

Indian and Northern Affairs Canada

**Internal Audit Report
Audit of Non-Advertised, Casual and Acting Appointments**

Audit and Assurance Services Branch

**Project #08/47
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Executive Summary

Background

The *Public Service Employment Act (PSEA)*, which came into effect December 31, 2005, provides the legislative framework for making appointments to and within the Public Service. The Public Service Commission (PSC) has sub-delegated its appointment authority to the Deputy Minister of Indian and Northern Affairs Canada (INAC) through the Appointment Delegation and Accountability Instrument (ADAI). The ADAI stipulates how the DM will be held accountable for the exercise of his delegated authority.

Public Service renewal requires organizations to re-think their recruitment, development and retention processes and practices in the short and long term, and make more practical use of the flexibilities brought about by the *Public Service Modernization Act (PSMA)*. This means pursuing new ways to recruit, develop, retain and nurture employees and leverage the talented and skilled people who are already part of the workforce.

The department, along with the Public Service as a whole, is facing serious workforce shortages. INAC's commitment to a 50% Aboriginal Hiring Strategy further increases the complexity of staffing.

The PSC has developed an appointment framework to guide deputy heads in building their own staffing systems - adapted to their needs and ensuring that they respect legislative requirements and core values. The framework consists of three components: Appointment Policy, Delegation, and Accountability. The appointment framework was used as the basis for reporting the results of our audit.

Objectives and Scope

The objective of the audit is to provide assurance on the adequacy and effectiveness of departmental controls for administering staffing and compensation for non-advertised, casual and acting appointments, including monitoring compliance with relevant policies and procedures.

The scope of the audit included a sample of non-advertised indeterminate, casual and acting appointments greater than four months from three regions and three sectors. The audit covered the period April 1, 2007 to March 31, 2008.

Conclusions

Increased oversight of staffing activities in regions and sectors is required from Human Resources and Workplace Services Branch (HRWSB) to ensure compliance with policies and legislation, address control shortcomings and identify opportunities to leverage best practices.

Further changes to the HR Policy Framework and the HR Monitoring Framework are needed to ensure that the guiding principles of fairness, transparency, access and representativeness are respected and that managers are accountable in the exercise of their delegated staffing authority. Instances of managers authorizing staffing decisions

without requisite authority were noted and went undetected in the processing of compensation. The audit also identified very a high incidence of employees commencing work and being paid prior to the signing of their letter of offer.

Improvements in the quality of staffing information are required to ensure the integrity of data in the HRMIS (PeopleSoft) and accuracy of information reported in HR Dashboards.

During the course of the audit, HRWSB, supported by the regional Human Resources Directors, has undertaken several initiatives to address these findings; such as the implementation of Fast Track Staffing and establishment of the Collective Staffing Unit to ensure that departmental managers are adequately supported in their responsibilities with respect to staffing.

Recommendations

The audit report provides a number of recommendations intended to address these audit findings. The Director General, Human Resources Workplace Services Branch should:

1. In conjunction with the ADM, Regional Operations and the ADM, Northern Affairs Organization, complete an analysis of reporting relationships and resource levels within regional HR functions and develop a strategy to achieve minimum staffing service standards;
2. Review accountabilities of HRWSB with respect to regional HR operations to better understand whether the current regional service delivery models and accountabilities achieve efficiency;
3. Expand the HR Policy Framework to include guidelines on the use of acting appointments greater than four months and casual workers to ensure fairness and transparency in selection;
4. Review and formalize the HR monitoring framework to ensure that departmental management has assurance that managers and HR professionals across the department are adhering to legislative and policy requirements related to all aspects of HR management and that guiding values are being respected;
5. Improve consistency and communication of HR guidelines and tools across the department; while leveraging on best practices developed in both regions and HRWSB and reducing redundancy (e.g. multiple HR intranet sites, duplicate tools and inconsistent service standards);
6. Provide consistent training and guidance to non-delegated managers and administrative personnel across the department who are actively involved in staffing processes;
7. Develop a robust action plan, including specific roles and responsibilities of HRWSB, regional HR staff and IM/IT, to ensure data integrity within PeopleSoft prior to implementing the PWGSC pay interface.

1.0 Statement of Assurance

We have completed the Audit of Non-Advertised, Casual and Acting Appointments. The objective of the audit is to provide assurance on the adequacy and effectiveness of the departmental controls for administering staffing and compensation for non-advertised, casual and acting appointments, including monitoring compliance with relevant policies and procedures.

The internal audit was conducted in accordance with the requirements of the Treasury Board Secretariat (TBS) Policy on Internal Audit and followed the Institute of Internal Auditors' Standards for the Professional Practice of Internal Auditing. The audit was conducted against criteria derived from the Public Service and INAC staffing policy frameworks. These criteria are listed in Appendix A.

