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# **Audit of Human Resources Planning for Recruitment and Staffing**

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# Audit of Human Resources Planning for Recruitment and Staffing

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Internal Audit and Evaluation Bureau

Final Report

Approved July 24, 2013

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## Statement of Conformance

The Internal Audit and Evaluation Bureau (the Bureau) has completed an Audit of Human Resources Planning for Recruitment and Staffing. This audit conforms with the *Internal Auditing Standards for the Government of Canada*, as supported by the results of the quality assurance and improvement program in place at the Bureau.

## Executive Summary

### Background

Human resources (HR) planning within Treasury Board of Canada Secretariat (the Secretariat) is a subset of overall departmental planning. As a result, HR planning is undertaken to support and coordinate the planned HR needs of the Department.

The Human Resources Division (HRD) is responsible for providing strategic HR advice, guidance and services to the Secretariat's staff.

### Objective and Scope

The objective of the audit was to assess the adequacy of the management of HR planning for recruitment and staffing within the Secretariat. The engagement was originally identified as the Audit of Human Resources Planning in the Secretariat's Risk-Based Audit Plan 2011–14. However, due to changes to the HR planning context resulting from the Secretariat's implementation of expenditure reduction initiatives, the value of continuing with the initial audit scope was reassessed. Following the Bureau's assessment of scope and in consultation with the Secretariat's audit committee, the audit scope was refined to provide assurance on selected aspects of HR planning. Although the audit covered HR planning activities, strategies and tools in support of recruitment and staffing for the 2011–12 fiscal year, the audit did not provide assurance on their completeness and effectiveness.

The audit was conducted during the period of August 2011 to December 2012 <sup>1</sup> and covered HR planning tools and activities in support of recruitment and staffing for the 2011–12 fiscal year. The engagement does not provide for recruitment and staffing. Evidence was drawn from interviews and documentation review, and is considered

sufficient to provide senior management with reasonable assurance on selected aspects of HR planning.

## **Key Findings and Conclusion**

The audit concluded with a reasonable level of assurance that the management of HR planning for recruitment and staffing within the Secretariat was adequate. Specifically, the Secretariat has:

- Established and communicated appropriate accountability structures to support HR planning for recruitment and staffing;
- Established the main elements of an adequate monitoring and reporting regime to support HR planning for recruitment and staffing;
- Developed, communicated and maintained a suite of HR planning tools to facilitate the development of recruitment and staffing strategies; and
- Developed, communicated and maintained recruitment and staffing strategies.

Because this audit found no major deficiencies, there are no recommendations outlined in this report.

## **Management Response**

Agreed. Although there are no recommendations contained in the report, any best practices and other lessons learned identified will be incorporated into the Secretariat's HR planning processes for recruitment and staffing, where appropriate.

## **1.0 Introduction**

### **1.1 Planning Overview**

As part of its modernization efforts, the Government of Canada sought to strengthen its management practices by integrating financial and non-financial information in order to enable decision makers to make and communicate more appropriate choices. <sup>2</sup> By integrating this information, the government can work smarter for better results.

Within the Secretariat, the annual departmental integrated planning cycle is initiated in the second quarter, beginning with the update of the Corporate Risk Profile. This provides context for setting department-level priorities for the next fiscal year, including HR priorities. These decisions then support the development of the Secretariat's Report on Plans and Priorities and individual sector business plans. Sector business plans are then

analyzed to identify corporate issues and opportunities, which inform resource decisions. Resourcing decisions are then incorporated into the Secretariat's annual Integrated Business Plan and are used to update the Secretariat's three-year HR Plan.

HR planning is a subset of overall departmental planning and of sector-level business planning. As a result, HR planning is undertaken to support and coordinate the planned HR needs of the Department.

## **1.2 Governance**

Within the Secretariat, the Priorities and Planning Sector (P&P) is responsible for departmental planning and reporting; HRD is responsible for providing strategic HR advice, guidance and services to the Secretariat's staff. These two stakeholders, along with the Corporate Services Sector (CSS) (including the Financial Management Directorate and Information Management and Technology Directorate) co-lead the integrated planning exercise. The three leads provide analysis, challenge and support functions for sector-level business plans.

## **1.3 Human Resources Planning Activities**

As noted above, HRD co-leads the annual integrated business planning process and focuses on the HR planning component. This component requires sectors to identify recruitment and staffing needs and plans, among other HR needs.

