two human resources related corporate risks, (attracting and retaining key scientific talent and shortage of health professionals for First Nations) did receive some attention during the planning exercise. Incorporating the identification of risks into the human resources planning process is a mitigating strategy.

Health Canada, has taken a "functional community" approach to mitigating the scientific talent risk which transcends to several branches. As well, to develop strategic human resources plans, Corporate Services Branch representatives interviewed each branch to understand longer term risks. Some risks dealt with workforce trends, the current workplace environment, talent management, succession planning, etc. As is the case with the operational plans, there was no requirement to reference the corporate risks.

Recommendation 3

It is recommended that the Assistant Deputy Minister, Corporate Services Branch, integrate risks from the Corporate Risk Profile into the human resources planning process.

Management response

Management agrees with this recommendation.

The Corporate Risk Profile is now and will continue to be integrated in the human resources planning process.

At the Integrated Human Resources Management Planning Workshop in October 2011, which was used to launch the human resources planning portion of the 2012-13 Departmental Integrated Operation Planning Process, the Chief Financial Officer Branch manager for the Centre for Integrated Risk Management presented the Corporate Risk Profile and spoke on how it is to be integrated into human resources planning.

Furthermore, the Integrated Planning and Performance Reporting System supporting the 2012-13 Departmental Integrated Operational Planning Process, has been modified and improved such that human resources plans associated with program activities and work plans can be linked to the relevant elements of the Corporate Risk Profile where appropriate.

2.3 Internal controls

2.3.1 Tools and guidance

Audit criterion: *Tools and guidance are provided to support the departmental human resources plans.*

To assist branches in completing their human resources plans, tools and guidance are provided by the Corporate Services Branch. In addition, the Corporate Services Branch conducts workshops for human resources planners to discuss expectations for the upcoming planning year. As well, the Chief Financial Officer Branch has adopted a software application – the Integrated Planning and Performance Reporting System (IPPRS). It is a business intelligence tool for branch operational plans and departmental roll-ups. The Corporate Services Branch has worked closely with the Chief Financial Officer Branch to develop a human resources planning template. After completion of the annual human resources planning process, a lessons learned session is held to seek feedback in order to continuously improve the process.

Clearly, the Corporate Services Branch recognizes that human resources planning is an area of continuous improvement. In the recent *Departmental Operational Plan*, the Branch committed to enhancing management engagement and ownership of the human resources planning process, improving the process, tools, reporting, and better alignment with business and financial planning at the operational level to more accurately capture the current and future needs of the Department.

2.3.2 Preparation and review of human resources plans

Audit criterion: Branch and functional level human resources plans are prepared and challenged before being integrated.

Preparation of human resources plans

The Treasury Board of Canada expects departments to assess organizational human resources capacity in order to plan for projected shortages and surpluses in specific occupations and skill sets. In the five-step process, the first step is to determine business goals, however the human resources planning template focussed on identifying human resources issues. Step two requires branches to scan the environment and complete a workforce analysis. Currently, the Corporate Services Branch completes these analyses. Step three is a gap analysis (which is fundamental in the Government of Canada model) however, no space was available in the template to report the results of the gap analysis. According to the Government of Canada model, human resources priorities should then be established to help achieve business goals; the Health Canada template concentrates on setting priorities to deal with human resources risks. The last step in the model suggests measuring, monitoring and reporting of progress, however, there is very little information requested or used in the templates that can be measured, monitored or reported.

Treasury Board of Canada - Five Step Process:

1. Determine business goals
2. Scan the environment and complete workforce analysis
3. Conduct a gap analysis
4. Set human resources priorities to help achieve business goals
5. Measure, monitor and report progress

Human resources planning practices across Health Canada vary widely amongst branches and regions. In some cases, these planning practices and processes are highly developed whereas others are just being formalized. Focus group results noted that the real objective of the human resources planning was unclear and for many, it was perceived as a paperwork exercise.

Despite these limitations, evidence shows that where individual branches or regions have taken the lead to fund dedicated resources to conduct human resources planning, they have been able to prepare and better integrate their business and human resource activities (see case examples below).

*The **Healthy Environments and Consumer Safety Branch** has a directorate devoted to workforce initiatives and human resource planning. The Office of Workforce Initiatives leads the development, implementation and reporting on people management plans, priorities and initiatives for the Branch. This includes (amongst other areas): human resources (HR) planning and reporting; workforce/workplace policy analysis and advice; the development of HR scans; people management, performance measurement and reporting and internal communications/employee engagement activities.*

The IPPRS was first used within the Healthy Environments and Consumer Safety Branch and adopted in 2011-12 as the departmental tool. It is a business intelligence tool for branch operational plans and departmental roll-ups. Recently, the Branch has demonstrated the functionality of the system to do more detailed workforce analysis which will lend itself to enhancing already good human resources planning.

