

Internal Audit Report—Integrated Human Resource Planning

October 2015

Practice Review and Internal Audit



Office of the Auditor General of Canada

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Table of Contents

Executive Summary	1
Introduction	2
Findings, Recommendations, and Responses	3
Governance	3
Although a governance framework was in place, it was missing documentation of key processes and accountabilities, as well as an assessment of the framework's effectiveness	3
Planning	5
The Office's human resource plan did not account for human resource priorities or requirements resulting from more recent strategic and operational planning.	5
Human resource strategies did not state how they would support corporate strategic objectives and operational requirements	9
Measurement, monitoring, and evaluation	11
The strategic operational review was the only human resource–related strategy that was measured, monitored, and evaluated during the period under audit	11
Communication	13
The Office communicated some human resource priorities and strategies, but there was room for improvement	13
Conclusion	16
About the Internal Audit	17
List of Recommendations	19

Executive Summary

The objective of the audit was to determine whether the Office of the Auditor General of Canada (the Office) integrated human resource planning with strategic and operational planning, so that appropriate numbers of qualified people were available when and where needed.

The audit covered the period from 1 April 2011 to 31 December 2013.

Why this internal audit matters

This internal audit is important because integration of human resource planning with governance as well as with strategic and operational planning is a way of supporting the achievement of stated strategic objectives and operational requirements.

Conclusion

As a result of this audit, we concluded that the Office had not integrated human resource planning with strategic and operational planning. The Office had systems and practices in place to support integrated human resource planning, but it could make improvements.

Management agrees with our recommendations. Its detailed responses follow the recommendations throughout the report.

We requested and received an action plan from management on 22 October 2015.

Introduction

What the internal audit focused on

1. This internal audit focused on determining whether the Office of the Auditor General of Canada integrated human resource (HR) planning with corporate governance and strategic and operational planning, so that appropriate numbers of qualified people were available when and where needed.
2. Corporate governance is the framework of rules and practices in an organization that ensures accountability, fairness, and transparency for its stakeholders.
3. Strategic planning is planning related to the broad orientations and goals of the Office, which are determined by the Executive Committee. It is planning at the conceptual or vision level.
4. Operational planning is planning of business activities that need to be accomplished to reach the strategic objectives. It translates strategic planning into hands-on work.

Why this internal audit matters

5. This internal audit is important because integration of human resource planning with governance as well as with strategic and operational planning is a way of supporting the achievement of stated strategic objectives and operational requirements.
6. Integrated human resource planning also informs strategic and operational decision making by providing information such as
 - data on current employees, including the number of full-time equivalents, head counts, salaries, knowledge, skills, competencies, experience, and the types of professional service contractors currently being engaged;
 - internal trend analyses and assessments of organizational capacity;
 - gap analyses (examining what we have and what is required);
 - market analyses (examining the available skill sets in the marketplace); and
 - compliance with required legislation and policies.
7. Integrated planning aligns human resource priorities and strategies with strategic objectives or operational requirements so that HR priorities and strategies have measurable outcomes. These can then be monitored and evaluated. The outcomes can also be used to report on progress and success, and to inform the next planning period.
8. Personnel expenses account for most of the Office's expenditures. Consequently, it is important that the Office use its human resources efficiently to deliver on its legislative mandate. To do this, there needs to be a strong alignment between the Office's strategic and operational planning processes and its human resource priorities and strategies.

What we examined

9. The internal audit team selected the following criteria for assessing the Office's systems and practices:
- Governance framework: An effective governance framework for integrated human resource (HR) planning is in place.
 - Integration of human resource planning: Human resource planning is integrated with strategic and operational planning.
 - HR information: HR information used for strategic and operational planning is factual and timely and is used when defining human resource requirements.
 - HR priorities and strategies: HR priorities are established, and cost-effective strategies are undertaken to address current and future human resource requirements.
 - Monitoring and evaluation: HR priorities and strategies are measured, monitored, and evaluated, and they inform the next corporate planning exercise.
 - Communication of HR priorities and strategies: Human resource priorities and strategies are communicated widely to employees and stakeholders.
10. Our audit covered the period from 1 April 2011 to 31 December 2013.
11. More details about the audit objective, scope, approach, systems and practices examined, and criteria are in **About the Internal Audit** at the end of this report.

Findings, Recommendations, and Responses

Governance

Although a governance framework was in place, it was missing documentation of key processes and accountabilities, as well as an assessment of the framework's effectiveness

Why this finding matters

12. A governance structure that supports the integration of human resource planning into strategic and operational planning is essential for efficient oversight and stewardship of human resources in the execution of public mandates. Clearly defined roles and responsibilities for senior management support the systems and processes that facilitate an organization's overall direction, effectiveness, supervision, and accountability.