HRD's role in the planning process is summarized as follows: 3

- HRD and the remaining co-leads work together to prepare the annual launch of business planning. This includes developing various planning tools designed to gather required information and assist management in their completion.
- HRD representatives are available throughout the planning process to provide sectors with guidance, support and feedback.
- HRD reviews the submitted sector business plans from an HR perspective and fulfills a challenge function to ensure the reasonableness of sector plans.
- Based on the reviewed sector business plans, HRD, CSS and P&P provide the Secretary of the Treasury Board with advice on resource allocation, priorities, etc.
- Once sector plans have been developed, HRD and other enabling functions, such as the Strategic Communications and Ministerial Affairs (SCMA) and CSS directorates, review sector business plans as a source of information to manage their workloads and priorities in order to meet sector needs.

- Based on sector business plans, HRD prepares its own annual plan. In addition, HRD prepares the Secretariat's three-year HR Plan, which explains the Secretariat's HR management priorities, including the implementation of the Secretariat's Recruitment and Staffing Strategy, which describes strategies to address HR gaps across the Secretariat.

HRD has defined recruitment and staffing for the purposes of its planning as follows:

- Recruitment: Hiring from outside (external to) the federal public service; and
- Staffing: Hiring within (internal to) the federal public service, and all administrative actions that are internal to the Department (e.g., non-advertised appointments, acting assignments, secondments, etc.).

The following table presents the volume of recruitment and staffing actions within the Secretariat for the previous three fiscal years:

<b>Fiscal Year</b>	<b>Actual Recruitment and Staffing Actions</b> <sup>4</sup>
2009–10	3,609 <sup>5</sup>
2010–11	2,696
2011–12	2,042

### **Planned and Ongoing Enhancements to Integrated Business Planning (Including HR Planning)**

At the time of reporting, the Secretariat was in the process of enhancing its approach to integrated business planning in the context of its current operating environment. These updates for the 2013–16 planning cycle will aim to increase the usefulness and relevance of planning to sector heads by streamlining the process using information management and information technology tools, and requesting only core information with a focus on key departmental priorities and risks. Also, HRD will implement a “tracker” to provide sector-specific HR information and gather timely sector-level HR information for planning, monitoring and reporting purposes on a quarterly basis. <sup>6</sup>

## **2.0 Audit Details**

### **2.1 Objectives and Scope**

The audit was initially planned to provide assurance on the complete HR planning process in support of recruitment and staffing, including the effectiveness of existing tools. However, in light of recent expenditure reduction initiatives and the resulting changes to the HR context, the value of continuing with the initial audit scope was reassessed.

Following the Bureau's assessment of scope and in consultation with the Secretariat's audit committee, the audit objective and scope were refined to provide assurance on selected aspects of HR planning.

Specifically, the audit objective of this engagement was to assess the adequacy of the management of HR planning for recruitment and staffing within the Secretariat.

The scope of the audit covered key management controls and activities, as well as the tools used in support of recruitment and staffing for the 2011–12 fiscal year. Due to the aforementioned refinements to the audit scope and objective, users of the planning process across the various sectors were not interviewed. As such, the engagement does not provide assurance on the completeness and effectiveness of planning activities, strategies and tools for recruitment and staffing. These elements will be considered in future risk-based audit plans, and in light of ongoing refinements being made to the integrated business planning process at the Secretariat.

The audit did not include HR activities undertaken in support of government-wide recruitment and staffing activities (e.g., Financial Officer Recruitment and Development/Internal Auditor Recruitment and Development (FORD/IARD) Program). These activities are undertaken to support the needs of the government as a whole and are beyond the departmental Secretariat activity.

The audit was conducted between August 2011 and December 2012. Audit work was put on hold for several months due to the emergence of other audit priorities during that period.

## 2.2 Lines of Enquiry

The audit focused on the following lines of enquiry:

- **Roles and responsibilities:** The Secretariat has established appropriate accountability structures to support HR planning for recruitment and staffing.
- **Monitoring and reporting:** The Secretariat has established an adequate monitoring and reporting regime to support HR planning for recruitment and staffing.
- **HR planning tools:** The Secretariat has developed a suite of HR planning tools to facilitate the development of recruitment and staffing strategies.



- **Recruitment and staffing strategies:** The Secretariat has developed and communicated recruitment and staffing strategies.

## 2.3 Approach and Methodology

The audit approach and methodology was risk-based and conformed with the *Internal Auditing Standards for the Government of Canada*. These standards require that the audit be planned and performed in a way to obtain reasonable assurance that the audit objectives were achieved.