In my opinion as Chief Audit and Evaluation Executive, reasonable assurance was obtained through our audit to ensure the accuracy of the conclusions reached and contained in this report. Our conclusions are based on a comparison of the situations, as they existed at the time of the audit, against the audit criteria. It should be noted that the conclusions are only applicable for the areas examined.

2.0 Introduction

INAC operates in a complex and challenging environment, where change in the social, economic, legal and political landscapes predominates, and the department must adapt and respond quickly to changing needs and priorities. Success in managing and executing the complex array of work points to the need for a workforce that is multi-skilled in service delivery, policy development and program implementation.

Highly competitive labour markets exist in the West and the North for skilled and experienced Aboriginal and non-Aboriginal peoples alike, and INAC competes with other government departments and the private sector for the talent required. The department, along with the broader Public Service, faces serious workforce shortages for certain disciplines in both the National Capital Region (NCR) and many of its regional offices.

Public Service renewal requires organizations to rethink their recruitment, development and retention processes and practices in the short and long term, and make more practical use of the flexibilities brought about by the *Public Service Modernization Act* (PSMA). This means pursuing new ways to recruit, develop, retain and nurture employees and leverage the talented and skilled people who are already part of the workforce.

Internal to INAC, the Deputy Minister's Aboriginal Workforce Strategy has identified strategies in four areas intended to increase the number of Aboriginal peoples working at all levels of INAC, enhance career opportunities for Aboriginal peoples and address recruitment, advancement and retention of Aboriginal peoples. In a Letter of Understanding with the Assembly of Manitoba Chiefs in 1996, INAC committed to a 50% Aboriginal Hiring Strategy.

The *Public Service Employment Act* (PSEA) which came into effect December 31, 2005, provides the legislative framework for making appointments to and within the Public Service. The PSC has sub-delegated its appointment authority to the Deputy Minister of INAC through the Appointment Delegation and Accountability Instrument (ADAI). The ADAI stipulates how the DM will be held accountable for the exercise of his delegated authority. At the time of the audit, the PSC was carrying out a survey of INAC's staffing activities. Results of the review have not yet been released at the time of writing.

3.0 Objective and Scope

The objective of the audit is to provide assurance on the adequacy and effectiveness of departmental controls for administering staffing and compensation for non-advertised, casual and acting appointments, including monitoring compliance with relevant policies and procedures.

The scope of the audit included a sample of non-advertised indeterminate, casual and acting appointments greater than four months from three regions and three sectors. The audit covered the period April 1, 2007 to March 31, 2008.

4.0 Approach and Methodology

INAC's Audit and Assurance Services Branch (AASB) has adopted the Institute of Internal Auditors (IIA) International Standards for the *Professional Practice of Internal Audit* (IIA Standards), and strives to attain these standards in the discharge of its internal audit responsibilities.

The approach employed for the audit included the development of audit criteria against which observations, assessments and conclusions were drawn. These criteria, listed in Appendix A, were drawn from the public service and departmental staffing policy frameworks. Regions and sectors included in the scope of the audit included Treaties and Aboriginal Government (TAG) sector, Chief Financial Officer (CFO) sector, the former Lands and Trust Services (LTS) sector, British Columbia (BC) region, Northwest Territories (NWT) region and Saskatchewan region. Audit fieldwork was conducted between May and October 2008.

The principal audit techniques used included the following:

- interviews with Human Resources Workplace Services Branch managers and staff, Regional Human Resources Directors and staff, and delegated and non-delegated managers from each of the sectors/branches covered in the audit;
- review of the INAC policy framework;
- review and analysis of data obtained from the department's Human Resources Management Information System (HRMIS), PeopleSoft;

- testing of a judgmentally selected sample of 249 non-advertised, casual and acting appointments to assess compliance with staffing and compensation policy requirements and adequacy of documentation on HR staffing and payroll files; and
- for multiple/repeat actions (i.e. repeat casual and term appointments, sometimes resulting in indeterminate, and short-term acting assignments leading to acting greater than four months), all staffing transactions for individual employees were reviewed.

The audit team held exit meetings at each HR regional office to discuss preliminary observations. A presentation was made to Regional Human Resources Directors (RHDR's) in September 2008 to discuss preliminary audit observations and findings.