What we examined

13. We examined whether the Office of the Auditor General of Canada had defined, approved, documented, and communicated roles and responsibilities to support integrated human resource planning.
14. We also examined whether the Office had assessed the effectiveness of its governance framework for integrated human resource planning.

What we found

15. Our analysis supporting this finding discusses

- operational planning, and
- strategic and integrated human resource planning.

16. **Operational planning.** We found that the Office had articulated and documented a governance framework for operational planning. This outlined the importance of operational planning in providing the resources required to conduct audits. The framework explained the process for operational planning, and set out the roles and responsibilities of those responsible. The framework also included provisions for approving, monitoring, and reviewing the operational planning process and the Office's overall operational plan. Furthermore, management responsibilities for operational planning were documented in corporate documents that described management roles and responsibilities, competency profiles, and job descriptions for relevant functional authorities. On its INTRANet site, the Office posted guidance on operational planning, as well as information on planning accountabilities.

17. **Strategic and integrated human resource planning.** We found no similar guidance for strategic or integrated human resource planning. Senior management appeared to have an understanding of the roles and responsibilities for strategic and integrated human resource planning within the organization. However, we found that the Office had not formally defined, documented, and communicated some of the roles and responsibilities related to strategic or integrated human resource planning:

- Documentation on management roles and responsibilities did not include a responsibility for integrated human resource planning.
- The job description for the Principal, Human Resources, noted a responsibility for supporting strategic directions but provided no information on how to meet this responsibility.
- There was no job description for the Principal responsible for strategic planning.

18. Given the lack of documentation on roles and responsibilities for integrated human resource planning, we did not see evidence that key accountabilities had been formally approved. In addition, we found that the Office had not defined the Human Resources group's responsibilities for monitoring the outcomes of human resource planning or for reporting on them. As a result, management could not assess the effectiveness of the governance framework.

Recommendation

19. The Office of the Auditor General should develop a governance framework that supports the integration of human resource planning into strategic and operational planning. To help achieve this framework, the Office should define, document, approve, and communicate all roles and responsibilities that support strategic and human resource planning activities and should subsequently assess the effectiveness of the governance framework.

Management's response. *Agreed. The Strategic Planning team is developing a governance framework (that is, a strategic planning process framework) that supports the integration of human resource planning into strategic planning. This framework includes*

- *objectives of integrated planning;*
- *the process for integrated planning (for example, the cycle, stages, components, including human resource implications, and deliverables);*
- *roles and responsibilities for integrated planning (for example, of the Executive Committee, the Assistant Auditor General of Corporate Services, the Human Resources group, the Finance group, the Strategic Planning group, and so on);*
- *expected outcomes (for example, the successful completion of the planning process, and the strategic objectives that took human resource management into consideration); and*
- *periodic review of the process for integrated planning to assess its effectiveness.*

The Strategic Planning team will support the implementation of the strategic planning process framework through various communication mechanisms, including posting the process framework on the team's INTRANet page.

The Human Resources group will work with the Comptroller's group to integrate human resource management into budget planning activities, as needed.

Planning

The Office's human resource plan did not account for human resource priorities or requirements resulting from more recent strategic and operational planning

Why this finding matters

20. Employees' knowledge, skills, and experience are key success factors in the delivery of the mandate of the Office of the Auditor General. Given recent budgetary constraints, people resources are limited and organizational demographics are changing, leading to challenges in retaining competent, committed, and engaged employees.

21. An organization can better achieve its strategic goals by establishing human resource priorities, supported by workforce assessments. After establishing priorities, the next step is to define and implement strategies for addressing workforce needs and supporting the achievement of strategic objectives and operational requirements.

What we examined

22. We examined whether

- the Office had defined human resource priorities as part of its strategic planning processes;
- operational plans defined human resource requirements to support operational objectives;

- the human resource plan made reference to strategic priorities and operational requirements; and
- the human resource information used for strategic and operational planning was factual, timely, and used when defining human resource requirements.

What we found

23. Our analysis supporting this finding discusses

- integration of human resource planning with strategic planning,
- integration of human resource planning with operational planning,
- the human resource plan,
- a good practice that supported strategic planning, and
- human resource information to support strategic and operational planning.

24. **Integration of human resource planning with strategic planning.** We found that a risk assessment conducted by the Office in 2011 and updated in 2012 identified seven risks, four of which were related to human resources. In reviewing the strategic planning documentation available for the 2011–12 and 2012–13 fiscal years, we did not find documented evidence that the human resource risks identified in 2012 were considered during the strategic planning sessions. Furthermore, these risks were not identified in the Office’s human resource plan, which was integrated into the Corporate Services Strategic Plan. We found that the Office established no human resource priorities as a result of the 2012 risk assessment.

