

PRIVY COUNCIL OFFICE

Audit of Recruitment Planning and Staffing

Audit and Evaluation Division

Final Report

March 3, 2011

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Executive Summary

Audit Objective

The audit objective was to assess the adequacy and effectiveness of the Privy Council Office's (PCO) recruitment planning and staffing framework to support PCO's human resources (HR) needs.

Audit Scope

The scope of the audit included PCO's recruitment planning and staffing activities undertaken and completed since April 1, 2008. The audit examined both PCO's framework of controls for recruitment planning and for staffing, including all relevant policies, structures, processes, systems and records, as well as the specific controls and processes PCO uses to identify and plan the department's HR recruitment needs, and to attract and recruit personnel to fill those needs.

The audit excluded PCO's staffing activities related to exempt staff in the Prime Minister's Office and the offices of portfolio ministers - these staffing activities are not covered by the Public Service Employment Act (PSEA). The audit also excluded Governor in Council Appointments and other PCO HR activities which receive special recruitment and appointment dispensation, as these do not represent core recruitment planning and staffing functions at PCO.

Conclusion

PCO's recruitment planning and staffing activities comply with relevant policies and legislation and its staffing activities are conducted in a manner which is fair and transparent. The department has established and maintained a suitable framework of controls which is reasonably effective in supplying PCO with sufficient capable resources to support operational requirements. Audit results indicate there are opportunities to improve HR planning to more clearly align PCO's staffing strategies with the department's strategic HR and business plans, and to improve PCO's staffing activities so they better meet PCO's operational needs.

Recommendations

The audit resulted in the following four recommendations directed at the Assistant Deputy Minister, Corporate Services Branch (CSB):

1. Ensure all staffing files are structured and maintained in a manner that more clearly demonstrates that PCO appropriately discharges its staffing related obligations and that the files include better documentation on the advice HR advisors provide to hiring managers with respect to area of selection and staffing processes.

2. Enhance and formalize existing compliance monitoring processes used to ensure PCO compliance with the PSEA 90 day per year limit for casual employees.
3. Improve PCO's annual recruitment planning process to include clear, consistent and timely instructions to each Branch/Secretariat with respect to the creation of their respective Integrated Business and Human Resource Plans (IBHRP), with improved follow-up and ongoing communication built into the process, such that these improvements ensure Branch/Secretariat IBHRPs are of suitable quality and contain sufficient detail to adequately inform the creation of the PCO IBHRP.
4. Develop and implement more appropriate tools, templates, communication and information sharing practices (both among HR advisors and between HR advisors and hiring managers) to ensure more consistent information and more standardized tools are available to hiring managers to help them when exercising their sub-delegated staffing authorities.

Management Response

Management accepts the report and its recommendations.

Statement of Assurance

In my professional judgment as Chief Audit Executive, sufficient and appropriate audit procedures have been conducted and evidence gathered to support a reasonable level of assurance as to the accuracy of the conclusion provided and contained in this report. The conclusion is based on a comparison of the conditions, as they existed at the time, against pre-established audit criteria that were agreed on with management. The conclusion is applicable only to the entity examined.

ORIGINAL SIGNED BY JIM HAMER

Signature of Chief Audit Executive
Jim Hamer

1.0 Introduction

1.1 Authority

The Audit of Recruitment Planning and Staffing was approved in June 2010 as part of the Privy Council Office's (PCO) Risk-Based Internal Audit Plan (RBAP) 2010-2011 to 2012-2013.

1.2 Background and Context

Recruitment planning and staffing activities in PCO are governed legislatively by the Public Service Employment Act (PSEA) and the Public Service Employment Regulations (PSER) and by policy requirements contained in the Treasury Board (TB) Employment Equity Policy and Term Employment Policy and the PCO Policy Suite on Staffing. Additionally, appointments arising from PCO staffing activities are governed by the Public Service Commission's (PSC) Appointment Policy.

Under the PSEA, the PSC has the authority to make appointments to and within the public service. This authority has been delegated to PCO as part of the Appointment Delegation and Accountability Instrument between the Clerk of the Privy Council and Secretary to the Cabinet (the Clerk) and the President of the PSC. In accordance with this agreement, the Clerk has sub-delegated his appointment and appointment-related authorities to those PCO operational managers who make staffing related decisions for their respective organizations.

Under the PSC Appointment Policy, managers with sub-delegated staffing authority (hiring managers) are expected to exercise sound judgment in making appointment related decisions that respect both PSC's core values of merit and non-partisanship and its guiding values of fairness, transparency, access, and representativeness.

