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Chief Review Services Chef - Service d'examen

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# Audit of Performance Management and Retention of the Staff of the Non-Public Funds

April 2013

NH0901 – 7055-21-13 (CRS)



Canada 

### **Caveat**

The Staff on Non-Public Funds, Canadian Forces is a Separate Agency (separate employer) under Schedule V of the *Financial Administration Act*, i.e., the Staff has its own human resources policy suite and staff members are not subject to Treasury Board human resources policies.



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## Acronyms and Abbreviations

Assoc DG	Associate Director General
CANEX	Canadian Forces Exchange System
Cat	Category
CDS	Chief of the Defence Staff
CEO	Chief Executive Officer
CF	Canadian Forces
CFB	Canadian Forces Base
CFO	Chief Financial Officer
CIO	Chief Information Officer
COS	Chief of Staff
C PSP	Chief Personnel Support Programs
CRS	Chief Review Services
DCSM	Director Casualty Support Management
DG	Director General
DGPFSS	Director General Personnel and Family Support Services
DND	Department of National Defence
HR	Human Resources
HRIS	Human Resources Information System
HQ	Headquarters (Labelle Building)
LCC	Learning and Career Centre
LR	Labour Relations
NPF	Non-Public Funds
NPP	Non-Public Property
OL	Official Languages
OPI	Office of Primary Interest
SISIP	Service Income Security Insurance Plan
SLT	Second Language Training
VP HR	Vice President Human Resources



## Results in Brief

In accordance with the Chief Review Services (CRS) Non-Public Property (NPP) Audit Group Work Plan for fiscal year 2011/12, an audit of the performance management and retention of the Staff of the Non-Public Funds (NPF) was conducted.

The audit objectives were to assess the following for NPF staff:

- the effectiveness of performance management strategies for personnel;
- the effectiveness of performance management processes and procedures;
- the talent management strategies, practices, initiatives and policies; and
- retention strategies.

### Overall Assessment

Director General Personnel and Family Support Services (DGPFS) has a comprehensive personnel policy suite and performance management is generally well managed. The existence of divisional stovepipes within DGPFS is hindering the achievement of organizational policy and program goals.

The purpose of this audit was to provide assurance to the Chief of the Defence Staff (CDS) on the effectiveness and adequacy of the strategies and practices in place for governance, stewardship, risk management and people management.

### History

On behalf of the CDS, DGPFS is responsible for administering NPP and for delivering selected public morale and welfare programs, services and activities to eligible recipients, on behalf of Chief of Military Personnel.

Most NPP programs and activities are delivered by the “Staff of the Non-Public Funds, Canadian Forces (CF)” who form part of the DGPFS organization. These personnel are more commonly referred to as NPF employees. The approximately 5,400 full-time, part-time and casual NPF employees are public servants, employed by a separate agency under *Financial Administration Act*, Schedule V, and are exempted from Treasury Board human resources (HR) policies. NPF employees are subject to policies and procedures as approved by the CDS or his delegate.<sup>1</sup>

<sup>1</sup> NPP – Unraveling the Mystery, by Mary Turner, *Apropos* article, fall 2005.

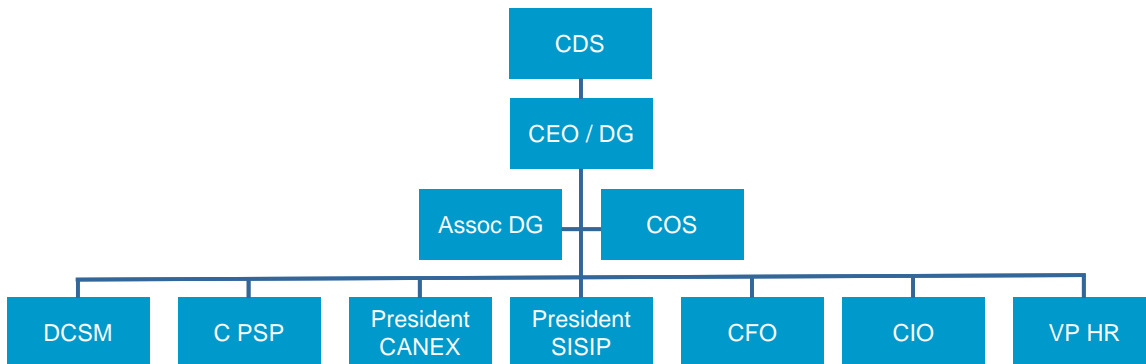


There are three categories (Cat) of NPF employees:

- Cat III – executive positions;
- Cat II – managerial and specialized positions; and
- Cat I – for skilled, semi-skilled or unskilled work.

NPF staff are employed in several divisions within the organization, led by an Executive Management Board which includes the Associate Director General (Assoc DG), Chief of Staff (COS), Director Casualty Support Management (DCSM), Chief Personnel Support Programs (C PSP), President Canadian Forces Exchange System (CANEX), President Service Income Security Insurance Plan (SISIP), Chief Financial Officer (CFO), Chief Information Officer (CIO), and Vice President Human Resources (VP HR). The Executive Management Board all report to the Chief Executive Officer (CEO), who is also the Director General (DG). Regional NPF staff, located at bases/wings/units report to management at the local, regional, and national level, and ultimately to their respective Division Head at DGPFS headquarters (HQ).

Figure 1 depicts the organization reporting relationships of those responsible for NPF employees.



**Figure 1. DGPFS Executive Management Board.** This chart represents the reporting relationships between the DGPFS Division Heads, the CEO and the CDS for Staff of the NPF.

### Key Findings

- Core or central programs and policies need to be embraced by all Division Heads and organizational priorities must be consistently implemented throughout all the Divisions.
- The organization is managed in silos—too much discretion is given to Division Heads for implementation of corporate policies and in the absence of organization-wide direction, they are developing their own policies and practices.
- Performance and statistical data (e.g., dispute resolution figures) should be maintained for regular, ongoing and periodic reporting to, and monitoring by, senior management.

- The organization does not have a formalized method to obtain feedback from employees that would enable them to identify reasons for turnover, adjust organizational priorities to retain talent, and to match investment in programs with employee needs.