25. We found that in 2009 the Office had established a strategic goal of “sustaining audit capacity.” However, we did not see any subsequent references to this goal in the strategic planning sessions for the 2011–12 or 2012–13 fiscal year. Our review of the documentation for those sessions revealed that the Office established no other strategic human resource priority for the period under examination. The priority for the Office during this period was the implementation of the Strategic Operational Review (SOR). The SOR had a human resource priority of reducing the Office’s staff by 10 percent by the end of the 2014–15 fiscal year from the 2011–12 fiscal year, with the aim of saving \$6.5 million over three years. We found, however, that this strategic priority was not reflected in the Office’s human resource plan.

26. As part of the strategic planning session for the 2012–13 fiscal year, we found that the Office began to update the organization’s vision and values, and to develop a strategic framework in the form of a Balanced Scorecard. The draft Balanced Scorecard described the Office’s vision, mission, values, strategic objectives, and priorities. We found that a number of these objectives and priorities were related to human resources. The Balanced Scorecard had yet to be approved as of December 2013.

27. In examining the extent to which human resource planning was integrated with strategic planning, we found that improvements could be made in documenting the links between

- the outcomes of the annual risk assessment exercise,
- the human resource priorities emerging from the annual strategic planning sessions, and
- the HR priorities as articulated in the human resource plan.

28. **Integration of human resource planning with operational planning.**

We found that operational planning served to allocate financial and human resources to audit services, to audit practices, and to specific audits.

29. We were informed that the Assistant Auditor General, Corporate Services, met with senior management of Audit Operations to determine human resource requirements, and to discuss the needs of principals and directors for staffing planned audits. Also discussed were rotation requirements, the identification of potential candidates for positions that might become vacant, possible retirements in the near future, and the movement of auditors between groups.

30. We found that operational planning discussions about human resource requirements were not documented. We did not find evidence to suggest that these discussions informed HR strategies, apart from Talent Management for Principals.

31. We found that at the time of planning individual audits, Audit Principals conducted an assessment to ensure that the audit team had the competencies for the planned audit work. However, we found there was no formal, Office-wide mechanism in place to collect, analyze, and document the knowledge, skills, and experience of auditors, or to determine any gaps in requirements.

32. The identification of these gaps, taken as a whole, might help the organization to define strategies for addressing them.

33. **The human resource plan.** The Corporate Services Strategic Plan 2010–14 included the Office’s human resource plan. We found that there was no link between the HR plan and more recent strategic planning or operational planning requirements. Even though Strategic Plan 2010–14 was updated in 2013, it did not reflect other corporate exercises such as the 2010 employee surveys, the results of the 2012 corporate risk assessment, and the 2012 Strategic Operational Review.

34. **A good practice that supported strategic planning.** We found that the Professional Development Business Plan for 2013–16 outlined the Office’s training priorities for the period and referred to the new draft Strategic Plan / Balanced Scorecard, in an effort to align the Professional Development Business Plan with the strategic framework.

35. **Human resource information to support strategic and operational planning.** We found that information used to support strategic and operational planning processes was mainly financial in nature, providing data such as the number of full-time equivalents, head counts, and salary expenditures. Given the

lack of human resource information used for strategic and operational planning, we could not determine if such information was assessed by management for reliability, validity, and timeliness.

36. During the period under review, we did not find evidence that the Office had considered other types of human resource information that would support strategic or operational planning, such as

- information on key shortages or potential surpluses, which would enable the organization to determine whether it had the right mix and complement of employees in terms of knowledge, skills, and experience to meet current and future needs;
- information on internal and external factors that might affect the capacity of the workforce to meet strategic priorities and operational requirements; and
- information on compliance requirements with internal policies and collective agreements, and with external legislative requirements such as the *Official Languages Act* and the *Employment Equity Act*.

Recommendations

37. The Office of the Auditor General should

- define human resource priorities emerging from strategic planning sessions and include a human resource component in its strategic plan;
- define human resource requirements emerging from operational planning and include a human resource component in its operational plan;
- ensure that the human resource plan is integrated and in line with both operational and strategic plans; and
- determine the human resource information needed to support strategic planning and operational requirements.

Management's response. *Agreed. Since December 2013, the strategic planning process has identified Office priorities for the coming year, including human resource (HR) priorities. HR elements are also included in the Office's Strategic Framework:*

- *Ensure effective and efficient support services.*
- *Develop and maintain a skilled, bilingual, and engaged workforce.*
- *Ensure a culture of empowerment.*

In addition, Human Resource Management (HRM) is also integrated in strategic planning through the Office-wide annual risk assessment. The Human Resources team contributes critical HRM risks to this exercise.

HRM is integrated in operational planning through critical information (for example, attrition rate, overtime usage, leaves without pay, expected retirements) at monthly meetings between Finance, Human Resources, and Career Management teams. This information allows for informed operational decision making and better workforce planning (recruitment strategies, student hiring, and promotional needs).