*The **First Nations and Inuit Health Branch** uses an “HR Network” to communicate HR issues, such as HR planning needs, official languages and employment equity. Each of its eight directorates has at least one contact, acting as a two-way HR information conduit, which facilitates HR planning. The HR Network always has a meeting at the beginning of the HR planning process where changes are explained and requirements are discussed. The HR representatives then explain the process to their directors. Templates are completed for each of these groups, and then amalgamated for each directorate’s Director General approval. These are all combined into one branch plan, which is forwarded for Assistant Deputy Minister approval and used to integrate into the Departmental Operational Plan.*

*The **Regions and Programs Branch** holds bi-weekly meetings with its regional directors of human resources. These conference call meetings allow regional directors to discuss any human resources issues, including human resources planning, arising in their respective regions, share insights and act as a medium to exchange practices that may be beneficial to other regions.*

Review of human resources plans

The Departmental Integrated Operational Planning Process is established by the Chief Financial Officer Branch. For last year’s planning process, functional groups, such as corporate HR had one week to “challenge” the human resource information that was inputted into the planning system. As the corporate subject matter experts for human resources planning, it was expected that there would be an effective challenge function to query quality, consistency and cost effectiveness of draft branch human resources plans prior to integration in the operational plan. In addition, the Corporate Services Branch should be reviewing the branch human resources plans in order to assess future human

resources workload. Since none of the branches submitted their human resources plans within the outlined timeframes, there was inadequate time for the Human Resources Services Directorate to effectively review the plans. Upon discussing with the Directorate, it is expected to be able to perform a greater challenge function in the upcoming planning cycle.

Recommendation 4

It is recommended that the Assistant Deputy Minister, Corporate Services Branch advise/challenge the branch human resource plans.

Management response

Management agrees with this recommendation.

The Corporate Services Branch will continue to advise and challenge branch human resources plans to the extent it is able to within the tight timelines as part of the Departmental Integrated Operational Planning Process.

The Corporate Services Branch will ensure this requirement is established in the *Human Resources Planning Policy*.

2.3.3 Resource allocation

Audit criterion: *Human resources are allocated to planned activities.*

The *Health Canada Integrated Planning and Reporting Framework* details the importance for plans to clearly demonstrate how resources will support departmental priorities and related operational activities.

From the human resources plans in the planning system, very little information is provided regarding the allocation of human resources to the programs. An analysis in the system noted that there are no fields in the templates for identifying full time equivalents, consultants, co-op students or interchange staff. For example, in last year's operational plan there were several hundred program activities, yet neither money nor people were attached to these planned activities, making it difficult to know if the activities are appropriately staffed and funded.

The Departmental Integrated Operational Planning Process should be used as an exercise to control the full time equivalent count for the Department. The recent Strategic and Operational Review has driven some of this discipline but it will be important to secure a permanent methodology going forward to assist in establishing a staff complement based on business needs and not historical staffing levels.

Managers should plan their human resources needs and related talent management strategies taking into account Health Canada's business priorities, in order to identify workforce gaps, workforce composition and mobility trends. For the 2012-13 planning year, efforts are being made to improve the human resources planning process to more closely tie Health Canada resources to its work plans. The draft departmental human resources strategic plan could be further improved by incorporating information on resource allocation.

Recommendation 5

It is recommended that the Assistant Deputy Minister, Corporate Services Branch revise the human resources planning methodology to capture information related to resource allocation for approved activities.

Management response

Management agrees with this recommendation.

The Corporate Services Branch has already taken action towards meeting this recommendation.

As part of the 2012-2013 planning cycle, branches are asked, for each of their work plans, to identify workforce growth, reduction and turnover.

As part of the next planning cycle, the Corporate Services Branch will work closely with the Chief Financial Officer Branch to ensure that current and future human resources allocations for branch work plans are incorporated into the Integrated Planning and Performance Reporting System. The full-time employees associated with any given program deliverable will be identifiable and presented as part of the operational plan on an annual basis.

2.3.4 Integration with the Departmental Integrated Operational Planning Process

Audit criterion: Branch human resources planning activities meet the requirements of the Departmental Integrated Operational Planning Process.