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**Note:** For a more detailed list of CRS recommendations and management response, please refer to [Annex A](#)—Management Action Plan.

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## Introduction

### Background

NPP is a special category of Crown property defined in Section 2 of the *National Defence Act*. The purpose of NPP is to provide morale and welfare benefits to serving and former members of the CF, and their families or for any other purpose designated by the CDS. NPP of each CF unit is vested in the Commanding Officer of that unit. Although NPP is often referred to as “NPF,” the latter term only describes the money set aside for NPP programs or services, and does not reflect the fact that NPP includes not only money, but also other types of property, such as physical assets, real estate and rights.

NPF staff work closely with CF members and Department of National Defence (DND) civilian employees in the delivery of NPP programs and services. DND civilians and NPF staff are both employed by Her Majesty the Queen in right of Canada, meaning that both groups of employees are part of the federal public administration, or “public servants.” The difference between NPF staff and DND employees is their employer. *The Public Service Labour Relations Act* defines “employer” as Her Majesty in right of Canada as represented by

- the Treasury Board, in the case of a department named in Schedule I to the *Financial Administration Act*; and
- the separate agency, in the case of a portion of the federal public administration named in Schedule V to the *Financial Administration Act*.

As DND is a Department, its staff is employed by “Her Majesty in Right of Canada as Represented by Treasury Board”. Among the many separate agencies referred to in the second bullet above, are the Canadian Security Intelligence Service, the Communications Security Establishment, the Office of the Auditor General, the National Capital Commission and the Staff of the Non-Public Funds, Canadian Forces. Because the Staff of the Non-Public Funds, Canadian Forces is one of the separate agencies named in Schedule V of the *Financial Administration Act*, their employer is: “Her Majesty in Right of Canada as Represented by the Staff of the Non-Public Funds, Canadian Forces.”

For the majority of public servants in departments, Treasury Board is responsible for personnel management, and the Public Service Commission is responsible for establishing the rules with respect to appointments to positions. The effect of being a separate agency is that the Governor in Council determines who will be responsible for setting personnel management policies and the rules regarding appointments to positions. In 1978, the Minister of National Defence was named by Order in Council as the person responsible for personnel management for the Staff of the NPF, CF and that same year, the Minister delegated this authority to the CDS or his sub-delegate.

In the case of NPF staff, the CDS or his delegate has the power to set the rules governing both appointments to positions and personnel policies. Treasury Board policies that may apply to other elements of the public service do not apply to NPF staff. Numerous other federal employment and employment-related statutes do apply to NPF staff. These include the *Official Languages Act*, the *Public Service Labour Relations Act* (dealing



with employer/employee relations, bargaining and disputes), Part II of the *Canada Labour Code* (dealing with occupational health and safety), the *Employment Equity Act* (dealing with correcting conditions of disadvantage), the *Canadian Human Rights Act* (dealing with equal opportunity and discrimination) and the *Canadian Charter of Rights and Freedoms* (dealing with the protection of personal rights and freedoms, equality of treatment and providing a means to challenge government decisions, programs and laws).<sup>2</sup>

## **Objectives**

The intent of this audit is to provide assurance to the CDS on the effectiveness and adequacy of performance management strategies for personnel, the efficacy of appraisal procedures, and to assess talent management and retention strategies, including training and career development practices, policies and initiatives.

## **Scope**

This audit covered the period of January 2011 to February 2012. The audit was conducted across four broad aspects:

- policies, procedures and organizational structure;
- risk management;
- performance management; and
- retention.

The audit included a review and analysis of the NPP governance structure and strategic direction (i.e., the mandate, structure, key processes, and policies), risk management, management controls, accountability, and stewardship as they pertain to retention and performance management. The focus was on Cat I, II and III employees working both full and part time.

## **Methodology**

- pre-conduct phase meeting with the key stakeholders, including Assoc DG, VP HR and Director HR Programs;
- preliminary background research and review of existing processes, legislation, policies, and procedures;
- examination and analysis of policies and procedures and the HR Information System;
- review and assessment of DGPFSS' strategic alignment with CF/DND goals and objectives;
- review and assessment of corporate risk management documentation and practices;
- review and assessment of the performance management regime;
- review of exit interviews and feedback mechanisms;
- review of training provided and available training statistics;

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<sup>2</sup> Ibid.

- review of comparative organizations;
- in-briefing for DGPFS and interviews with DGPFS executive, staff and key stakeholders;
- site visits:
  - Canadian Forces Base (CFB) Galetown,
  - CFB Petawawa,
  - CFB Edmonton,
  - CFB Esquimalt, and
  - Canadian Forces Support Unit (Ottawa);
- follow-up questions and interviews (DGPFS) based on site visits and analyses; and
- periodic audit updates and post-conduct meeting with DGPFS, Assoc DG, and other appropriate stakeholders.

### **Statement of Conformance**

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



## Findings and Recommendations

### Performance Management Strategies for Personnel

Corporate programs and policies are not embraced and applied consistently by all Division Heads; the organization will face challenges in meeting its objectives and employee morale and operational processes will be negatively affected.

Performance management strategies are important to ensure that the goals of the organization are being met in an effective and efficient manner. They include the processes used by the organization to align resources to the strategic objective.

### Strategic Plans and Priorities

A strategic plan provides direction and focus, and it should outline the specific goals of the organization, and the methods of achieving them. The strategic plan should also guide the various divisions in aligning themselves with the corporate goals and towards achieving them. Without a strategic plan there is risk that corporate goals will not be achieved, divisions will operate in silos, and resources may not be effectively and efficiently used.

A strategic plan is currently a work in progress; the last one drafted for DGPFSS was for the period 2006 – 2009. Strategic plans and priorities to address employee management within DGPFSS need to be developed, approved, implemented and monitored.

Core or central programs, policies and priorities are not embraced by all Division Heads and implemented throughout the divisions. Resources are not effectively and efficiently used for optimal return on investment and the organization is at risk of not meeting objectives (e.g., for official languages (OL), staffing, and training). Although Division Heads and senior management appear to be aligned with their respective reporting lines within HQ and at the bases, direction is needed to ensure that divisions work together to implement organizational strategies, policies, and practices rather than operating independently of one another.