In collaboration with Audit Operations' management, the Career Management team uses Retain and Realistic Profile to determine and plan human resource needs (for example, full-time equivalent employees, capacity, and competencies).

The Human Resources team's work plan addresses people priorities established through the Office's annual strategic planning process.

The Human Resources team will identify and provide the HR information needed to inform the strategic planning process framework.

Human resource strategies did not state how they would support corporate strategic objectives and operational requirements

Why this finding matters

38. Human resource strategies are required to support the implementation of corporate strategic objectives, and to respond to operational requirements.

What we examined

39. We examined whether the Office had established human resource strategies to support corporate strategic objectives and operational requirements, and if so, whether the strategies

- had been defined and documented,
- identified measurable outcomes, and
- had been assessed for cost-effectiveness.

What we found

40. Our analysis supporting this finding discusses

- support for corporate strategic objectives and operational requirements,
- measurable outcomes, and
- cost-effectiveness.

41. **Support for corporate strategic objectives and operational requirements.** As noted earlier, the strategic objectives of the Strategic Operational Review (SOR) and the strategic goal of "sustaining audit capacity" were the HR-related corporate priorities in effect during the period under review.

42. We looked for human resource strategies developed to support the SOR exercise. We found that the Office relied on attrition and upcoming retirements to reduce its full-time equivalent (FTE) employees by 10 percent and achieve the savings target.

43. We found no other defined or documented human resource strategies in place to support the Strategic Operational Review exercise.

44. We would have expected to find some analysis of the real and potential impacts of losing 10 percent of the Office's FTEs. We also would have expected to see the development and documentation of alternative strategies if voluntary departures did not permit the Office to reach its FTE-reduction target.

45. For the human resource strategies developed to support the corporate strategic goal of “sustaining audit capacity,” we referred to the Corporate Services Strategic Plan 2010–14.

46. From our review of the Corporate Services Strategic Plan, we found that the Office developed human resource strategies to address the corporate goal of “sustaining audit capacity.” However, there was room for improvement in defining the measurable outcomes of these strategies in terms of how they supported strategic priorities and responded to operational requirements, and in assessing the strategies’ cost-effectiveness.

47. **Measurable outcomes.** When we reviewed the information provided in the Corporate Services Strategic Plan for the projects noted as completed, we found that there were few details given about each project. There was no information on

- the way each project was to support the corporate strategic objective or operational requirements,
- the impacts or expected outcomes,
- the performance indicators used to monitor and assess the project, and
- the actual costs incurred (when applicable).

For example, for the Bilingual Workplace pilot project, we found no details on the outcome, such as the number of employees who participated in the pilot, the costs involved, or the number of participants who succeeded in meeting the bilingual requirements of their positions.

48. **Cost-effectiveness.** We found no evidence that the Office had conducted a cost-benefit analysis for individual HR strategies listed in the Corporate Services Strategic Plan. Human Resources informed us that there were no significant HR projects requiring additional funds during the period under review, and consequently, no further work was undertaken on the costing estimates in the Corporate Services Strategic Plan. There was no requirement to cost strategies beyond noting contract costs.

Recommendation

49. In developing human resource strategies to support corporate strategic objectives and operational requirements, the Office of the Auditor General should ensure that details are provided on

- how each strategy is meant to support the corporate strategic objective or operational requirement,
- what impacts or outcomes of the strategy are expected,
- what performance measures will be used to assess the strategy, and
- why the strategy is the most cost-effective.

Management’s response. *Agreed. The Office’s Strategic Framework has been developed and contains people-related objectives that are measured and monitored through the Office’s Performance Measurement Framework. The Human Resources (HR) team’s priorities and activities for supporting the Office’s*

objectives are outlined in the HR work plan (for example, lists of projects, time frames, and accountabilities). However, HR will assess the feasibility of including the following elements in the HR work plan:

- *expected impacts or outcomes of the priorities and activities,*
- *performance measures, and*
- *cost-effectiveness.*

Regarding operational requirements, the HR team's participation at monthly operational planning meetings with the Finance team and the Career Management team provides a mechanism for HR to monitor progress on activities and priorities, and provides an opportunity to update and revise the work plan, as needed.

Measurement, monitoring, and evaluation

The strategic operational review was the only human resource–related strategy that was measured, monitored, and evaluated during the period under audit

Why this finding matters

50. Monitoring and evaluation of strategies, initiatives, and plans help to ensure that executive decisions are carried out as intended, and that timely corrective action is taken when necessary. Without an evaluation of results achieved, management might not have the information it needs to know its current capacity and to plan effectively.

What we examined

51. We examined whether measurable indicators were defined for human resource strategies.

52. We also examined whether mechanisms were in place to monitor and evaluate performance so that the Office of the Auditor General could know whether the HR strategies contributed to strategic priorities and operational requirements.