*Sample Selection
Non-Advertised, Casual and Acting Appointments Greater than four months
April 1, 2007 to March 31, 2008*

	Dept. total	Sample Selection							Total	% covered
		BC	NWT	Sask.	TAG	CFO	LTS			
Acting appointments > 4 months	609	34	5	10	17	10	27	103	17%	
Casual appointments	346	24	15	2	11	21	20	93	27%	
Non-advertised non-Aboriginal appointments	203	10	3	3	4	4	7	31	15%	
Non-advertised Aboriginal appointments	106	4	4	1	3	3	7	22	21%	
	1,264	72	27	16	35	38	61	249	20%	

5.0 Observations, Findings and Recommendations

5.1 HR Governance

Symptoms of a broader concern were identified during the audit about whether the current regional and HQ service delivery models and accountabilities are achieving adequate control while also meeting minimum service standards.

Human resources (HR) services are delivered through a decentralized model whereby Human Resources and Workplace Services Branch (HRWSB) supports managers in the NCR and the ten regional HR functions support their respective regional offices. Regional Human Resources Directors report to their Regional Directors General with a functional accountability to the Human Resources and Workplace Services Branch (HRWSB). The management of human resources is ultimately the responsibility and accountability of departmental managers. HR advisors support departmental managers in this role with advice and guidance.

The results of our audit, and findings of a number of Management Practices Reviews (MPR's) conducted between 2007 and 2008, have revealed that the resourcing of HR services in relation to the size and needs of the regions vary considerably. We noted during our review that HRWSB and regional HR functions are proactively responding to managers' needs. HRWSB has undertaken a number of initiatives to streamline the staffing process and improve service delivery standards. Fast Track Staffing and the Collective Staffing Unit are two such initiatives.

Fast Track Staffing is a web-based electronic process being used for certain types of staffing actions including; acting less than 4 months, casual employment, non-advertised deployment and term extension. Fast Track Staffing is being implemented in a phased approach in the NCR and regions.

A Collective Staffing Unit has been created in the NCR with a team of HR resources dedicated to establishing large-scale pools with the help of knowledgeable managers. HR has also co-located some of its HR Advisors and assistants within sectors to improve the services to managers.

Through a review of all regional HR web sites, we found that while staffing service standards exist, they have not been updated since 2004. We found that only two regions had posted the standards on their HR websites. Service standards have recently been established for each of the types of staffing actions covered under Fast Track Staffing.

5.2 Appointment Framework

Under the *Public Service Employment Act (PSEA)*, the Public Service Commission (PSC) has the authority to make appointments to and within the public service. The PSEA also provides for the delegation of staffing authorities to Deputy Heads.

The Public Service Commission (PSC) has developed an appointment framework to guide deputy heads in building their own staffing systems adapted to their needs and ensuring that they respect legislative requirements and core values. The framework consists of three components:

- Appointment Policy
- Delegation
- Accountability

The following details the results of our audit against each of the framework components.

5.2.1 Appointment Policy

While satisfactory progress is being made in developing the HR Policy Framework, the audit highlighted the need for guidelines on the use of acting appointments greater than four months.

Both delegated and non-delegated managers indicated requirement of additional guidelines and tools to guide them through the staffing process.

In the absence of a department-wide communication strategy and central access point for HR policy and guidance, the regions have developed their own HR intranet sites.

The Public Service Commission, under the authority of the PSEA, has developed a broad appointment policy for making and revoking appointments and taking corrective action. The Canada Public Service Agency (CPSA) has also established a number of employment policies, including casual employment and term employment. Deputy Heads have the flexibility to put in place appointment processes and programs tailored to their own organizational needs. When determining these processes and programs, they are expected to establish policies and procedures that respect the values of fairness, access, transparency and representativeness, and ensure that statutory and central agency requirements are respected, even when service providers are used.

INAC has made satisfactory progress in establishing an HR policy framework and has developed a number of staffing policies and guidelines which are accessible on the HQ and regional HR websites. The policies are generally current, and plans to review and update the policy suite to support recruitment, development, retention and the need to address Aboriginal staffing have been identified as an action item in the 2008-09 HR Management Strategy. However, results of our audit work have identified concerns with the use of acting appointments greater than four months (see Section 5.3.3 of this report) and the need for the development of guidelines outlining roles and responsibilities.

Results of our interviews with many of the managers revealed that, while they were aware of the policies governing staffing, many stated that they would like to see more concise guidelines and tools outlining the options available to them to guide them through the staffing processes. We found that the BC Region HR function had developed a number of tools that could be useful to other departmental managers and HR Advisors and staff.

We noted duplication of effort and some inconsistency in the approaches for disseminating HR policies and guidance to managers. An electronic search for HR policy information can at times be difficult because each regional office and HRWSB has a unique HR intranet website. The content of each website varies, and in many instances, key documents are duplicated or hyperlinks to central agency policies are outdated.

5.2.2 Delegation

Within the sample of 249 staffing actions, 18 (7%) letters of offer were authorized by managers who did not have valid HR sub-delegated authority. These breaches of policy occurred across all regions and sectors reviewed, with the exception of B.C. Region.