The work carried out during the audit consisted of interviews with key stakeholders and documentation review.

Due to the streamlined scope of the audit, interviews and documentation review were limited to representatives from the sectors co-leading the annual integrated business planning initiative, namely, HRD, P&P and CSS. Other clients using HRD's services were not interviewed.

## 3.0 Audit Results

The engagement results are presented in the following by line of enquiry.

### 3.1 Roles and Responsibilities

The Secretariat has formally developed and communicated documents that clearly outline roles, responsibilities and accountabilities to support HR planning for recruitment and staffing.

HR planning for recruitment and staffing involves various parties within the Secretariat. Therefore, the audit team expected to find clear documentation of roles, responsibilities and accountabilities for HR planning to support recruitment and staffing for each of these parties, and to find that these roles, responsibilities and accountabilities would be clearly communicated.

It was found that the Secretariat has established appropriate accountability structures to support HR planning for recruitment and staffing. The Secretariat has formally developed documents that outline roles, responsibilities and accountabilities related to HR planning for recruitment and staffing. Specifically:

- The Secretariat's governance structure is defined in the Secretariat's Integrated Business Plan 2010–11, as well as training materials on integrated business planning.
- Sector responsibilities for developing integrated business plans, as well as how the gathered information is used, is outlined in the "Guide to Sector Integrated Planning at TBS 2011–14."
- Guidance documents outline HRD's accountabilities and how these fit into the Department-wide integrated planning exercise.
- The Secretariat's updated Delegation of Human Resources Authorities Instrument, which document levels of management's HR capabilities, was defined and approved by the Secretary of the Treasury Board in July 2011.

These documents have been communicated to Secretariat staff through various means, including information sessions and the Department-wide electronic newsletter. Applicable roles, responsibilities and accountabilities, as set out in Secretariat's Delegation of Human Resources Authorities Instrument and integrated into business planning guidance documents, are reviewed and updated periodically.

In summary, roles, responsibilities and accountabilities to support HR planning for recruitment and staffing were clearly defined, documented and communicated.

## 3.2 Monitoring and Reporting

The Secretariat has established the main elements of an adequate monitoring and reporting regime to support HR planning for recruitment and staffing.

As essential components of managing the HR planning process and to track and demonstrate results, the audit team expected the Secretariat to have established a monitoring and reporting regime to support HR planning for recruitment and staffing. More precisely, the audit team expected to find performance measures linked to recruitment and staffing strategies, as well as monitoring activities, including a comparison of actual recruitment and staffing activities against sector business plans.

It was found that draft service standards and performance measures for recruitment and staffing activities were identified and documented.

At the time of the audit, these draft standards were being piloted within HRD, with the intent of launching the final set of service standards in April 2013. The audit could not conclude on the completeness of the standards and measures; however, the audit did find

that HRD had an appropriate process in place to address completeness in the finalized standards. Specifically:

- HRD is conducting a review of the utilization of the service standards in PeopleSoft with staffing and classification assistants and advisors.
- Following these consultations, clarifications and guidelines will be provided (to classification and staffing HR groups, EX and non-EX levels) to ensure up-to-date and consistent use of the system.
- Using this process, HRD will increase the quality of system data, which will facilitate the extraction and analysis of data to establish trends and validate the draft standards.

The Secretariat has implemented its formally approved Staffing System Monitoring Program, which documents priorities for monitoring and analyzing staffing activities. This program includes areas monitored internally by HRD and areas monitored by the Public Service Commission. It measures compliance with applicable appointment policies, instruments and guidelines, as well as other areas to measure efficiency and effectiveness of the staffing system. The frequency of the monitoring activities and the frequency and sources of reporting are identified in the program.

Also, a post-mortem exercise is conducted annually on the integrated business planning process that is attended by planning leads and sector clients. Feedback discussed during these sessions is considered and incorporated, where applicable, into the following year's integrated planning processes and tools.

It was found that HRD monitors recruitment and staffing using various mechanisms, including the Public Service Employee Survey, file reviews and various PeopleSoft reports. Also, the audit found that HRD reported the results of its monitoring activities through various means, including the following:

- The semi-annual Staffing Monitoring Report;
- The annual Departmental Staffing Accountability Report (DSAR), approved by the Secretary of the Treasury Board and shared with senior-level management;
- Quarterly dashboards at the departmental level; and
- Semi-annual dashboards at the sector level.