What we found

53. We found that the Office actively measured, monitored, and evaluated human resource strategies associated with the implementation of the Strategic Operational Review (SOR) exercise. However, it was less active in measuring, monitoring, and evaluating the human resource strategies supporting the 2009 strategic goal of “sustaining audit capacity.”

54. Our analysis supporting this finding discusses

- performance measures,
- monitoring mechanisms,
- records of subcommittee meetings,
- reports of Executive Committee meetings, and
- corrective action.

55. **Performance measures.** We found that some measurable indicators were established to track progress on human resource strategies.

56. For the strategic objectives of the Strategic Operational Review exercise, the Office established a financial and staff reduction target of a 10-percent reduction in full-time equivalent (FTE) employees by the 2014–15 fiscal year.

57. We also noted that the Corporate Services Strategic Plan 2010–14 listed several key performance indicators for the strategic goal of “sustaining audit capacity.” These included

- deployment of a new training model, learning curriculum, program, and applications; and
- results of an employee satisfaction survey on career progression and staff engagement.

However, we found that “target year for completion” was the only measurable indicator provided for the human resource initiatives listed in the Corporate Services Strategic Plan.

58. **Monitoring mechanisms.** We found that the Office had mechanisms for monitoring the implementation of human resource strategies. The mechanisms included

- records of discussions in senior management forums, such as the Executive Committee and its subcommittees; and
- quarterly and monthly reports submitted to the Executive Committee and its subcommittees.

59. We found that the monthly monitoring report of the Office’s SOR activities provided details for each audit product line and audit services in terms of completion of SOR target, status of expected cost savings, and proposed savings in total and in terms of hours, FTEs, salary, and non-salary expenditures.

60. **Records of subcommittee meetings.** In reviewing the minutes of the Human Resources subcommittee, we found a number of recurrent items: strategic issues related to the SOR and to workloads of principal auditors; the draft HR plan for 2012–15; and policy initiatives (revised delegation of HR authorities, and the Official Languages Policy). We found no record of discussion of other human resource strategies set out in the Corporate Services Strategic Plan.

61. We found that the Corporate Services subcommittee received a copy of the 2013 update of the Corporate Services Strategic Plan. However, we found no evidence to suggest that the Executive Committee was briefed on the status of the Corporate Services goal of “sustaining audit capacity” apart from activities related to the professional development of auditors.

62. **Reports of Executive Committee meetings.** In reviewing the documentation available for the Executive Committee, we found that the Committee monitored the Strategic Operational Review exercise on a quarterly basis. We did not see information on other HR initiatives outlined in the Corporate Services Strategic Plan.

63. **Corrective action.** We found limited information suggesting that corrective action was taken if a human resource strategy fell short of expectations or did not support the strategic objective or operational requirements.

64. The information provided indicated that the Office was able to reach its SOR targets. However, we found no evidence that an impact analysis had been conducted of the intended or unintended consequences of implementing the SOR, other than a reduction in planned audit work.

Recommendations

65. The Office of the Auditor General should

- define clear and measurable indicators for human resource strategies that are developed to support strategic priorities and operational requirements; and
- implement a formal mechanism to monitor and evaluate human resource strategies, with the aim of ensuring that they contribute to strategic priorities and operational requirements.

Management's response. *Agreed. The Office has developed performance measures for its Strategic Framework. While the Human Resources (HR) team has contributed indicators for the strategic objectives that directly affect the HR function, there remain other HR-related indicators in development. Certain HR elements of the Strategic Framework have been assigned to champions outside of the HR team (for example, Official Languages, Empowerment, new Principals' Roles and Responsibilities).*

The Human Resources team contributes monthly updates to the Project Management team on projects that support the Office's strategic objectives (for example, a new competency model, and delegation of HR authorities). The HR team has also drafted service standard indicators for the Office's Performance Measurement Framework.

With regard to those assigned to champions, some measures have been completed while others are still in development.

Communication

The Office communicated some human resource priorities and strategies, but there was room for improvement

Why this finding matters

66. Good communication builds trust and serves to demonstrate sound stewardship of resources. A lack of timely information that is clearly aligned with strategic priorities hampers the ability of those responsible for supporting these priorities to achieve desired outcomes.

What we examined

67. We examined the communication tools used within the Office of the Auditor General, and the extent to which the Office distributed information on human resource strategies in support of strategic priorities and operational requirements internally (to staff) and externally (to stakeholders).

What we found

68. We found that the Office used multiple methods to communicate with staff and supply information on human resource strategies. These included Staff Updates, News from the Executive Committee, “What’s New” items on the INTRANet site, and internal emails.

69. Our analysis supporting this finding discusses

- completeness, relevance, and timeliness of information for staff; and
- external communications for stakeholders.