A number of authorities are in place to outline the department's appointment authority including:

- the Appointment Delegation and Accountability Instrument (ADAI) which identifies the appointment and appointment-related authorities being delegated,

the authorities the DM may sub-delegate, the conditions of the delegation and how the DM will be held accountable;

- INAC's Human Resources Authorities, a policy document that outlines the departments sub-delegated staffing authorities (it states that a sub-delegated position must: be a level 4 or higher; have direct reports; and have financial signing authority (Section 34 of the FAA); and
- INAC's Staffing Sub-Delegation Policy, which outlines the requirements for a manager to be sub-delegated staffing authority (requirements include completion of mandatory training and the validation of knowledge).

Overall, we found that INAC's existing HR Authorities are appropriate where the number of direct reports is low. However, our interviews with sub-delegated and non-delegated managers revealed that many of the sub-delegated managers assign much of the responsibility for working through the staffing process to their non-delegated managers. The sub-delegated managers have the authority to appoint and are responsible for signing the letters of offer to the successful candidates.

Interviews with a selection of non-delegated managers revealed that these managers have not been provided with staffing training and therefore place a heavier reliance on the HR Advisor, and to some extent the sector/branch administrative support, to guide them through the process.

Results of our review of 249 staffing actions revealed that 12 managers who did not have valid HR sub-delegated authority signed a total of 18 letters of offer without requisite authority. We found that some managers interviewed thought they held HR sub-delegation since they were delegated under the FAA and had previously taken some staffing training. HR Advisors are responsible for ensuring that managers are sub-delegated before authorizing appointments.

During audit fieldwork, none of the three regional offices visited were able to provide auditors with a complete listing of sub-delegated managers. Since that time, HRWSB's Corporate Resourcing directorate has developed and retains copies of all fully signed delegation letters. During the course of our audit, we identified 17 delegation letters that were approved by the Deputy Minister but not signed by the respective manager.

5.2.3 Accountability

Development of a monitoring framework and improvements to the timeliness and quality of data in staffing information systems is needed.

The Staffing Management Accountability Framework (SMAF) is one of a number of mechanisms supporting the Accountability Policy developed by the PSC to hold Deputy Heads accountable for the exercise of their delegated authorities. The SMAF sets out key areas for a well-managed appointment system that achieves progress in making the staffing process more flexible and efficient, and strengthening respect for the appoint values involved. It establishes expectations with respect to the following:

- Element 1 - Delegation of Staffing to Deputy Heads - Deputy Heads are expected to implement the necessary infrastructure and practices conducive to

the effective management of delegated authorities in accordance with the PSC appointment framework;

- Element 2 - Human Resources Planning and Integration with Business Planning – To achieve their business objectives, Deputy Heads are expected to ensure that staffing decisions are strategic and in line with current and future HR requirements;
- Element 3 - Organizational Human Resources Support Systems – Deputy Heads must ensure that their organizations have access to a reasonable number of HR advisors with appropriate staffing expertise to support sub-delegated managers, and that they have effective information and reporting systems;
- Element 4 - Organizational Accountability for Results – Deputy Heads are expected to establish active monitoring practices and to adjust their staffing processes, programs and practices as required.

On an annual basis, departments are required to complete self-assessments on key success factors of the SMAF and report results to the PSC through Departmental Staffing Accountability Reports (DSARs). In November 2004, the PSC's policies made active monitoring mandatory for items such as long-term acting appointments and the use of non-advertised processes.

HRWSB uses HR Dashboard reports to report human resources population information such as workforce profiles, employment statistics, mobility statistics and human resources activities. The department's Human Resources Management Information System (HRMIS) is the data source for staffing information.

In its 2007-08 DSAR, INAC self-assessed its progress against a number of the SMAF key success factors as satisfactory. These included development of Sub-Delegation Instruments, a Human Resources Management Strategy and HR Plan and a staffing policy framework. HR also reported that there are a number of areas where improvements are needed, including development of a monitoring framework and improving the timeliness and quality of staffing information systems. Results of our audit work support the self-assessment reporting in the DSAR.

Staffing activity information is recorded in INAC's Human Resources Management Information System – PeopleSoft. While mandatory staffing requirements for data input have been documented, we found at the time of the audit that there was a lack of verification to ensure the quality of data, as this was deemed to be the responsibility of the process owner.

Results of our audit work revealed that mandatory data requirements relating to the recording of job requisition data were not being followed in two regions. We also found discrepancies in the coding of 10 (4%) staffing actions. The absence/inaccuracy of this information has a direct impact on the reliability and reporting of staffing activity and ultimately on the accuracy of information for decision-making. During the period of the audit, HRWSB was working on developing a plan to address the HRMIS data integrity issues.