HRD tracked actual recruitment and staffing activities at the departmental level, which were reported through various mechanisms, such as HRD's semi-annual Staffing Monitoring Report, the Secretariat's DSAR and quarterly HR dashboards. Furthermore, HRD tracked actual recruitment and staffing activities at a sector level and compared them with sector business plans, which resulted in variance reports that were discussed with sector representatives during meetings held in the first and third quarters of fiscal

year 2011–12. However, the sector-level actual to planned recruitment and staffing performance was not reported to departmental senior management using the available HR reporting mechanisms. Discussion of sector level variances at senior governance committees would be beneficial in terms of identifying systemic causes, challenges and potential solutions. This suggested improvement to the reporting regime was communicated to management.

It was also noted during the audit that HRD has completed a gap analysis of its activities against Process 1.0 (HR Planning, Work and Organizational Design and Reporting) of the Office of the Chief Human Resources Officer's (OCHRO's) Common HR Business Process. <sup>7</sup> HRD has developed a draft "roadmap" based on benefits and risks to address identified gaps. An example of an opportunity identified in the roadmap is to build HR feedback into the planning process. HRD is strongly encouraged to finalize and implement its roadmap.

### 3.3 Human Resources Planning Tools

The Secretariat has developed, communicated and maintained a suite of HR planning tools to facilitate the development of recruitment and staffing strategies.

With regard to HR planning tools, the Bureau limited its assessment to the suite of tools available for the 2011–12 integrated business planning exercise. The review did not assess the adequacy, effectiveness, comprehensiveness or usefulness of these planning tools.

It was found that the Secretariat had developed a suite of HR planning tools to facilitate the development of recruitment and staffing strategies. HR planning tools included fund centre and sector workbooks that captured planned staffing needs by quarter, including recruitment and staffing processes, as well as narrative sections in the sector business plan template to elaborate on recruitment and staffing needs.

These HR planning tools were supported by guidance documents and information sessions to assist sectors in their completion. Also, sectors are encouraged to make use of regular communications with staffing advisors throughout the fiscal year to discuss planned recruitment and staffing actions.

HR planning templates and guidance documents were posted on a shared network drive, accessible to sector representatives involved in business planning. This is beneficial in ensuring consistency of guidance provided to sector clients.

HR planning tools are reviewed and updated annually, as required, based on informational requirements and the feedback provided from users during the annual post-mortem exercise, which is attended by both integrated business planning leads and sector clients.

Historically, there has been a significant discrepancy between planned and actual recruitment and staffing actions. These actions include all appointments and administrative actions (refer to definitions of recruitment and staffing in section 1.3). The ratio of actual to planned recruitment and staffing actions has ranged from 3:1 to over 9:1 in the previous three fiscal years.

HRD analyses of variances and feedback from the post-mortem exercise indicate that an annual planning process poses challenges when forecasting planned actions. The nature and timing of the annual integrated business planning cycle dictates that sectors plan for actions up to 18 months in advance. Such a timeline does not lend itself to accurate forecasting of the variety of temporary or circumstantial staffing needs that must be addressed to ensure delivery of mandate or objectives (e.g., the appointment of casual workers or term employees when indeterminate staffing processes are unforeseeably delayed, or, replacement appointments for unforeseen departures).

Although requested in the HR planning tools, certain regular and recurring staffing activities have also been traditionally absent from completed sector planning documents. For example, the majority of acting assignments related to predictable leave replacement (i.e., annual vacations) were not included in planned actions. Of the 2,042 actual recruitment and staffing actions recorded for fiscal year 2011–12, approximately two thirds represent temporary or circumstantial actions as opposed to indeterminate appointments.

With respect to the planning process, the audit team noted that HRD's draft roadmap to address Process 1.0 of OCHRO's CHRBP has identified opportunities to improve tools to support continuous planning. For example, for the 2013–16 planning cycle, planned recruitment and staffing actions will be captured in the Salary Forecasting Tool (SFT) of SAP and will be updated on a quarterly basis. SFT is already used by sectors to manage their salary budgets throughout the fiscal year. By linking the quarterly financial forecast process to the integrated business planning cycle, duplicate data entry on the part of sectors is eliminated, and the accuracy and completeness of planned recruitment and staffing actions is expected to improve. Also, given the opportunity to update plans closer to actual actions, it is further expected that the discrepancy between planned and actual recruitment and staffing actions will be reduced. Therefore, HRD is encouraged to finalize and implement the additional opportunities found in its roadmap.