70. **Completeness, relevance, and timeliness of information for staff.** We found that the Office provided regular updates to employees on its Strategic Operational Review (SOR) activities and the development of a new strategic framework, the 2012–13 Balanced Scorecard.

71. However, in the case of some of the other information provided to staff on corporate and human resource initiatives, the Office distributed this less frequently and with fewer details:

- Although plans and initiatives were announced internally via News from the Executive Committee, these announcements covered only matters discussed at meetings of the Committee. In the minutes of subsequent meetings, we found no details to provide regular updates to staff on the progress of certain initiatives.
- Strategic decisions that had been taken did not appear in the Executive Committee’s Record of Decisions. For both the 2011 and 2012 annual strategic planning meetings, no decisions were logged. In the absence of any formal internal record of strategic planning decisions taken, the yearly Report on Plans and Priorities became the primary tool for staff to learn about Office priorities.
- We also found that the Corporate Services Strategic Plan 2010–14 was the main information tool used by Human Resources to communicate corporate HR strategies and initiatives to employees. We found that the details provided were of a very general nature. We did not find information on expected outcomes or impacts of the initiatives on employees, or on how the strategies and initiatives responded to strategic objectives or operational requirements.
- We found that not all initiatives were widely communicated across the organization. Although an analysis of principals’ workloads and Talent Management activities took place in 2011, 2012, and 2013, staff received very limited information beyond the fact that these activities took place.

- We found that more detailed information was available on the Office's INTRANet site, but some of the information was not available to employees. Neither minutes nor records of decisions were published for the HR Committee or the Corporate Services Advisory Committee to inform employees about the nature or outcomes of discussions in these bodies.

72. **External communications for stakeholders.** We also found that the Office communicated its strategic priorities such as the SOR through the Report on Plans and Priorities, and reported on the outcomes of these priorities in its Departmental Performance Report. These documents were the primary tools for communicating and reporting on corporate initiatives to external stakeholders. The documents were also tabled in Parliament and made widely available to the general public through the Office's website.

Recommendation

73. The Office of the Auditor General should update and align its communications content to provide employees with information that is complete and timely, that indicates the importance of activities in supporting strategic objectives and operational requirements, and that describes any impacts an activity might have on individuals.

Management's response. *Agreed. The Office recently introduced a more rigorous process for sharing information from the Executive Committee to all employees. Some of the new tools we have developed in the last two years to improve the quality of our communications with employees include the following:*

- *After each Executive Committee meeting, assistant auditors general are tasked with sharing key messages with their teams. As a second step, the Auditor General's Management Exchange now serves as a forum to respond to questions from management and discuss key topics to gain a common understanding and key insights.*
- *Strategic planning updates are provided monthly on the INTRANet's AG Corner web page. Results of the Public Service Employee Survey are included.*
- *The Executive Committee News provides a monthly update on decisions and information discussed at Executive Committee meetings.*
- *Virtual town halls are now being employed as another means to provide opportunities for timely updates and discussion between the Auditor General, the Executive Committee, and employees.*
- *HR information and discussion takes place as a recurring item on the agenda of the Principals' Forum.*
- *Mini-polls ask employees to provide feedback or share their opinions on matters.*
- *Ideation—an online idea-generation (collaboration) forum where employees share their feedback and best practices on topics.*
- *Emails have improved through standardized templates and approaches.*

The Communications team will continue to innovate with the goal of reaching employees with important and timely information on the Office's vision, mission, and strategic objectives.

Conclusion

74. We concluded that the Office of the Auditor General of Canada had not integrated human resource planning with strategic and operational planning. The Office had systems and practices in place to support integrated human resource planning, but it could make improvements.

About the Internal Audit

The Practice Review and Internal Audit team of the Office of the Auditor General of Canada provides the Auditor General with independent and objective information, advice, and assurance. The team's efforts add value to the Office by improving audit practices and Office operations and by encouraging learning and continuous improvement.

As part of our regular audit process, we obtained management's confirmation that the findings in this report are factually based.

Objective

This internal audit focused on determining whether the Office of the Auditor General integrated human resource planning with strategic and operational planning, so that appropriate numbers of qualified people were available when and where needed.

Systems and practices examined, and criteria

At the beginning of this internal audit, we presented the Office's audit committee with an audit plan summary that identified the systems and practices, and related criteria, that we considered essential for examining integrated human resource management at the Office of the Auditor General.

The following table outlines the systems and practices, as well as the criteria that we used for our internal audit.

We selected the criteria for this internal audit based on guidance from the Privy Council Office and the Treasury Board of Canada Secretariat, and on our professional standards and knowledge of the subject matter.

Management reviewed and accepted the suitability of the criteria used in the internal audit.