### Recommendations

1. A strategic plan should be completed, approved by the NPP Board, implemented, and monitored by senior management in the near term.

**OPI:** DGPFSS

2. To ensure an active oversight and governance role, direct senior management to adhere to organizational priorities, including policies, programs, and practices.

**OPI:** DGPFSS

## Employee Information Management Systems

Employee information management systems and data collection tools, when in place and operating effectively, will provide management with relevant and reliable information to be used for corporate planning and decision making. In their absence, uninformed decisions may be made and resources used ineffectively.

DGPFSS has a well-developed Human Resources Information System (HRIS). However, the system is not being used to its full potential. Opportunities exist for line managers to work with the HR/HRIS teams to develop data and management reporting tools that will be useful to them in corporate planning and decision making. For example, many managers would like the capability of tracking employee qualifications and certifications, especially those that require renewal or recertification.

### Recommendation

3. The HRIS capability should be utilized to maximize its value. Engage line management to obtain input on how the organization may benefit from HRIS capabilities and deploy modules that would be useful in filling information gaps.

**OPI:** DGPFSS

Training of management and employees on core organizational programs and policy is important to ensure fair and consistent implementation and overall achievement of business objectives. Ownership and management of several organization-wide programs and policies rests with HR; however, senior management across all Divisions must champion and support the delivery and results of program and policy initiatives. DGPFSS has established a solid foundation for many core policies and programs; however, management buy-in and existing training is not sufficient enough to ensure effective delivery.

## Grievance and Harassment Policies and Procedures

Grievance and harassment policies and procedures are thorough, but there is a need for additional training and education so that employees understand the policies and processes. Various stakeholders expressed that there ought to be some form of representation or advocate for Cat II/III employees who are on the receiving end of a harassment complaint or grievance. Stakeholders fear undue risk and/or hardship if they must personally seek legal counsel for matters outside of their control as a direct result of their employment with the organization (the Crown). Management and HR may not be able to provide advice or advocate for either party as they may have to remain impartial during the process. DND employees and CF members have support and resources available to them in similar circumstances, and the Cat I unionized employees have the resources of their union.

DGPFSS has a course on conflict management which educates participants on their roles, rights, and responsibilities but, at the time of this audit, it had not been widely distributed. This course should be made available to all unrepresented staff—supervisors, managers and Cat I non-unionized employees.

### Recommendation

4. Enhanced training on the handling of disputes and communication of roles, rights, responsibilities, and availability of resources should be provided to all staff, especially supervisors and managers.

**OPI:** DGPFSS

Labour relations (LR) grievance data/statistics are not compiled and centrally maintained for ongoing and periodic reporting to, and monitoring by, senior management. The number and nature of cases at the various stages within the grievance process, and the outcomes may indicate trends, alert management to problems, and provide opportunities for improvement for all stakeholders. The risk of not doing so is that mistakes may be repeated, and resources misemployed. The CF has a comprehensive system in place that could be modified to a relevant format for use by DGPFSS. DND also has a centralized and coordinated approach to the receipt, tracking and administration of civilian LR and classification grievances, staffing complaints, and human rights complaints in an integrated fashion: the Director Civilian Recourse Registry.

LR performance and statistical data should be maintained.

### Recommendation

5. Annual LR grievance data should be prepared for and monitored by the DG. This data should include the number and nature of cases, the level, and the outcomes (a format as simple as a spreadsheet may suffice).

**OPI:** DGPFSS

### Official Languages

The organization does not appear to face any significant challenges to offering services in the OL of choice at HQ or in the field. Each of the bases visited during the conduct of this audit demonstrated the capability to deliver services in both OLs. An OL policy has been implemented and a linguistic profile is assigned to positions, which is used as a criterion in the staffing process.

Notwithstanding the fact that OL has not been an issue as far as delivery of service, second language training (SLT) has posed a challenge to many employees and managers, especially in some geographic locations and divisions of the organization. Although classroom-style training was acknowledged by management to be more beneficial than self-study, in many circumstances where employees need to improve second language skills for career development or to aid the organization's succession strategy, resources are not available. A glass ceiling has been created for many employees who may have devoted many years to the organization and would otherwise have realistically expected the opportunity to advance to a higher level when all other competencies had been met. Inconsistent exceptions to the policy have lowered morale. Staff with long service and extensive corporate knowledge may leave the organization if there is no room for advancement due to language barriers.

The approach to, and the acceptance of, SLT by various divisions differs greatly, further diminishing the organization's ability to cross-promote or develop individuals as part of a succession or retention strategy. Varying acceptance levels also creates a "have versus have not" mentality that can negatively affect morale.

DGPFSS offers a computer-based self-directed language training program to staff; however, there were no performance measures identified to demonstrate that this method will enable personnel to successfully achieve their SLT objectives. HQ has on-site part-time SLT, but this method is not available at most of the bases. The limited availability of SLT puts at risk the succession planning for the organization, career development for individual employees, morale of staff, and meeting the spirit of the *Official Languages Act*.

### Recommendations

6. Senior management should be required to support SLT in a manner that will enable the organization to meet linguistic requirements of the position profiles. Minimum levels of support should be specified and monitored.

**OPI:** DGPFSS

7. Access to SLT should be provided to staff where deemed necessary and/or appropriate in order to ensure delivery of service to clients and development of staff that meets the spirit and word of the *Official Languages Act*.

**OPI:** DGPFSS

## Performance Management Processes and Procedures

Corporate policies, practices and programs are not adhered to by all divisions, making it a challenge to meet corporate and priorities.

Performance management processes begin before employees are hired and continue beyond their departure from the organization. Development of clear job descriptions, selection of qualified candidates, and an appropriate orientation to the organization and function form the foundation of a path to success for both the employee and employer. Training and development, performance appraisals, two-way feedback, compensation, career growth opportunities, and recognition all play a role in motivating and retaining qualified staff. As employees depart the organization, understanding and valuing why they left, learning their opinions of the organization and using that information for continuous improvement will help the organization remain an employer of choice and meet its business objectives through a dedicated and qualified workforce.