All branches completed the template and submitted results into the planning system, thereby meeting the requirements of the Departmental Integrated Operational Planning Process. In addition, there is a direct link between the information in the planning system and the published Departmental Operational Plan. However, there are opportunities to improve the controls to produce more effective branch plans which ultimately will lend themselves to an improved Departmental Operational Plan.

Guidelines provided by Health Canada's Corporate Services Branch detail the Treasury Board of Canada's "Five-Step Process" and it provides details on completing the planning system template. However, as noted previously, the template does not adequately incorporate the five-step requirements.

Interviews and focus groups showed that the branch human resources planning exercise was driven by human resources planners and human resources specialists, when managers should have taken the lead. In some cases, management was involved in the assessment of the impact of business changes on their people. In other cases, human resources planners conducted consultations, brainstorming and discussions with branch and directorate representatives to identify key human resources issues for the coming fiscal year. As experience is gained in human resources planning it will become more integrated and it has the potential to become a mature product. Maturity will require a commitment from senior management to move beyond a template exercise to an exercise where the planning is used as a management tool for meeting corporate priorities.

The Corporate Services Branch recognizes that improvements are needed to the current human resources planning processes. The Branch will be enhancing management engagement and ownership, improving process, tools, reporting, and better aligning with business planning at the operational level to more accurately capture the current and future needs of the Department.

While the oversight and approval of the Departmental Integrated Operational Plan is appropriate, there is a timing issue regarding the branch level approvals between the human resources and operational plans. More specifically, while branches were asked to complete operational planning in February 2011, decisions to allocate human resources were requested in January. Consequently, branches determined their human resource plans prior to completing their operational plans. Typically business planners determine their business objectives first and then match the people needs or, they have an iterative process.

In order for the human resources plans to clearly translate the needs addressed in the business plans, it would be important for business plans to be approved first or, as a minimum, at the same time.

Recommendation 6

It is recommended that the Assistant Deputy Minister, Corporate Services Branch work with the Chief Financial Officer to align human resource planning timelines within the Departmental Integrated Operational Planning Process to allow inclusion of more meaningful human resources plans and resource requirements.

Management response

Management agrees with this recommendation.

The Corporate Services Branch has already taken steps to align human resources planning timelines within the Departmental Integrated Operational Planning Process.

The Corporate Services Branch and Chief Financial Officer Branch will continue to work together to refine the timelines in order to allow inclusion of more meaningful human resources plans and resource requirements.

2.3.5 Monitoring planned results

Audit criterion: Senior management monitors actual performance against planned results and adjusts as required.

Monitoring the results of human resources performance is an essential part of evaluating the progress achieved in priority areas as well as allowing the Department to improve its overall performance. This assessment assists decision makers with an opportunity to re-adjust strategies over time.

The process outlined by the Treasury Board of Canada, expects the human resources planning process to develop key performance indicators, targets and methods to measure progress. Most human resources plans do not contain performance targets against which to measure progress. In addition, the absence of the level of effort required to implement the list of activities in the operational plan impedes a meaningful monitoring of progress. Without monitoring it is difficult to hold managers accountable for work unit performance. In the *2011-12 Human Resources Planning Guidelines*, the Corporate Services Branch asked for a description of the effectiveness of the activities performed to date as well as progress made. In the system, space was provided to detail progress however, it was discretionary. As a result, branch human resources plans and the Departmental Integrated Operational Plan provide very few measures of human resource success.

Health Canada's *Human Resources Planning Guidelines* expect branches to measure, monitor and report on progress. The guidance asks three specific questions:

- Does your team have clear and measurable human resources related goals?
- Are the human resources performance measures aligned with the People Management Framework and related drivers?
- Do you have a mechanism to track performance outcomes?

During the period under review there was no evidence of monitoring at the corporate level, however there is a clear departmental commitment to conduct monitoring. When the *Departmental Operational Plan* was released, it was noted by the Deputy Minister

and Associate Deputy Minister that managers would be expected to track activities, address variances, and report against the highlighted program and service commitments.

The Corporate Services Branch recognizes that human resources planning is an area of continuous improvement. In the recent *Departmental Operational Plan*, this Branch committed to enhancing management engagement and ownership of the human resources planning process, improving the reporting, and better aligning with business and financial planning at the operational level to more accurately capture the current and future needs of the Department.

Recommendation 7

It is recommended that the Assistant Deputy Minister, Corporate Services Branch identify key human resources performance indicators to assess human resources plans and monitor actual performance against planned results.

Management response

Management agrees with this recommendation.