Criteria

Criteria	Sources
To determine whether the Office of the Auditor General integrated human resource planning with strategic and operational planning, so that appropriate numbers of qualified people were available when and where needed, we used the following criteria:	
An effective governance framework for integrated human resource planning is in place.	<ul style="list-style-type: none">• Report of the Expert Panel on Integrated Business and Human Resources Planning in the Federal Public Service, Privy Council Office
Human resource planning is integrated with strategic and operational planning.	<ul style="list-style-type: none">• Report of the Expert Panel on Integrated Business and Human Resources Planning in the Federal Public Service, Privy Council Office• Guidance for Deputy Ministers, Privy Council Office• Integrated Planning Handbook for Deputy Ministers and Senior Managers, Treasury Board of Canada Secretariat, 2007• Canadian Standards on Quality Control, Chartered Professional Accountants of Canada

Criteria	Sources
To determine whether the Office of the Auditor General integrated human resource planning with strategic and operational planning, so that appropriate numbers of qualified people were available when and where needed, we used the following criteria: (continued)	
Human resource information used for strategic and operational planning is factual and timely, and is used when defining human resource requirements.	<ul style="list-style-type: none"> Integrated Planning Handbook for Deputy Ministers and Senior Managers, Treasury Board of Canada Secretariat, 2007
Human resource priorities are established, and cost-effective strategies are undertaken to address current and future human resource requirements.	<ul style="list-style-type: none"> Integrated Planning Handbook for Deputy Ministers and Senior Managers, Treasury Board of Canada Secretariat, 2007 Canadian Standards on Quality Control, Chartered Professional Accountants of Canada
Human resource priorities and strategies are measured, monitored, and evaluated, and they inform the next corporate planning exercise.	<ul style="list-style-type: none"> Integrated Planning Handbook for Deputy Ministers and Senior Managers, Treasury Board of Canada Secretariat, 2007
Human resource priorities and strategies are communicated widely to employees and stakeholders.	<ul style="list-style-type: none"> Integrated Planning Handbook for Deputy Ministers and Senior Managers, Treasury Board of Canada Secretariat, 2007

Period covered by the internal audit

The internal audit covered the systems and practices that were in place between April 2011 and December 2013.

Out of scope

The internal auditors did not assess

- audit planning conducted by principals for specific audit engagements,
- human resource strategies in terms of effectiveness,
- the information provided by Corporate Services, or
- information on the use of professional service contractors in HR planning, as these contracts accounted for less than 4 percent of total Office expenditures for the 2012–13 fiscal year.

Audit team

Principal: Louise Bertrand
Lead Director: Lori-Lee Flanagan
Director: Heather Miller
Audit Professional: Pam Bechervaise

List of Recommendations

The following is a list of recommendations found in this report. The number in front of the recommendation indicates the paragraph where it appears in the report. The numbers in parentheses indicate the paragraphs where the topic is discussed.

Recommendation	Response
Governance	
<p>19. The Office of the Auditor General should develop a governance framework that supports the integration of human resource planning into strategic and operational planning. To help achieve this framework, the Office should define, document, approve, and communicate all roles and responsibilities that support strategic and human resource planning activities and should subsequently assess the effectiveness of the governance framework.</p> <p>(12–18)</p>	<p>Management’s response. Agreed. The Strategic Planning team is developing a governance framework (that is, a strategic planning process framework) that supports the integration of human resource planning into strategic planning. This framework includes</p> <ul style="list-style-type: none"> • objectives of integrated planning; • the process for integrated planning (for example, the cycle, stages, components, including human resource implications, and deliverables); • roles and responsibilities for integrated planning (for example, of the Executive Committee, the Assistant Auditor General of Corporate Services, the Human Resources group, the Finance group, the Strategic Planning group, and so on); • expected outcomes (for example, the successful completion of the planning process, and the strategic objectives that took human resource management into consideration); and • periodic review of the process for integrated planning to assess its effectiveness. <p>The Strategic Planning team will support the implementation of the strategic planning process framework through various communication mechanisms, including posting the process framework on the team’s INTRANet page.</p> <p>The Human Resources group will work with the Comptroller’s group to integrate human resource management into budget planning activities, as needed.</p>