Mandatory data requirements also include the approval of the staffing action by an individual with FAA signing authority. Approval is electronic in the form of an authorization ID. However, there are no system checks to ensure that the individual approving the staffing action does in fact have FAA signing authority. However, we did note that one sector utilizes a manual sign-off under Section 34 for each staffing action.

One of the priorities identified in the 2007-2008 Human Resources Strategy was to implement an updated HRIMS (PeopleSoft, version 8.9) to increase efficiency, data integrity and capture human resources information for decision-making. This upgrade occurred in January 2009. The data quality issues identified above, if not corrected, could have a significant impact on the department's plans to implement the PWGSC On-line pay interface and the accuracy of employee pay.

5.3 Appointments

5.3.1 Non-Advertised – Indeterminate Appointments

In 4 of 53 (7%) non-advertised appointments reviewed, managers did not document the rationale for how their decision respected the departmental non-advertised policy requirements and the guiding values of fairness, access, transparency and representativeness.

The practice in some sectors and regions of allowing new employees to reporting to work prior to finalization of letters of offer, completion of pay and benefits documents, and processing of security clearances, places the department at risk.

The PSEA offers managers increased flexibility when choosing between the advertised and non-advertised appointment processes. The PSC expects that the non-advertised appointment process will only be used in appropriate circumstances. They require a rigorous demonstration of how the choice of a non-advertised process respects the core staffing values, namely merit and non-partisanship, and the guiding values of fairness, transparency, access and representativeness. The PSC's preference is for more advertised than non-advertised processes.

The PSC Choice of Appointment Process Policy helps departments choose between an advertised and a non-advertised appointment process. It requires that organizations:

- establish and communicate criteria for the use of non-advertised processes; and
- ensure that a written rationale demonstrates how a non-advertised process meets the established criteria and the guiding values.

In accordance with PSC policy, the department established the Criteria for the Use of Non-Advertised Appointment Processes Policy, effective February 2008. The objective of the policy is to provide a common framework and objective criteria for managers to decide when to use a non-advertised appointment process. The policy outlines the requirements for a non-advertised appointment process and the criteria for using an internal or external non-advertised process. Documentation requirements for the staffing file have also been identified.

One of the conditions of delegation under the ADAI is to ensure that appointment and appointment-related decisions are fully documented and are accessible for a period of five years from the last administrative action.

During 2007-08, the department actioned 309 non-advertised indeterminate appointments, compared to 639 advertised indeterminate appointments, or 33% of the 948 total actions. In Saskatchewan region, only one non-advertised appointment was used in 2007-08. Only 103 of these 309 non-advertised appointments were for Aboriginal employees.

Overall, managers are adequately demonstrating how their decisions respect the departmental non-advertised policy requirements and that the guiding values of fairness, access, transparency and representativeness have been respected. We found in most of the 53 files reviewed that the essential qualifications of the position being staffed were documented in a Statement of Merit Criteria (SOMC) and that individuals were assessed against the SOMC. However, we did find that 3 (5%) of the files reviewed did not contain the SOMC and 4 (7%) files did not contain assessments against the SOMC.

INAC's Criteria for the Use of Non-Advertised Appointment Processes Policy includes a series of circumstances where internal and external non-advertised appointment processes could be used. The policy states that the criteria are not prescriptive or all-inclusive and the potential applicability of a criterion does not mean that a non-advertised process must be used, or that it is necessarily the best staffing option.

While managers are ultimately responsible for the decisions made regarding non-advertised appointments, HR Advisors have a key role to play in ensuring that the decisions are substantiated. No formal quality assurance review is carried out by HR Advisors prior to issuing letters of offer for non-advertised appointments. As mentioned previously (Section 5.1.2) managers without HR sub-delegated authority are signing letters of offer.

We also noted that in 24 of 53 (45%) of the non-advertised appointments reviewed, letters of offer were dated and or signed after the effective date of the appointment. Eleven (11) of these letters of offer were for aboriginal appointments. During interviews, some managers identified this as an area of frustration and had admitted to having individuals commence work prior to completion of the letter of offer.

Results of our file reviews have revealed that mandatory documentation requirements are not being met. In particular, as required by departmental policy, the Checklist for Non-Advertised Appointment Processes and the Signed Statement of Persons Present at Screening Board/Rating Board form were absent in almost all of the files reviewed.

5.3.2 *Acting Appointments Greater than Four (4) Months*

Managers are not consistently demonstrating in a transparent manner how they achieve fairness when individuals are appointed to acting appointments greater than four months immediately following an acting appointment less than four months.

Pervasive lateness was observed on the part of both delegated managers and HR staff in the issuance of letters of offer for acting appointments greater than four months.