Several corporate programs, policies and procedures have been established within DGPFS to manage performance management issues, such as performance reviews, employment accommodations, the return to work program, and recognition of employees.

DGPFS has a robust recognition program. Employees are acknowledged for their years of service and are shown appreciation with a certificate and token gift at various milestones (e.g., 5, 10, 15 years). There is also recognition for outstanding contributions to the achievements of the organization's goals each year with the Chief of the Defence Staff Distinguished Achievement Award, the Chief Executive Officer Exceptional Merit Award, and a number of divisional awards.

For some of the other corporate programs and policies however, the organization is managed in a manner whereby each Division operates autonomously. Significant discretion is given to Division Heads for implementation of some of the corporate policies, and in the absence of organization-wide direction, Division Heads are developing their own policies and practices. While it is acknowledged that, in some instances, discretion is necessary and appropriate for operational effectiveness, there are vast inconsistencies throughout the divisions on the acceptance and implementation of some corporate policies, practices, and programs. Staffing, SLT, onboarding, and performance reviews are examples where inconsistent policy application can and has led to unintended results.

### Selection Criteria

During this audit, inconsistencies in the acceptance and application of job requirements were evident, most notably in the area of language requirements. Positions are designated as English or French mandatory, English mandatory, French mandatory, bilingual mandatory or bilingual non-mandatory. Language requirements are established for positions, and candidates' skills are assessed for reading, writing and oral interaction. There are four levels of proficiency: basic (1), functional (2), advanced (3), and professional (4). When bilingual non-mandatory is the profile selected, incumbents must agree to undertake language training through the development of a SLT plan.

Considering the intent of the policy, the use of bilingual non-mandatory should be used only as a last resort or in cases of specific operational requirements with justification. (See [Annex C](#) for linguistic profile criteria.)

During the conduct of this audit, it was observed that the use of bilingual mandatory or non-mandatory is inconsistent in staffing processes, which fails to demonstrate fairness and transparency. The OL Policy does not include mandatory time limits for SLT plans, nor consequences if language requirements are not met; therefore, the organization's OL strategy and linguistic profiles during staffing are weakened. Furthermore, incumbents and managers are not being held accountable for meeting SLT objectives to support the OL policy, i.e., they are not meeting the spirit and intent of the OL policy.

[Annex D](#)—Success Stories – Language Training, outlines some of the initiatives undertaken by various federal departments to meet the spirit and intent of the *Official Languages Act*.

### Recommendation

8. The OL Policy should include timelines for attaining second language capabilities and consequences if objectives are not successfully achieved. These requirements (time line and consequences), should also be outlined in the incumbents' letters of offer. The training plan should then be monitored for sufficient progress and accountability.

**OPI:** DGPFS

### Orientation—the Onboarding Program

A good orientation program is important to make new employees feel welcome and valued as key players. It should also address the following:

- reduce start-up costs and time for supervisors;
- explain the mission/purpose of the organization and the job so employees can see the big picture;
- provide guidance on expected behaviour and conduct and familiarize employees with rules, policies and procedures;
- help employees adapt to their new surroundings, as well as learn who all the players are and how they work together;
- establish supportive relationships among co-workers and managers;
- ensure new employees have all the information and tools they need to do their jobs and establish realistic job expectations, positive attitudes and job satisfaction;
- motivate employees to succeed as an integral part of the team; and
- develop the long-term commitment.

The orientation program should be continually evaluated and changes made accordingly. Aspects to review should include how the corporate orientation program meets organizational and personnel needs compared to local level orientation practices, the role and effectiveness of the person delivering the orientation, and suggestions for improvement.





There are risks associated with not having an effective orientation program:

- employees may not be integrated into the organization and may not get a fair chance to develop if they each receive inconsistent introductions to the organization;
- employees may be unaware of organization's policies, processes, rights, and responsibilities; and
- unnecessary turnover, leading to increased costs and loss of corporate knowledge and increased training expenses.

A comprehensive Onboarding Program was developed but not successfully implemented throughout DGPFSS due to a lack of buy-in and support from executives. Organization-wide corporate initiatives need to be consistently implemented throughout; otherwise, resources may be inefficiently and ineffectively allocated and used.

### **Performance Reviews**

NPF HR policy states that supervisors and managers are to review and appraise the performance of employees in order to maintain or improve their performance as well as contribute to their career development.

At the request of the employee and/or discretion of the manager, there are two options available for the delivery of performance reviews:

1. employees may acknowledge that they have received on-going verbal feedback throughout the review period; or
2. either party may request that the review be provided in writing, and then a written report is completed.

In both options the Performance Review form must be completed and signed by both the employee and the manager/supervisor, including the brief comment section. Work plans may also be completed using a template provided if desired by the employee and/or the manager/supervisor.

There are no major concerns with the performance review process itself. The program, however, is extremely diluted due to lack of buy-in from many senior managers who do not believe that a comprehensive staff review maintains and improves performance and contributes to the career development of staff. This attitude has resonated from the top down in certain divisions. The value of performance reviews needs to be recognized and communicated to responsible stakeholders so that the value is not diminished and the resources expended in this area are not wasted. Management action of the second recommendation in the Strategic Plans and Priorities section of this report would address the lack of support for the orientation program and the performance review gaps.

## Standard Operating Procedures and Policies

Generally, standard operating procedures and policies are readily available to staff. However, employees who do not use a computer in their daily duties may not have equal access. These employees may have problems accessing resources with ease or be reluctant to review policies if there is a requirement to seek management or HR assistance. More than half of the NPF staff do not have an account on the NPF computer network, which prevents them from having access to the Employee Zone, where the HR policy manual (and other employee resources) is maintained for online viewing by staff.

### Recommendation

9. All staff need to be afforded access to the Employee Zone so that they may have unrestricted access to current policy manuals, or availability to network kiosks for self-service and confidential access.

**OPI:** DGPFS



## Talent Management Strategies, Practices, Initiatives and Policies

Continuity of service and safeguarding of corporate knowledge is at risk when an organization does not have a succession plan for all senior positions.