Recommendation	Response
<p>Planning</p> <p>37. The Office of the Auditor General should</p> <ul style="list-style-type: none"> • define human resource priorities emerging from strategic planning sessions and include a human resource component in its strategic plan; • define human resource requirements emerging from operational planning and include a human resource component in its operational plan; • ensure that the human resource plan is integrated and in line with both operational and strategic plans; and • determine the human resource information needed to support strategic planning and operational requirements. <p>(20–36)</p>	<p>Management’s response. Agreed. Since December 2013, the strategic planning process has identified Office priorities for the coming year, including human resource (HR) priorities. HR elements are also included in the Office’s Strategic Framework:</p> <ul style="list-style-type: none"> • Ensure effective and efficient support services. • Develop and maintain a skilled, bilingual, and engaged workforce. • Ensure a culture of empowerment. <p>In addition, Human Resource Management (HRM) is also integrated in strategic planning through the Office-wide annual risk assessment. The Human Resources team contributes critical HRM risks to this exercise.</p> <p>HRM is integrated in operational planning through critical information (for example, attrition rate, overtime usage, leaves without pay, expected retirements) at monthly meetings between Finance, Human Resources, and Career Management teams. This information allows for informed operational decision making and better workforce planning (recruitment strategies, student hiring, and promotional needs).</p> <p>In collaboration with Audit Operations’ management, the Career Management team uses Retain and Realistic Profile to determine and plan human resource needs (for example, full-time equivalent employees, capacity, and competencies).</p> <p>The Human Resources team’s work plan addresses people priorities established through the Office’s annual strategic planning process.</p> <p>The Human Resources team will identify and provide the HR information needed to inform the strategic planning process framework.</p>

Recommendation	Response
<p>49. In developing human resource strategies to support corporate strategic objectives and operational requirements, the Office of the Auditor General should ensure that details are provided on</p> <ul style="list-style-type: none"> • how each strategy is meant to support the corporate strategic objective or operational requirement, • what impacts or outcomes of the strategy are expected, • what performance measures will be used to assess the strategy, and • why the strategy is the most cost-effective. <p>(38–48)</p>	<p>Management’s response. Agreed. The Office’s Strategic Framework has been developed and contains people-related objectives that are measured and monitored through the Office’s Performance Measurement Framework. The Human Resources (HR) team’s priorities and activities for supporting the Office’s objectives are outlined in the HR work plan (for example, lists of projects, time frames, and accountabilities). However, HR will assess the feasibility of including the following elements in the HR work plan:</p> <ul style="list-style-type: none"> • expected impacts or outcomes of the priorities and activities, • performance measures, and • cost-effectiveness. <p>Regarding operational requirements, the HR team’s participation at monthly operational planning meetings with the Finance team and the Career Management team provides a mechanism for HR to monitor progress on activities and priorities, and provides an opportunity to update and revise the work plan, as needed.</p>
<p>Measurement, monitoring, and evaluation</p> <p>65. The Office of the Auditor General should</p> <ul style="list-style-type: none"> • define clear and measurable indicators for human resource strategies that are developed to support strategic priorities and operational requirements; and • implement a formal mechanism to monitor and evaluate human resource strategies, with the aim of ensuring that they contribute to strategic priorities and operational requirements. <p>(50–64)</p>	<p>Management’s response. Agreed. The Office has developed performance measures for its Strategic Framework. While the Human Resources (HR) team has contributed indicators for the strategic objectives that directly affect the HR function, there remain other HR-related indicators in development. Certain HR elements of the Strategic Framework have been assigned to champions outside of the HR team (for example, Official Languages, Empowerment, new Principals’ Roles and Responsibilities).</p> <p>The Human Resources team contributes monthly updates to the Project Management team on projects that support the Office’s strategic objectives (for example, a new competency model, and delegation of HR authorities). The HR team has also drafted service standard indicators for the Office’s Performance Measurement Framework.</p> <p>With regard to those assigned to champions, some measures have been completed while others are still in development.</p>

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<p>Communication</p> <p>73. The Office of the Auditor General should update and align its communications content to provide employees with information that is complete and timely, that indicates the importance of activities in supporting strategic objectives and operational requirements, and that describes any impacts an activity might have on individuals. (66–72)</p>	<p>Management’s response. Agreed. The Office recently introduced a more rigorous process for sharing information from the Executive Committee to all employees. Some of the new tools we have developed in the last two years to improve the quality of our communications with employees include the following:</p> <ul style="list-style-type: none"> • After each Executive Committee meeting, assistant auditors general are tasked with sharing key messages with their teams. As a second step, the Auditor General’s Management Exchange now serves as a forum to respond to questions from management and discuss key topics to gain a common understanding and key insights. • Strategic planning updates are provided monthly on the INTRANet’s AG Corner web page. Results of the Public Service Employee Survey are included. • The Executive Committee News provides a monthly update on decisions and information discussed at Executive Committee meetings. • Virtual town halls are now being employed as another means to provide opportunities for timely updates and discussion between the Auditor General, the Executive Committee, and employees. • HR information and discussion takes place as a recurring item on the agenda of the Principals’ Forum. • Mini-polls ask employees to provide feedback or share their opinions on matters. • Idenation—an online idea-generation (collaboration) forum where employees share their feedback and best practices on topics. • Emails have improved through standardized templates and approaches. <p>The Communications team will continue to innovate with the goal of reaching employees with important and timely information on the Office’s vision, mission, and strategic objectives.</p>