In accordance with INAC's *Policy – Criteria for the use of Non-Advertised Appointment Processes*, an internal non-advertised appointment process can be used for an acting appointment of more than four months; where the organization's Human Resources Plan provides for employees to benefit from a developmental opportunity on a rotational basis or where no reasonable pool of potential candidates exists. Acting appointments greater than four months are subject to merit and complaints to the Public Service Staffing.

Under the PSEA, merit has two components. Firstly, everyone who is appointed must meet the *essential qualifications* of the position. Secondly, the hiring manager may take into account any current or future requirements the organization has identified. These are referred to as *asset qualifications*, *operational* requirements and *organizational* needs.

While managers have more flexibility in applying merit, they are accountable to ensure that appointments are free from political influence and personal favoritism; and to ensure that fairness, transparency and access remain front and centre. Qualifications and requirements must be established at the outset, linked to HR plans and widely communicated.

The department makes considerable use of acting appointments greater than four months - with 609 actions in 2007-08, of which 380 or 63% were in the NCR. A total of 475 acting situations between one and four months were also actioned in 2007-08.

For acting appointments greater than four months, managers are required to identify their plans to fill the vacancy in their human resources plan. We found many inconsistencies in the approach taken by sectors/regions in this regard. In some

sectors/regions we found adequate substantiation for the acting appointment, while in others we found a copy of the complete one year plan on each acting file with no reference to the acting position. In others, no plan was evident.

Results of our file reviews revealed:

- 16 of 103 (15%) of acting appointments greater than four months lacked an Information Regarding Acting Appointment document. Much of this relates to actings less than four months that have been extended beyond four months. We did find however, that acting appointments that were initiated originally as acting appointments greater than 12 months were well supported and respected the guiding principles.
- 39 of 103 (38%) letters of offer for acting appointments greater than four months were dated and/or signed after the effective date of appointment. In at least 10 cases the letter of offer was dated after the duration of the appointment had expired. This has an impact on employees' perception of fairness in the process.

5.3.3 *Casual Appointments*

The Canada Public Service Agency defines casuals as "workers hired for specified periods that may not exceed 90 working days in one calendar year. Casual workers are most often hired as short-term replacements for staff and to help manage heavy workloads. The period of casual employment may be for one or more than one term, but is not to exceed 90 working days.

Casual employment is excluded from the provisions of the PSEA and from the application of merit. As a result, casual workers are not required to meet the selection and assessment standards used for specified-period (term) and indeterminate (permanent) hires. No competitive process is undertaken to find the most suitable person.

There is no specific Treasury Board policy on the hiring of casuals at present. However, the TBS Terms and Conditions of Employment Policy states that the terms and conditions of employment of employees - including casuals, terms, part-time workers and excluded and unrepresented employees - are as set out in the relevant collective agreement and as supplemented in the Public Service Terms and Conditions of Employment Regulations. Currently, each department decides if a departmental policy on casual hiring is needed.

INAC currently has no departmental policy on casual hiring. Previously developed Casual Appointment Guidelines are no longer in effect. During the 2007-2008 fiscal year 346 casual workers were hired. This represented 7.6% of the departmental population of 4,537.

Results of our review of 93 casual appointments revealed that the 90 day work period for casual workers is being respected.

While the intention is that casuals are to be hired as short-term replacements, in many instances it provides managers with a window of opportunity to fill an indeterminate position without having to go through a lengthy competitive staffing process. We found

that 18 (19%) casuals were appointed to term or indeterminate positions immediately following the casual work period. This compares to a government-wide incidence rate of 41%, according to a 2007 PSC survey. Monitoring mechanisms were instituted during the period of the audit, to ensure compliance with PSC policy requirements.

5.4 Compensation

The department has not adopted a consistent approach to demonstrating verification of the accuracy of pay transactions.

Employee pay entitlements are governed by Acts and regulations such as the *Public Service Employment Act*, *Public Service Superannuation Act*, *Financial Administration Act*, collective agreements, Terms and Conditions of Employment Regulations and Treasury Board policies and guidelines governing salary administration.

Pay transactions are entered in PWGSC's On-Line Pay System by Compensation Advisors (CAs). CAs follow the specific instructions and procedures of the Personnel Pay Input Manual (PPIM) for preparing, verifying, authorizing and batching input to the On-Line Pay System.

To ensure an adequate segregation of duties, HQ HR and regional HR compensation staff follow a generally accepted practice whereby all pay transactions processed by a CA are subject to an independent review and verification by an alternate CA (Buddy System) prior to finalization.