Talent management involves, among other things, fostering diversity, engaging staff, maximizing on the competencies that staff have, developing skills, planning for succession, and rewarding employees through overall compensation and recognition. Organizations with effective talent management strategies will recruit, retain, and develop the most superior employees available in the job market. Although the focus of talent management is frequently on senior positions within the organization, future managers and leaders may be identified and developed to ensure organizational objectives are met through a strategy that ensures not only business continuity, but places the organization in a favourable position to adapt to environmental changes in the job market and operations.

### Succession Planning

A succession planning process assists management in finding and retaining the right candidate for key positions, which fulfills organization priorities, and, in some cases may also support individual career objectives. Succession planning, or the process of planning and managing succession, is a key sub-component of and is or should be directly linked to the broader integrated HR and business planning process. It does not stand alone, and is of most value when used in line with organizational objectives. Managers and the organization can benefit as follows:

- securing the future of the organization;
- mitigating HR risks;
- reducing gaps and disruptions to operations with employee turnover;
- engaging and retaining employees;
- safeguarding corporate knowledge; and/or
- understanding the workforce.

If one or more senior-level positions became vacant there may not be suitable internal candidates prepared to compete or be appointed into them. Senior-level employees, who are not engaged in and prepared for future opportunities, may not be as loyal to the employer and the organization may fail to retain the key competencies required to reach objectives. This could adversely impact operations or interrupt business continuity. The risk to the organization could be mitigated by having a corporate plan or strategy that identifies potential successors or pools of talent and existing gaps in knowledge, experience and skill sets.

Some divisions have implemented succession planning strategies, and training and development programs are in place. For example:

- the Personnel Support Programs division has implemented a Career Development Program, where merit criteria and competencies are assessed and gap analyses are done to determine what skills and knowledge employees have and what is needed within the organization;
- the HR division has a functional, though informal, strategy for cross-training and developing competencies;
- the CANEX division provides some rotational opportunities on a functional, though informal basis and has its own e-University learning program;
- SISIP fosters professional development (to varying degrees) for its professional staff through paid professional development days and an annual conference; and
- CFO Division has used acting opportunities, cross-training and deployed operations for staff development. Obtaining professional designations is supported and the professional accounting dues are paid for by the division.

Employees in some divisions or locations though, are not getting equal/fair access to development—this may negatively affect morale and could be counter-productive to a succession strategy.

Recognizing that there may be vast differences between some senior functions (specialization and skill sets), working in various divisions may facilitate preparing senior staff for Cat III or other senior appointments with a broader knowledge of multiple business lines. The Assoc DG acknowledged that there is a need for more opportunities for lateral movement of executives and senior managers to acquire cross-functional experience and knowledge for Cat III (and senior Cat II) succession planning and development.

### **Recommendation**

10. Provisions should be made for succession planning for all Senior Cat II- and Cat III-level positions.

**OPI:** DGPFS

## Retention Strategies

Although there are processes in place which could contribute positively to retention, they are not being used effectively, or to their full potential.

Retention of positive and motivated employees is crucial for an organization to be successful. Strategies for retention may include compensation (monetary and non-cash benefits), career development, and employee feedback which, if effectively utilized, should result in increased morale, lower staff turnover (thus lower expenses), attraction of quality employees, maintaining or improving job performance, higher productivity, and preserving corporate knowledge. The risk of not having successful retention strategies are low morale, lost corporate knowledge, lower productivity, increased hiring costs and the costs of retraining.

## Acting Appointments

Acting appointments provide managers the flexibility to address short-term operational requirements and provides employees with developmental opportunities. When used equitably and with transparency, these appointments can be a powerful and positive operational and retention instrument. Acting appointments can provide employees developmental opportunities as well as allow management the chance to observe staff in different positions with different duties and responsibilities.

According to the HR Policy for NPF staff, an acting appointment occurs when an employee is temporarily moved to another position in a higher category and/or in a pay band which has a higher salary maximum than the employee's substantive position. In accordance with the policy, there is no requirement for acting appointments to be conducted through an advertised competitive process. Acknowledging the need for flexibility when dealing with short-term operational requirements, these appointments should not be of an excessive duration. NPF HR policy states that an acting appointment lasting more than one year requires the following:

- written rationale from the manager; and
- prior approval by a manager with the delegated authority.

In some instances, temporary acting appointments have been made for durations of two or three years. When acting appointments are prolonged, they can be perceived as conferring an advantage to the incumbent if the position is staffed at a later date. Acting appointments ought to strike a balance between meeting operational needs, providing developmental opportunities, and ensuring that all employees have fair access to subsequent promotional opportunities.

## Recommendation

11. A centralized monitoring and review mechanism that provides oversight of acting appointments of more than 12 months should be developed.

**OPI:** DGPFS

## Provision for Compensation

Cat II employees are managerial or specialized in nature, and are not entitled to compensation for overtime under the “Hours of Work Policy.” This provision was intentional and established for a specific purpose. There is a realistic expectation that managers should be able to manage their time and that overtime may be expected as part of the job and it works as intended for the majority; however, in some circumstances a gap exists.

When a Cat II individual has no control over the number of hours that must be worked, and these hours become frequent and extensive, there is no policy to compensate that employee for the additional hours worked. For example:

- Cat II employees in specialist positions (by virtue of their function or unpredictable operations, e.g., Information Technology employees) do not have control over the excessive hours periodically required of them.
- Some managers are routinely required to work excessive hours due to environmental conditions (e.g., labour shortage in Alberta), whereby they have no control over staff shortages, and must work extra hours to sustain operations in lieu of skilled/specialized workers (e.g., CANEX shipper/receiver).

There is currently no corporate policy to support accommodating or compensating Cat II employees, in situations such as those noted above, for actual hours worked. Rather, it is left to each Division and/or location to institute an internal practice. This approach has resulted in inconsistent provisions being made to various employees and in some cases it has caused burn-out and significant discontent among staff, which has decreased morale and increased the risk of unnecessary turnover. The organization could also be at risk of ad hoc solutions which may not be compliant with policies, loss of corporate knowledge, decreased productivity and loss of reputation of the organization.