The Corporate Services Branch has already taken actions towards meeting this recommendation. As part of the 2012-2013 planning cycle, branches were asked to identify key performance indicators, performance targets and target completion periods for each human resources management issue and action identified in the Integrated Planning and Performance Reporting System.

The Corporate Services Branch will introduce performance monitoring to this process in line with the Integrated Planning and Performance Reporting System Roadmap which specifies when monitoring capacity will be developed in this system.

Conclusion

Health Canada has taken steps to upgrade its human resources planning practices, such as automating the process and advancing the integration of human resource planning within the operational planning process. Planned changes are expected to improve the human resources planning process and resulting plans, even further. These efforts are expected to provide an opportunity to better integrate risk information into the process.

With human resource planning being a shared responsibility, clear definitions of roles and responsibilities are essential. As well, timely approval of the operational and human resources plans greatly assist in ensuring their completion. With this in mind, a corporate policy clearly defining the various expectations, roles and responsibilities to foster stronger branch commitment would be beneficial. The recently produced draft Corporate Strategic Human Resources Plan should provide human resources direction for Health Canada, once approved by senior management.

The Corporate Services Branch has produced tools and provided guidance to assist in human resources plan preparation. As well, IPPRS collects some human resources planning information. The Branch recognizes that human resources planning is an area that needs continuous improvement. To this end, lessons learned sessions are held at the end of the planning process to seek feedback.

All government departments are expected to assess their organizational human resources capacity and plan for projected shortages and surpluses. Human resources planning practices vary, with some having sophisticated practices. Last fiscal year, the late branch submissions and approvals of the human resources plans became a significant challenge for the Human Resource Services Directorate to review and provide quality assurance on the human resources data entered into the system. Through better synchronization of the planning process, business and human resources plans will be developed in a manner better suited to corporate needs.

Human resources performance must be effectively monitored and measured to better evaluate progress against objectives. The Corporate Services Branch has committed to this and other initiatives to enhance management engagement and ownership of the human resources planning process in order to more accurately capture the current and future departmental needs.

Appendix A – Lines of inquiry and audit criteria

Audit of Human Resources Planning	
Criteria Title	Audit Criteria
Governance	
1.1 Strategic direction	The Department has in place a human resource planning process.
1.2 Approval	The departmental human resources information is approved by senior management.
1.3 Roles and responsibilities	Roles and responsibilities for human resources planning are delineated and communicated.
1.4 Information for decision making	Senior management receives timely, complete and accurate workforce information to support human resources planning decisions.
Risk Management	
2.1 Corporate risks	The Departmental Human Resources Planning Process incorporates the results from the Corporate Risk Profile.
Internal Controls	
3.1 Tools and guidance	Tools and guidance are provided to support the departmental human resources plans.
3.2 Preparation and review of human resources plans	Branch and functional level human resources plans are prepared and challenged before being integrated.
3.3 Resource allocation	Human resources are allocated to planned activities.
3.4 Integration with the Departmental Integrated Operational Planning Process	Branch human resources planning activities meet the requirements of the Departmental Integrated Operational Planning Process.
3.5 Monitoring planned results	Senior management monitors actual performance against planned results and adjusts as required.

Appendix B - Scorecard

Criterion	Rating	Conclusion	Rec #
Governance			
1.1 Strategic direction	S	The Corporate Services Branch recognizes the limitations of the current human resources planning process, and has taken steps to change it.	
1.2 Approval	NMiI	Health Canada's Human Resources Strategic Plan is drafted but not approved.	1
1.3 Roles and responsibilities	NMiI	Roles and responsibilities need further clarity.	2
1.4 Information for decision making	NMoI	The human resources plans do not address the current and future needs of the Department. Performance indicators and targets required.	7
Risk management			
2.1 Corporate risks	NMoI	Corporate risks are not fully integrated into the human resources planning process.	3
Internal controls			
3.1 Tools and guidance	S	Tools and guidance are provided to complete human resources plans.	
3.2 Preparation and review of human resources plans	NMiI	Plans are prepared, but submitted late, giving limited time to provide a challenge function.	4
3.3 Resource allocation	NI	Insufficient information is provided on the allocation of human resources to activities.	5
3.4 Integration with the Departmental Integrated Operational Planning Process	NMoI	Approval of human resources plans is requested prior to the completion of branch plans.	6
3.5 Monitoring planned results	NI	Currently, no monitoring system in place.	7

S	NMiI	NMoI	NI	U	UCM
Satisfactory	Needs Minor Improvement	Needs Moderate Improvement	Needs Improvement	Unsatisfactory	Unknown; Cannot Be Measured