



Audit of Classification

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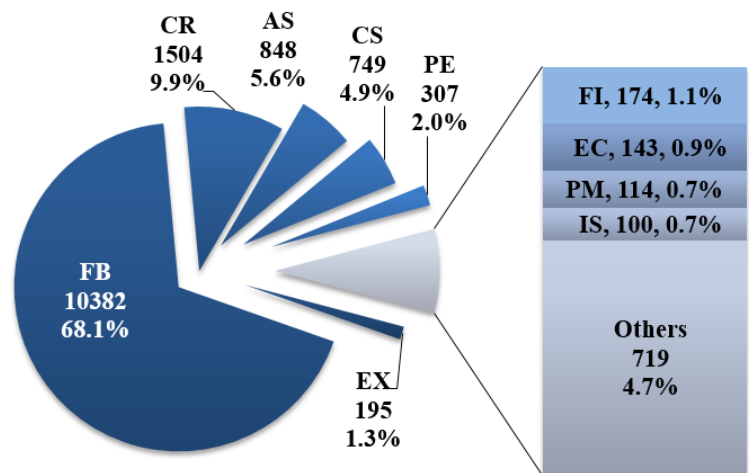
1.0 INTRODUCTION

1. As part of the Public Safety portfolio, the Canada Border Services Agency (the CBSA or the Agency) manages the nation’s borders by enforcing Canadian laws governing trade and travel, as well as international agreements and conventions. The CBSA facilitates legitimate cross-border traffic and supports economic development while intercepting people and goods that pose a potential threat to Canada.
2. The CBSA is an integrated border services agency and continues to evolve in response to world events, advances in technology and industry, new trends in travel and commerce, and other influences in Canada and around the world. The key to the Agency’s success is through the evolution of its people.

3. As the Agency works to protect Canada’s security and prosperity against a more complex range of border-related threats, it will depend on an enabled workforce that advances the Agency’s transformation and achieves optimal results for Canadians. From the frontline officers who protect the border, to the diverse teams of professionals who support them, the CBSA must develop its people to the fullest and reinforce its commitment to protect and serve with integrity.

4. The encumbered positions at the CBSA is mostly made up of Border Services positions (FB), followed by the Clerical and Regulatory (CR) occupational group and Administrative Services (AS). See **chart 1**.

Chart 1: Encumbered positions by Classification Group
As of April 1, 2016



Source: CBSA Employee Masterlist

5. The Classification Program is the cornerstone of human resources disciplines as it sets the foundation for the management of compensation, staffing, and labour relations. It establishes the relative value of all work in the federal public service, and can have an impact on how the work is organized to effectively and efficiently deliver on organizational results and, consequently, on the cost of operations in an organization. It is a system designed to ensure an equitable, consistent and effective method to provide a basis for the compensation of CBSA employees and is an important link to a bargaining unit structure.
6. To achieve this objective, the work is measured, using a suite of Treasury Board Secretariat (TBS) classification tools and standards, and assessed against comparable work internal to the Agency or externally with other departments and agencies. Based on the Treasury Board (TB) of Canada’s *Policy on Classification* and its related directives, the President of the CBSA is accountable for all classification activities and decisions made within the Agency. The President cannot sub-delegate



executive group classification decisions. However, the President can sub-delegate the classification authorities of all non-executive group decisions as well as classification grievance authorities.

7. At the CBSA, the Classification Program is administered by the Human Resources Branch (HRB), and is divided into three distinct components:
 - **Classification of the Executive Group (EX):** governed by the *TB Policy on the Management of Executives* and the *TBS Directive on Executive Group Organization and Classification*. The HRB's Executive Group Services (EGS, hereafter referred to as EX group), located within the Executive Group Services and Talent Management Division is responsible for providing organizational and classification advice and recommendations to support the President in exercising his EX classification authorities.
 - **Classification of the non-EX occupational groups:** governed by the *TB Policy on Classification*, the *TBS Directive on Classification Oversight*, and the *TBS Directive on Classification*. The President's classification authorities for CBSA's non-EX groups have been sub-delegated to the National Organization and Classification Division (NOCD, hereafter referred to as Non-EX group), located within the HR Programs Directorate, under the HRB.
 - **Classification-related grievances:** governed by the *TB Policy on Classification* and *TBS Directive on Classification Grievances*. The President's classification grievance authority (for both EX and non-EX) has been sub-delegated to the Vice-President of the HRB. The HRB's Labour Relations Recourse Division (Redress), located within the Labour Relations and Compensation Directorate, is responsible for managing and processing all grievances related to job content and classification in an independent and neutral manner.