### Recommendation

12. An organization-wide policy that provides a method to compensate Cat II employees for additional hours worked in exceptional or unique circumstances needs to be developed.

**OPI:** DGPFS

## Insurance Coverage for Pensioners

Family benefits are important to potential employees when choosing where they will work and to existing employees for retention. Medical, dental, and life insurance are extremely difficult and/or expensive to find on an individual basis, especially if the insured has a less than favourable medical history. Voluntary benefits are a great way to provide employees with the benefits they want and desire with little or no cost to the organization.

Feedback obtained during the site-visit phase of this audit indicated that employees do not have a clear understanding of medical and dental benefits available to them upon retirement. While some staff understand that their medical and dental insurance ceases upon termination of employment, others incorrectly assume that there are similar provisions to continue/convert their benefits as retirees—an option available to DND employees and CF counterparts. Staff of the NPF, as a separate employer, maintains its own total compensation structure and benefits program that is unique from the CF and core public service. Employees may not convert their benefits upon retirement, although the current insurance provider, as well as others, offers guaranteed acceptance plans, which employees may purchase at their own discretion. Purchasing these benefits may be extremely costly to some individuals. Some general confusion may arise due to the large number of retired and former military personnel who are now, or were, employees of Staff of the NPF. These individuals are often members of the medical and dental plans offered to retired CF members in receipt of a pension. NPF staff at various ages and stages of their career are lacking critical information needed to plan for their retirement.

Senior compensation staff within DGPFFS advised that NPF was looking into conducting a joint retirement planning course with the Learning and Career Centre (LCC). The majority of the course content (currently offered by the LCC) is similar for NPF and DND, with the exception of the pension and benefits section. This proposal would only require a specific-to-NPF Pension and Benefits portion be prepared and therefore would minimize the resources required but maximize the educational benefits to employees. This is an important education piece for all personnel, and is consistent with what is provided to CF/DND staff, and in accordance with CDS Direction (2004), to align policies and practices.

### **Recommendation**

13. Educate Staff of the NPF on their insurance benefit program, including provisions that affect them now as employees, and provide information to assist them with this aspect of retirement planning.

**OPI:** DGPFFS

### **Employee Feedback**

An integral component of a retention strategy is a provision for gathering feedback from personnel. Employee feedback is essential to understanding the concerns and priorities of personnel, therefore allowing the organization to make the most optimal use of resources to both retain employees and achieve organizational objectives.

The organization does not have any formalized method to obtain feedback from employees on their opinions of the leadership, workforce, work environment, and various other aspects of their employment. This information is critical to gauge trends, values, and priorities of personnel, to manage retention, and to plan for succession. A professionally developed survey would yield useful information and be a vehicle to identify opportunities to optimize excellence in people management innovation and productivity. Knowing what motivates people and why turnover is happening can help the organization target resources to areas with the best potential for return on investment.

Progressive organizations conduct employee surveys for the purpose of identifying employees' expectations and using the information gained to manage them and ensure that, to the greatest extent possible, they align organizational and employee objectives and expectations. This can be done with minimal administrative burden to management.

Staff in the regions indicated that when feedback or suggestions are put forth to management, they lack confidence that it reaches someone with the ability and authority to institute change when appropriate. One option for DGPFSS to consider would be to participate in the Public Service Employee Survey. This survey is administered by Statistics Canada, and is conducted every three years with minimal administrative involvement from the participating organizations. The survey is offered to all departments and agencies of the Federal Public Administration, with phraseology that is generic enough that it would apply to any organization, while still capturing all the relevant information that would benefit Staff of the NPF. Another viable option would be to expand the existing, yet underutilized, exit interview template and develop it into a survey that may be conducted at appropriate times (i.e., every 2<sup>nd</sup> or 3<sup>rd</sup> year in conjunction with performance reviews) and ensuring that it captures all employees by employment type (Cat I, II, III, term, PT, casual). The corporate exit interview template already contains a substantial number of questions that are present on typical employee surveys.

Surveys should provide anonymity; results should be kept in a format that allows management and employees to view findings in a manner that can be mined for varied reporting purposes and by various criteria (e.g., location, employment type, sex, age, etc.). Having this information should prove valuable for management to make sound business decisions on policies and programs that will satisfy the needs and wants of employees and have a positive return on investment.

### **Recommendation**

14. Implement a formalized feedback mechanism, or periodic sampling of staff that will tie back to organizational goals.

**OPI:** DGPFSS

### **Exit Interviews**

Beyond soliciting and receiving feedback from the existing workforce, vital information can be obtained from personnel leaving the organization. Exit interviews are questionnaires provided to departing employees requesting feedback on various aspects of their employment, including their reasons for leaving. Management has indicated that the response rates are generally low. The current exit interview template being used by the organization includes relevant and pertinent questions. During the conduct of this audit, HR managers indicated that trends relating to grievance, retention, and performance management issues have been identified while executing exit interviews. Data has not been compiled and retained centrally or analyzed for continuous improvement purposes. HR managers advised that exit interviews returned to them have demonstrated that employees have, on occasion, left the organization due to harassment and grievable issues rather than reporting the problem. Unfortunately, there is no



coordinated effort to track, monitor and take action on these trends, organization-wide. The benefits of completing comprehensive and complete exit interviews include the following:

- providing feedback that can enhance the understanding and experience that managers have of managing people and organizations;
- uncovering potential job-related inefficiencies and problems which, when addressed, may help increase and sustain employee performance;
- reducing further turnover by addressing issues mentioned before subsequent employees resign;
- generating useful information for training needs analysis and identifying gaps in specific skill sets that could be addressed through more focused and cost-effective training—thereby reducing training costs;
- being seen by existing and prospective employees as a sign of a positive culture—an organization that cares enough to expose itself to criticism; and
- providing valuable information to improve work environments and employee satisfaction, which may consequently reduce absenteeism.

Exit interviews are delivered to most departing employees by the HRM. A majority of interviews are, however, not completed and returned to HR. There is no process in place to ensure or encourage maximum participation. The full potential is not being utilized, i.e., an existing feedback mechanism for continuous improvement is being wasted.