Hiring managers and human resource (HR) advisors in PCO's HR Division (HRD) have complementary yet distinctly different roles and responsibilities in the recruitment planning and staffing processes. While hiring managers are primarily responsible for the planning and management of staffing activities within their respective operational organizations, HR advisors are primarily responsible for providing to those hiring managers appropriate staffing tools and quality staffing related advice.

Recruitment planning and staffing at PCO is also guided, in part, by (a) the Strategic Human Resources Plan, a three year plan that provides a vision and framework for the management of PCO's human resources, and by (b) the PCO Integrated Business and Human Resources Plan (IBHRP), an annual plan that identifies themes that will impact the work of PCO and broad plans to address them.

1.3 Objective

The audit objective was to assess the adequacy and effectiveness of PCO's recruitment planning and staffing framework to support PCO's HR needs.

1.4 Scope

The scope of the audit included PCO's recruitment planning and staffing activities undertaken and completed since April 1, 2008. The audit examined both PCO's framework of controls for recruitment planning and for staffing, including all relevant policies, structures, processes, systems and records, as well as the specific controls and processes PCO uses to identify and plan the department's HR recruitment needs, and to attract and recruit personnel to fill those needs.

The audit excluded PCO's staffing activities related to exempt staff in the Prime Minister's Office and the offices of portfolio ministers - these staffing activities are not covered by the PSEA. The audit also excluded Governor in Council appointments and other PCO staffing activities which receive special recruitment and appointment dispensation, as these do not represent core recruitment planning and staffing functions at PCO.

1.5 Audit Methodology

The audit was conducted in accordance with the Internal Auditing Standards for the Government of Canada which incorporates the International Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors. Audit criteria were developed as part of a risk-based audit planning process (Appendix A). Audit procedures were carried out to gather evidence and support the findings and conclusions in this report.

During the conduct phase of the audit, the following procedures were carried out:

- Review and analysis of relevant recruitment planning and staffing related documentation and comparison of documentation against applicable legislation, regulations, and TB, PSC and PCO policies to determine compliance;
- Selection of a statistically valid sample of HR staffing files and performance of compliance tests to determine if the sampled files met statutory requirements and PCO policies. The sample was selected to provide 90% confidence that the sample results reflect the population within a 10% confidence interval; and
- Interviews with: HRD management and personnel; selected PCO senior management; and various hiring managers representing a cross section of PCO's Branches and Secretariats, to determine if recruitment planning and staffing processes were established, maintained, communicated and conducted in a manner that supports PCO's current and future human resources needs.

2.0 Conclusion

PCO's recruitment planning and staffing activities comply with relevant policies and legislation and its staffing activities are conducted in a manner which is fair and transparent. The department has established and maintained a suitable framework of controls which is reasonably effective in supplying PCO with sufficient capable resources to support operational requirements. Audit results indicate there are opportunities to improve recruitment planning to more clearly align PCO's staffing strategies with the department's strategic HR and business plans and to improve PCO's staffing activities so they better meet PCO's operational needs.

3.0 Findings and Recommendations

3.1 Compliance¹

PCO's recruitment planning and staffing processes comply with applicable legislation, regulations, and policies.

PCO has processes in place to determine representation of Employment Equity (EE) groups. Staffing files document that staffing decisions and the resulting appointments respect both the PSC's core appointment values of merit and non-partisanship, and the PSC's guiding values of fairness, transparency, access and representativeness.

PCO has an accountability structure in place to ensure that sub-delegated staffing authorities have been appropriately exercised. The department provides training to hiring managers to ensure they are aware of and understand their responsibilities before assuming and exercising their sub-delegated staffing authorities. HR advisors are provided training and instruction on the PSC core and guiding values governing appointments and applicable staffing legislation (PSEA and PSER), policies and guidelines (PSC, TB and PCO).

While these major components of PCO's infrastructure position the department for compliance with requirements, audit results revealed opportunities to improve the existing infrastructure in the following areas:

- While HRD's staffing files contained all required information, the files did not follow a consistent structure or file referencing format, and included a variety of checklists and assessment tools;
- Where hiring managers sought and received verbal, face-to-face, or telephone advice from their HR advisor with respect to the choice of staffing options or area

¹ Separate audit criteria were used to examine compliance of recruitment planning (Appendix A - Criteria 1) and staffing (Appendix A - Criteria 3).

of selection, evidence of these consultations was not consistently documented in the staffing files; and,

- While all casual employee files that were examined complied with the 90 day limit outlined in PSEA Section 50(2), PCO uses only ad-hoc processes to monitor compliance to this requirement.