For each of the staffing actions selected for review, the resulting pay action was also reviewed. We found, with the exception of one region, that documentation supporting specific pay transactions was on file and that there was adequate evidence indicating the date of the transaction, the name of the compensation advisor responsible for the pay transaction, and the name of the alternate (buddy) compensation advisor responsible for verifying the validity and accuracy of the pay transaction.

Results of the files reviewed revealed that 22 of 249 (8%) lacked evidence of pay verification against the staffing action, 10 of which related to one sector. Seven of the 93 (7%) casual files reviewed lacked evidence that vacation pay owed to casual workers at the completion of their casual work period had been paid. Again this was primarily related to one sector (5 of the 7 pay transactions).

We also found that, in most regions and sectors the termination date of acting pay is not recorded in the on-line pay system. This means that an employee continues to receive acting pay until such time as the pay advisor ceases the pay transaction. Given the issues identified earlier regarding serious delays in issuing letters of offer for acting appointments, particularly when extensions to original acting appointments occur, employees are continuing to receive acting pay without having the requisite approval. This represents a financial liability for the department.

One of the responsibilities of Corporate Compensation is to monitor the validity and accuracy of compensation and benefits transactions across the department. This is achieved through a comprehensive review of compensation and benefits transactions for a select number of employee pay files. The review is completed, on a rotational basis, for approximately three regions per year.

We understand that, due to resource constraints, this monitoring function had been suspended during 2007-08 but has recently been reinstated. At the time of the audit, compensation monitoring in two regions had been completed.

The department plans to implement the PWGSC on-line pay/HRMIS pay interface in fiscal year 2009-2010, however, no specific timeframes have been determined. The pay interface will allow for significant efficiencies for departments (including INAC) by eliminating duplicate data entry, increasing data reliability and quality, streamlining workflow and saving time for HR pay specialists and advisors, allowing them to focus on value added services rather than data management and correction.

6.0 Recommendations

The Director General, Human Resources and Workplace Services Branch should:

1. In conjunction with the ADM, Regional Operations and the ADM, Northern Affairs Organization, complete an analysis of reporting relationships and resource levels within regional HR functions and develop a strategy to achieve minimum staffing service standards,
2. Review accountabilities of HRWSB with respect to regional HR operations to better understand whether the current regional service delivery models and accountabilities achieve efficiency and effectiveness,
3. Expand the HR Policy Framework to include guidelines on the use of acting appointments greater than four months and casual workers to ensure fairness and transparency in selection;
4. Review and formalize the HR monitoring framework to ensure that departmental management has assurance that managers and HR professionals across the department are adhering to legislative and policy requirements related to all aspects of HR management and that guiding values are being respected;
5. Improve consistency and communication of HR guidelines and tools across the department; while leveraging on best practices developed in both regions and HRWSB and reducing redundancy (e.g. multiple HR intranet sites, duplicate tools and inconsistent service standards);
6. Provide consistent training and guidance to non-delegated managers and administrative personnel across the department who are actively involved in staffing processes;

7. Develop a robust action plan, including specific roles and responsibilities of HRWSB, regional HR staff and IM/IT, to ensure data integrity within PeopleSoft prior to implementing the PWGSC pay interface.

7.0 Management Action Plan

Project Title: Audit of Non-Advertised, Casual and Acting Appointments

Recommendations	Management Action Plan	Responsible Manager (Title)	Planned Implementation Date
<p>1. In conjunction with the ADM, Regional Operations and the ADM, Northern Affairs Organization, complete an analysis of reporting relationships and resource levels within regional HR functions and develop a strategy to achieve minimum staffing service standards.</p>	<p>DG Human Resources and Workplace Services Branch (HRWSB) is currently undertaking a review of staffing processes in order to develop staffing service standards for the NCR region by March 31, 2009.</p> <p>A review of reporting relationships and resource levels within regional HR functions will be undertaken in conjunction with the ADM Regional Operations and the ADM Northern Affairs, and a strategy will be developed to ensure staffing services in all regions can be delivered within these service standards.</p>	Associate DG HRWSB	31 Mar 2010
<p>2. Review accountabilities of HRWSB with respect to regional HR operations to better understand whether the current regional service delivery models and accountabilities achieve efficiency and effectiveness.</p>	<p>A review of accountabilities and associated monitoring and oversight controls for staffing activities will be undertaken to determine whether current regional service delivery models and accountabilities achieve efficiency and effectiveness.</p> <p>If alternate service delivery models are indicated, a business change proposal will be submitted to IOC and HRWSMC for consideration.</p>	Associate DG HRWSB	31 Mar 2010