### **Recommendation**

15. Exit interviews should be regularly administered and the data should be monitored and analyzed for trends and opportunities for improvement. A process change or incentive needs to be added to increase the rate of returns of the exit interviews.

**OPI:** DGPFSS



## Annex A—Management Action Plan

### Performance Management Strategies for Personnel

#### CRS Recommendation

1. A strategic plan should be completed, approved by the NPP Board, implemented, and monitored by senior management in the near term.

#### Management Action

A Canadian Forces Personnel and Family Support Services Strategic Plan has been developed and will be presented to the NPP Board. Division Heads are developing operational plans with objectives, in support of the overall Strategic Plan. A regular reporting process has been developed to monitor achievement of objectives.

**OPI:** DGPFSS

**Target Date:** 2013

#### CRS Recommendation

2. To ensure an active oversight and governance role, direct senior management to adhere to organizational priorities, including policies, programs, and practices.

#### Management Action

The DG will hold Division Heads accountable for adhering to organizational priorities, policies, programs and policies via the regular reporting process as well as through the performance review process.

**OPI:** DGPFSS

**Target Date:** Done

#### CRS Recommendation

3. The HRIS capability should be utilized to maximize its value. Engage line management to obtain input on how the organization may benefit from HRIS capabilities and deploy modules that would be useful in filling information gaps.

#### Management Action

This item is contained in the CFPFSS Strategy and has been included as an objective in the Human Resources (HR) Road Map (operational plan).

**OPI:** DGPFSS

**Target Date:** 2014



**CRS Recommendation**

4. Enhanced training on the handling of disputes and communication of roles, rights, responsibilities, and availability of resources should be provided to all staff, especially supervisors and managers.

**Management Action**

This item is contained in the CFPFSS strategy and has been included as an objective in the HR Road Map.

**OPI:** DGPfSS

**Target Date:** 2015

**CRS Recommendation**

5. Annual LR grievance data should be prepared for and monitored by the DG. This data should include the number and nature of cases, the level, and the outcomes (a format as simple as a spreadsheet may suffice).

**Management Action**

Complete – System has been developed to collect data on yearly basis.

**OPI:** DGPfSS

**Target Date:** Done

**CRS Recommendation**

6. Senior management should be required to support SLT in a manner that will enable the organization to meet linguistic requirements of the position profiles. Minimum levels of support should be specified and monitored.

**Management Action**

The DG will work with the VPHR to develop a mechanism to ensure that senior management will support SLT.

**OPI:** DGPfSS

**Target Date:** 2014

### CRS Recommendation

7. Access to SLT should be provided to staff where deemed necessary and/or appropriate in order to ensure delivery of service to clients and development of staff that meets the spirit and word of the *Official Languages Act*.

### Management Action

Assessment of requirements to be conducted. The services of LRDG specializing in distance language training ensure that all employees across Canada and abroad have access to SLT.

**OPI:** DGPFS

**Target Date:** 2014

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## Performance Management Processes and Procedures

### CRS Recommendation

8. The OL Policy should include timelines for attaining second language capabilities and consequences if objectives are not successfully achieved. These requirements (time line and consequences), should also be outlined in the incumbents' letters of offer. The training plan should then be monitored for sufficient progress and accountability.

### Management Action

The OL policy is under review and different options to meet the needs of the organization will be explored.

**OPI:** DGPFS

**Target Date:** 2015

### CRS Recommendation

9. All staff need to be afforded access to the Employee Zone so that they may have unrestricted access to current policy manuals, or availability to network kiosks for self-service and confidential access.

### Management Action

All employees are afforded access to the Employee Zone. As part of on-going issues, we are working on getting more access to Corporate [directories].

**OPI:** DGPFS

**Target Date:** 2014

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## Talent Management Strategies, Practices, Initiatives and Policies

### CRS Recommendation

10. Provisions should be made for succession planning for all Senior Cat II- and Cat III-level positions.

### Management Action

This item is contained in the CFPFSS Strategy and is included as an objective in the HR Road Map.

**OPI:** DGPFS

**Target Date:** 2015

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## Retention Strategies

### CRS Recommendation

11. A centralized monitoring and review mechanism that provides oversight of acting appointments of more than 12 months should be developed.

### Management Action

A report will be developed and sent to Division Heads on a quarterly basis.

**OPI:** DGPFS

**Target Date:** 2013

### CRS Recommendation

12. An organization-wide policy that provides a method to compensate Cat II employees for additional hours worked in exceptional or unique circumstances needs to be developed.

### Management Action

This item is included in the HR Road Map. It is currently under review as part of our continued Corporate Policy Review, a part of our overall Compensation Strategy.

**OPI:** DGPFS

**Target Date:** 2014

**CRS Recommendation**

13. Educate Staff of the NPF on their insurance benefit program, including provisions that affect them now as employees, and provide information to assist them with this aspect of retirement planning.

**Management Action**

A new Orientation Program will be launched and benefits will be explained as part of the Orientation. Information to assist employee with post-retirement benefits planning will be provided in the employee transition phase.

**OPI:** DGPFS

**Target Date:** 2013

**CRS Recommendation**

14. Implement a formalized feedback mechanism, or periodic sampling of staff that will tie back to organizational goals.

**Management Action**

This is contained in the CFPFS Strategy and is an objective in the HR Road Map.

**OPI:** DGPFS

**Target Date:** 2016

**CRS Recommendation**

15. Exit interviews should be regularly administered and the data should be monitored and analyzed for trends and opportunities for improvement. A process change or incentive needs to be added to increase the rate of returns of the exit interviews.

**Management Action**

This is contained in the CFPFS Strategy and is contained in the HR Road Map as an objective.