Recommendations

The Assistant Deputy Minister, CSB should:

1. Ensure all staffing files are structured and maintained in a manner that more clearly demonstrates that PCO appropriately discharges its staffing related obligations and that the files include better documentation on the advice HR advisors provide to hiring managers with respect to area of selection and staffing processes.
2. Enhance and formalize existing compliance monitoring processes used to ensure PCO compliance with the PSEA 90 day per year limit for casual employees.

3.2 Effectiveness and Efficiency of Recruitment Planning and Staffing²

3.2.1 Recruitment Planning

PCO conducts an annual integrated HR and business planning process and produces a detailed strategic HR plan every three years. Together, these planning processes generally support PCO's operational HR requirements, although they do not always facilitate the establishment of a PCO staffing strategy.

Recruitment planning as an activity is a subset of both the annual business and HR planning and the longer term strategic HR planning processes. Audit results indicated PCO's IBHRP and Strategic HR Plans were well structured and included departmental level HR priorities. However, when undertaking recruitment planning, some Branches/Secretariats do so in a systematic way during which they involve their respective HR advisors, while others do so in a more ad hoc manner with less involvement or input from their HR advisors.

The Report of the Expert Panel on Integrated Business and Human Resources Planning recommended, among other things, that departmental business and HR planning processes include both top down direction and bottom up identification of issues and options. In developing the most recent PCO IBHRP, Branches/Secretariats engaged in

² Separate audit criteria were used to examine the effectiveness and efficiency of recruitment planning (Appendix A - Criteria 2) and staffing (Appendix A - Criteria 4).

differing recruitment planning processes resulting in inconsistent formats, analyses and information in the Branch/Secretariat level IBHRPs.

Under this approach, HRD reported it experienced difficulty rolling up elements from these lower level IBHRPs into PCO's departmental IBHRP. As well, Branch/Secretariat planning managers indicated they did not always receive communications and strategic advice to assist them in their planning activities and, in particular, received staffing advice and finance advice separately, where integrated advice would have better met their needs.

As well, the Strategic HR Plan (2007-2010) contained a number of PCO wide HR priorities, including some recruitment planning initiatives (i.e. the Analyst Recruitment Initiative, and the use of collective recruitment processes for administrative assistants). However, it did not contain analysis that would have linked the stated HR priorities to issues and/or gaps in the internal and external environments. Without this type of analysis, it is not clear to what extent the recruitment planning initiatives identified in the document actually addressed PCO's most important recruitment related priorities.

Recommendation

3. The Assistant Deputy Minister, CSB should improve PCO's annual recruitment planning process to include clear, consistent and timely instructions to each Branch/Secretariat with respect to the creation of their respective Integrated Business and Human Resource Plans (IBHRP), with improved follow-up and ongoing communication built into the process, such that these improvements ensure Branch/Secretariat IBHRPs are of suitable quality and contain sufficient detail to adequately inform the creation of the PCO IBHRP.

3.2.2 Staffing

PCO has established and is maintaining suitable staffing policies and processes that meet most of its staffing needs. Hiring managers noted that the staffing practices, tools and advice provided by HR advisors meet many of their needs, but that more consistent tools and advice would allow them to be more effective and efficient when exercising their sub-delegated staffing authority.

PCO has in place and is maintaining an appropriate Policy Suite on Staffing that clearly outlines the roles and responsibilities for staffing related decision-making in PCO. CSB has also recently established and published standards for HRD's staffing services.

Current staffing tools and practices generally support operational requirements and ensure that operational staffing needs are met during surge periods. Hiring managers indicated that for the most part they received accurate and reliable advice from their HR advisors on specific questions posed during staffing processes.

However, hiring managers suggested two areas where practices could be improved to allow them to more effectively and efficiently exercise their sub-delegated staffing authority:

- Although hiring managers recognize that the speed of the staffing process relies heavily on their own promptness in completing staffing activities, they also expressed interest in receiving better quality tools to assist them to more efficiently carry out their responsibilities (e.g., checklists, Frequently Asked Questions sheets or templates with developed statement of merit criteria or established assessment criteria for similar past positions); and
- Some hiring managers noted inconsistencies in the nature and quality of general staffing advice received from their HR advisors (i.e. information or recommendations on the variety of staffing options available within the legislative/policy framework and on the feasibility, risks and consequences of all available staffing options).