### 3.4 Recruitment and Staffing Strategies

The Secretariat has developed, communicated and maintained recruitment and staffing strategies.

In order to highlight and communicate the Department's organizational priorities with respect to recruitment and staffing, the audit team expected the Secretariat to develop, communicate and maintain recruitment and staffing strategies. These strategies are essential to ensure that appropriate human resources are available to deliver on the Secretariat's mandate.

It was found that the Secretariat had developed recruitment and staffing strategies. These strategies were documented in the Secretariat's Recruitment and Staffing Strategy (the Strategy) 2010–13, which is updated annually, communicated throughout the Secretariat via the Department-wide electronic newsletter, and accessible to all employees via the departmental intranet. These recruitment and staffing strategies were updated and streamlined, as evidenced by the inclusion of the Strategy as an appendix in the following year's HR Plan to ensure consistency between the documents and decrease reporting burden.

### 3.5 Overall Conclusion

The audit concluded with a reasonable level of assurance that the management of HR planning for recruitment and staffing within the Secretariat was adequate. Specifically, the Secretariat has:

- Established and communicated appropriate accountability structures to support HR planning for recruitment and staffing;
- Established the main elements of an adequate monitoring and reporting regime to support HR planning for recruitment and staffing;
- Developed, communicated and maintained a suite of HR planning tools to facilitate the development of recruitment and staffing strategies; and
- Developed, communicated and maintained recruitment and staffing strategies.

Since this audit found no major deficiencies, there are no recommendations outlined in this report.

## 4.0 Management Response

Agreed. Although there are no recommendations contained in the report, any best practices and other lessons learned identified will be incorporated into the Secretariat's HR planning processes for recruitment and staffing, where appropriate.

## Appendix: Audit Criteria

The lines of enquiry and related audit criteria [8](#) were updated following the decision to streamline the audit, resulting in the following four lines of enquiry:

**Line of Enquiry 1: Roles and Responsibilities—The Secretariat has established appropriate accountability structures to support HR planning for recruitment and staffing.**

1.1 Roles, responsibilities and accountabilities are clearly defined, formally approved and communicated within the Secretariat.

**Line of Enquiry 2: Monitoring and Reporting—The Secretariat has established an adequate monitoring and reporting regime to support HR planning for recruitment and staffing.**

2.1 The Secretariat has identified, documented and communicated appropriate performance measures linked to recruitment and staffing strategies.

2.2 The Secretariat monitors actual recruitment and staffing against planned recruitment and staffing by analyzing, comparing and explaining variances and adjusting plans as needed, and reports on the results of monitoring activities.

**Line of Enquiry 3: HR Planning Tools—The Secretariat has developed HR planning tools to facilitate the development of recruitment and staffing strategies.**

3.1 HR planning tools are developed, communicated and maintained.

**Line of Enquiry 4: Recruitment and Staffing Strategies—The Secretariat has developed and communicated recruitment and staffing strategies.**

4.1 Recruitment and staffing strategies are developed, communicated and maintained.

- 1 Audit work was put on hold for several months due to the emergence of other audit priorities during that period.
- 2 See the [\*Modern Comptrollership and the Management Accountability Framework\*](#), PRB 06-23E
- 3 The engagement was limited to the planning process and tools in support of recruitment and staffing for the 2011–12 fiscal year. Planning processes and tools for the 2012–13 and following fiscal years may differ from the described process, as a result of government expenditure reduction initiatives.
- 4 Planning for recruitment and staffing actions, including a comparison to actual actions, is discussed under section 3.3, “Human Resources Planning Tools.”
- 5 Includes 855 transfers due to government restructuring in CSS, the Office of the Chief Human Resources Officer, SCMA, and the Internal Audit and Evaluation Bureau.
- 6 “Approach to Integrated Business Planning 2013–16,” presented to EXCO on December 12, 2012.
- 7 The Common Human Resources Business Process (CHRBP) is the standard for HR service delivery across the Government of Canada. HR planning, work and organizational design and reporting have been grouped into one of seven areas that make up a comprehensive model for delivering HR services that leverage industry and public service–wide leading practices. The Secretariat has adopted the CHRBP to update its classification and staffing functions.
- 8 The audit criteria were derived from the Office of the Comptroller General’s *Audit Criteria Related to the Management Accountability Framework: A Tool for Internal Auditors*.

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