Recommendations	Management Action Plan	Responsible Manager (Title)	Planned Implementation Date
<p>3. Expand the HR Policy Framework to include guidelines on the use of acting appointments greater than four months and casual workers to ensure fairness and transparency in selection.</p>	<p>A policy on Acting Appointments has already been written and approved by the Deputy Minister. It will be posted on HR on-line and communicated to HR Advisors and Delegated managers in February 2009.</p> <p>A Guideline for delegated managers and HR Advisors on the use of casual appointments will be developed.</p>	<p>Director, Aboriginal and Corporate Resourcing</p>	<p>30 June 2009</p>
<p>4. Review and formalize the HR monitoring framework to ensure that departmental management has assurance that managers and HR professionals across the department are adhering to legislative and policy requirements related to all aspects of HR management and that guiding values are being respected.</p>	<p>A Monitoring Framework and Plan has been developed by the Aboriginal and Corporate Resourcing Directorate and active monitoring of staffing transactions is underway.</p> <p>Monitoring of Acting Appointments over 12 months has recently been concluded and remedial action is being taken.</p> <p>Monitoring of non-advertised staffing processes will be undertaken during FY '08-09 Q4 and FY '09-10 Q1.</p> <p>Delegated managers who breach legislative and policy requirements will be dealt with in an appropriate fashion.</p> <p>A review of the process for recording Aboriginal status on staffing files will be undertaken and appropriate remedial action implemented as warranted.</p>	<p>Director, Aboriginal and Corporate Resourcing</p>	<p>30 June 2009</p>

Recommendations	Management Action Plan	Responsible Manager (Title)	Planned Implementation Date
<p>5. Improve consistency and communication of HR guidelines and tools across the department; while leveraging on best practices developed in both regions and HRWSB and reducing redundancy (e.g. multiple HR intranet sites, duplicate tools and inconsistent service standards).</p>	<p>HRWSB will develop a proposal to review the INAC HR On-line website, establish a policy on the communication of HR policies, guidelines and management tools, and consolidate HR policies, guidelines and tools for managers into one nationally-accessible intranet site for consideration. This will require incremental funding so will be submitted to the INAC Financial Management Committee as a funding pressure.</p> <p>Work on this initiative will be dependent on the availability and timing of funding.</p>	<p>Associate DG, HRWSB</p>	<p>TBC based on funding availability</p>
<p>6. Provide consistent training and guidance to <u>non-delegated</u> managers and administrative personnel across the department who are actively involved in staffing processes.</p>	<p>The NCR Operations have added to the NCR Training calendar learning events in the form of learning capsules for all hiring managers (non delegated) on topics such as Staffing Options, Collective Staffing, Duty to accommodate etc. Currently, the offerings are in the 2008-2009 training schedule and will be continued in the 2009-2010 fiscal year with additional capsules on various staffing themes.</p> <p>These will be made available to Regional Directors of HR for delivery in other regions.</p>	<p>Director, Learning and Development, in consultation with the Director, Aboriginal and Corporate Resourcing</p>	<p>31 December 2010</p>
<p>7. Develop a robust action plan, including specific roles and responsibilities of HRWSB, regional HR staff and IM/IT, to ensure data integrity within PeopleSoft prior to implementing the PWGSC pay</p>	<p>In the context of the PeopleSoft V8.9 upgrade project, system data has been cleaned to allow for system upgrade. To ensure on-going data quality, a Data Quality Strategy and Plan has been developed for on-going management of data integrity. A Project Charter and Project Plan have</p>	<p>Director, HR Planning and Programs</p>	<p>On-going</p>

Recommendations	Management Action Plan	Responsible Manager (Title)	Planned Implementation Date
interface.	<p>been developed setting out the roles and responsibilities of HRWSB, regional HR staff and IM/IT. A system of exception reporting is being developed for HR business owners and regional HR staff to use in managing on-going data quality.</p> <p>A Data Quality Steering Committee will meet regularly to oversee data cleanup and will monitor on an on-going basis.</p> <p>Progress will be reported through the HRWSB Quarterly Report.</p>		

Criteria 1

Policies have been established to govern the appointment processes for non-advertised, casual and acting appointments.

Criteria 2

Manager's responsibilities in the staffing process are clearly defined, communicated and understood.

Criteria 3

Manager's are accountable for appointments made.

Criteria 4

The staffing actions for non-advertised appointments are carried out in a manner that is fair and objective.

Criteria 5

Non-advertised appointments have been made based on resource requirements and with due regard for core staffing values and principles.

Criteria 6

Casuals are hired in a fair and transparent manner.

Criteria 7

Acting appointments greater than four months respect the requirements of the applicable collective agreement, terms and conditions of employment and are made with due regard for core staffing values and principles

Criteria 8

A monitoring and review mechanism has been established.

Criteria 9

The Human Resources Management Information System (PeopleSoft) contains accurate information for decision making.

Criteria 10

Employees are receiving salary payments in accordance with the applicable collective agreement.