**OPI:** DGPFS

**Target Date:** 2014

## Annex B—Audit Criteria

### Objective

1. Assess the effectiveness of performance management strategies for personnel.

### Criteria

- Strategic plans and priorities to address employee management, have been developed, approved and documented. These are implemented and monitored (at HQ, division and base levels).
  - Employee information management systems and data collection tools are in place and provide relevant and reliable information which is used by management for corporate planning and decision making.
  - Clearly defined and well-functioning procedures are maintained for resolution of grievances, and harassment prevention.
  - Policies and procedures for OL, employment equity, and workplace health and safety are well communicated and monitored across the agency.
- 

### Objective

2. Assess the effectiveness of performance management processes and procedures.

### Criteria

- Roles and responsibilities are clear, communicated, understood, and adequate to provide effective oversight.
  - There is a performance appraisal and review process in place across the Agency which
    - i. includes an assessment of performance based on measureable goals,
    - ii. provides constructive feedback, and
    - iii. is carried out on a regularly scheduled basis.
  - Staff with supervisory and managerial responsibilities receive training and skill development, where needed.
-

## Objective

3. Assess talent management strategies, practices, initiatives and policies.

## Criteria

- There is a succession strategy for the Agency which incorporates
    - i. identification of key positions and their required capabilities,
    - ii. formulation and implementation of targeted training plans to ensure development of expertise and transfer of knowledge and corporate memory necessary for the continuity of effective management, and
    - iii. development of individuals to establish and maintain a cadre of personnel capable of advancing to or competing for the key positions as they become vacant.
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## Objective

4. Assess retention strategies.

## Criteria

- There are organizational policies and practices designed to meet the diverse needs of employees and create an environment that encourages employees to stay with the organization. DGPFS has a capital project management framework in place.
- Workplace Environment—employee attendance management, hours of work, leave, discipline and termination of employment practices across the Agency are carried out in accordance with all applicable internal and external policies and regulations.
- There are mechanisms in place for employee feedback.



## Annex C—Linguistic Profile Criteria

NPF HR Policy states the following:

- 20.24 The Bilingual Mandatory option must be selected when a position has a pre-determined bilingual linguistic profile. The selected candidate must meet the designated bilingual profile at the time of appointment.
- 20.25 The Bilingual Mandatory option may also be selected when there is insufficient bilingual staff to maintain adequate bilingual service within the work unit. The assignment of a bilingual profile may be required.
- 20.26 The Bilingual Non-mandatory option must be selected when the bilingual mandatory staffing failed to provide a successful candidate.
- 20.27 The Bilingual Non-mandatory option may be selected when under the function-based approach, it has been determined that the position can be filled with an incumbent who does not meet the linguistic profile of the position and who agrees to undertake language training. Managers will provide a justification in writing for the Division Head's approval validating the following:
- No suitable candidate meeting the language profile has been found in the Bilingual Mandatory process;
  - The position requires technical or specialized skills; and/or
  - The full range of service delivery requirements in both OLs will be carried out while the incumbent is taking language training and until he/she meets the language requirements of the position.
- 20.28 The Bilingual Non-mandatory option may be selected when there is a requirement to increase the bilingual capability of the work unit. The assignment of a bilingual profile may be required.



## **Annex D—Success Stories – Language training (2004–2005)**

### **Agriculture and Agri-Food Canada**

Agriculture and Agri-Food Canada has set up a voluntary bilingual capacity-building program called *Our Bilingualism* to offer second language training to employees occupying unilingual positions and to provide a framework for other OL initiatives that foster greater bilingualism within the department. The budget for this program has been set up as a separate fund within the HR team, and there is a process to determine funding priorities.

### **Canada Revenue Agency**

Canada Revenue Agency understands that language retention is equally as important as language training. The Agency launched a virtual language retention centre to help employees maintain or regain their second OL skills and, as a result, improve the quality of service to the public. Université Sainte-Anne in Nova Scotia delivers this pilot program to approximately 15 participants in six Atlantic centres. Employees take part in videoconference sessions and workshops.

### **National Research Council of Canada**

In fall 2004, the National Research Council's OL committee developed an incentive campaign for the maintenance of second language skills. Participation in this innovative campaign by both learners and helpers is purely voluntary. Employees wanting to practise their second language pair up with those who wish to help. Employees can also participate in lunch chats in their second OL. In addition, participants who achieve their personal linguistic goals or pass the Second Language Evaluation tests receive a Certificate of Recognition. To illustrate the buddy system, the campaign poster shows two tennis players in action. This is a way of reminding employees that in order to maintain their second language skills, they have to practise.

As part of the campaign, the committee distributed a number of tools to all Council employees: a desk sign for employees who wish to practise their second-language and another for supervisors and employees who wish to offer their colleagues the choice of speaking in English or French. In addition, learners and volunteers can wear a pin to identify themselves as such.

## Statistics Canada

Statistics Canada has developed a French-language training program entitled *Accélééré* as a way to increase language training opportunities for its employees. This full-time program enables employees with an intermediate level of proficiency in French oral interaction to attain superior proficiency. The students and facilitators create the course content individually and collectively, based on their personal and professional experiences. The goal of this program, which is offered twice a year in the National Capital Region, is to train 36 participants per year.

## Newfoundland and Labrador Federal Council

The federal administration in Newfoundland and Labrador continues its efforts to promote both OLs. In fact, it co-operated with Memorial University of Newfoundland and Labrador to develop a course for public servants entitled *French for the Workplace*, despite the fact that the region is not designated bilingual for language-of-work purposes. Public servants in Newfoundland and Labrador understand that practising a language on a regular basis contributes greatly to its retention.

## Pacific Federal Council

Many federal institutions in British Columbia face the important challenge of ensuring that their employees make an active offer of service in both OLs to the public. To meet this challenge, the Pacific Federal Council developed an innovative course entitled *Parlez-vous français?* (“Do you speak French?”) to give staff a clear understanding of what an active offer of service is and why they need to provide it. An interesting tool developed by the OL committee for this course is a mouse pad that gives basic phrases in both languages and their pronunciation in French. This initiative helps employees feel more comfortable about making an active offer of service and encourages the public to use French when receiving services from bilingual offices of the federal administration in British Columbia.<sup>3</sup>

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<sup>3</sup> [http://www.ocol-clo.gc.ca/html/ar\\_ra\\_2004\\_05\\_v2\\_e.php#ch4](http://www.ocol-clo.gc.ca/html/ar_ra_2004_05_v2_e.php#ch4).