Recommendation

4. The Assistant Deputy Minister, CSB should develop and implement more appropriate tools, templates, communication and information sharing practices (both among HR advisors and between HR advisors and hiring managers) to ensure more consistent information and more standardized tools are available to hiring managers to help them when exercising their sub-delegated staffing authorities.

<p align="center">Recommendation</p> <p>It is recommended that the Assistant Deputy Minister, Corporate Services Branch:</p>	<p align="center">Actions to be Taken</p>	<p align="center">Responsibility</p>	<p align="center">Target Date</p>
<p>2. Enhance and formalize existing compliance monitoring processes used to ensure PCO compliance with the PSEA 90 day per year limit for casual employees.</p>	<p>A tracking system will be developed and implemented as a control to ensure that contracts for casual employees do not exceed legislative restriction of 90 days per calendar year.</p>	<p><i>Manager, Client Consultancy Centre</i></p>	<p><i>June 2011</i></p>
<p>3. Improve PCO's annual recruitment planning process to include clear, consistent and timely instructions to each Branch/Secretariat with respect to the creation of their respective Integrated Business and Human Resource Plans (IBHRP), with improved follow-up and ongoing communication built into the process, such that these improvements ensure Branch/Secretariat IBHRPs are of suitable quality and contain sufficient detail to adequately inform the creation of the PCO IBHRP.</p>	<p>A review of lessons learned from the 2011-12 IBHRP exercise will be conducted and a standard approach and instructions for capturing recruitment planning information will be developed which will include follow-ups and on-going communication. This approach will be documented and included with the launch of the IBHRP process with managers in November 2011 for the development of the 2012-13 IBHRP.</p>	<p><i>Manager, Client Consultancy Centre</i> <i>and</i> <i>Manager, Planning & Integration</i></p>	<p><i>November 2011</i></p>

<p align="center">Recommendation</p> <p>It is recommended that the Assistant Deputy Minister, Corporate Services Branch:</p>	<p align="center">Actions to be Taken</p>	<p align="center">Responsibility</p>	<p align="center">Target Date</p>
<p>4. Develop and implement more appropriate tools, templates, communication and information sharing practices (both among HR advisors and between HR advisors and hiring managers) to ensure more consistent information and more standardized tools are available to hiring managers to help them when exercising their sub-delegated staffing authorities.</p>	<p>Effective immediately, HR Advisors and assistants are meeting on a weekly basis to discuss procedures, tools and practices, supported by Corporate Staffing Advisors. HR will communicate the results of these meetings to ensure the documentation of the agreed upon practices. Each Junior Advisor has been assigned a Senior Advisor coach.</p> <p>A review of best practices of tools, templates and information sharing will be undertaken and standardized tools will be made available to hiring managers.</p>	<p><i>Manager, Client Consultancy Centre</i></p>	<p><i>Ongoing</i></p> <p><i>October 2011</i></p>

Appendix A: Detailed Audit Criteria

Criteria 1 - PCO is in compliance with relevant legislation in the area of recruitment planning.

- PCO's HR planning strategies and processes comply with relevant statutory requirements established by:
 - (a) Employment Equity Policy

Criteria 2: PCO's recruitment planning process meets management's needs and service delivery requirements.

- PCO's HR planning process is consistent with the process and principles in the TBS Human Resources Planning Guide.
- PCO's HR planning strategies (including development, communication, and monitoring) are aligned to the organization's overall business plans to provide overall direction on current and future resource needs.
- PCO has established, maintained and communicated suitable policies and procedures to support effective recruitment planning, including complexities related to PCO contextual environment.
- PCO's recruitment planning processes are effective in supplying PCO with sufficient capable resources to support operational requirements.

Criteria 3: PCO's staffing processes comply with all relevant legislation.

- PCO's HR staffing strategies and processes comply with relevant statutory requirements established by:
 - (a) Public Service Employment Act (PSEA);
 - (b) Public Service Employment Regulations; and
 - (c) Term Employment Policy.
- PCO's staffing activities are conducted in a manner that is (i) fair and transparent and (ii) compliant with PCO's authorities under applicable legislation, regulations and policies.

Criteria 4: PCO's staffing process meets management needs and service delivery requirements.

- PCO has established, maintained and communicated suitable policies and procedures to support effective staffing, including complexities related to PCO contextual environment.
- PCO's HR staffing strategies and processes meet PCO's service standards.
- PCO's staffing processes are effective in supplying PCO with sufficient capable resources to support operational requirements.