2.0 SIGNIFICANCE OF THE AUDIT

8. This audit is of interest to CBSA management because efficient and cost effective organizational structures will support the mandate and business requirements of the Agency. Classification evaluates the work that needs to be performed to determine a classification group and level. Classification is the foundation of staffing: by defining and aligning the work with Agency priorities, a hiring manager ensures the position is staffed appropriately and ultimately supports the Agency's mandate.
9. The importance of classification can often be overlooked by management in the interest of staffing a position or realigning an organization, rather than ensuring that the work has been properly defined and aligns with the mandate of the unit and the Agency. The Agency spends a significant amount of its budget on salaries and therefore sound decisions must be made around organizational structure, the content of job descriptions and the relative value of a position and its corresponding salary scale.
10. The audit objective was to assess the adequacy and effectiveness of the management control framework of the CBSA Classification Program, including: governance, objectives, roles and responsibilities,



supporting policies, practices and procedures, compliance with CBSA and related central agency requirements, and monitoring and reporting of classification activities.

11. The audit excluded examining classification activities that were subject to a new initiative called the “Risk and Results-based Classification Approach” (or “R-based”) as it was implemented during the course of the audit and could not be assessed. The accreditation and training of classification advisors was also excluded as the accreditation process included controls that were assessed to be robust and a lower risk.
12. The audit scope and criteria can be found in *Appendix A*.

3.0 STATEMENT OF CONFORMANCE

13. The audit conforms to the *Internal Auditing Standards for the Government of Canada*, as supported by the results of the quality assurance and improvement program. The audit approach and methodology followed the *International Standards for the Professional Practice of Internal Auditing* as defined by the Institute of Internal Auditors and the *Internal Auditing Standards for the Government of Canada*, as required by the Treasury Board’s *Policy on Internal Audit*.

4.0 AUDIT OPINION

14. Overall, the Agency has developed most elements of an effective Classification Program as a result of its recent classification renewal efforts. While multiple initiatives are underway to address current gaps in the Classification Program, additional efforts are required. Specifically, the establishment of a monitoring framework is required to enable measuring the progress of classification initiatives, periodic monitoring of compliance, and providing assurance that the Classification Program is achieving expected results. Better definition and communication of roles and responsibilities, appropriate guidance and establishing controls related to documenting classification files are also required to effectively manage classification activities.

5.0 KEY FINDINGS

15. The Classification Program has undertaken numerous initiatives and activities as a result of the establishment of the Agency’s one|plan in June 2015. This renewal activity included the promoted use of generic work descriptions, a review of key occupational groups and an update to internal guidance documents to align with TB’s classification policy renewal.
16. The Human Resources Program Directorate could have benefited from having a monitoring framework in place to demonstrate the progress of its initiatives and the health of the Classification Program. Current guidance for managers, human resources and labour relations staff in the headquarters and in the regions is either informal or out of date, and should be updated and communicated to assist the key players in carrying out their functions related to classification.



6.0 SUMMARY OF RECOMMENDATIONS

17. The audit makes three recommendations relating to:

- Establishing and communicating clear roles and responsibilities for all key stakeholders of the Classification Program;
- Making formalized up-to-date tools and guidance available to all key players of the Classification program, including an organizational design process that engages the necessary stakeholders to ensure an effective and efficient organization structure is developed; and
- Establishing a monitoring framework that will help measure the health of the Classification Program inclusive of EX, non-EX and Redress activities, as well as demonstrate the progress of key initiatives.

7.0 MANAGEMENT RESPONSE

Management Response

Recognizing that the CBSA Classification Program presents many attributes of a well-functioning classification program, and that the Program is currently embarked on a major renewal exercise, the Vice-President of the Human Resources Branch (HRB) agrees and accepts the recommendations of the Internal Audit.

In particular, HRB acknowledges that the organization of the delivery of the Classification Program has resulted in a lack of cohesion and integration across the three program components (EX Classification, Non-EX Classification, and Redress). HRB also supports the view that sub-delegated managers are a key stakeholder group and that more attention is required to ensure that they understand their accountabilities and that they are adequately equipped to exercise their delegation with respect to classification.

HRB is confident that the proposed Management Response and Action Plan will effectively address the recommendations of the Audit and will result in a more mature and integrated Classification Program for the CBSA.



8.0 AUDIT FINDINGS

Current Status

18. In the summer of 2015, the HR Programs Directorate launched a renewal of classification. This effort was driven by both the TB policy renewal and the Agency's new strategy for managing human resources¹. This strategy is guided by the one|plan, a new human resources plan that intended to provide end-to-end people management services and strategies to ensure that the CBSA is an organization of high-performing and engaged professionals working in a supportive and enabling workplace. The classification renewal reviewed the Agency's top 11 occupational groups, including but not limited to, the AS, CS, FB, and PE groups. A notable part of this renewal includes ensuring that positions under the FB group continue to be aligned with the work required as a result of changes to organizational structures over previous years. The renewal also focused on updates to internal guidance, the monitoring framework, the establishment of a risk and results based approach (R-based) to classification and mandatory training for managers².
19. The HR Programs Directorate dedicated significant resources to the design, and in some cases implementation, of the initiatives and activities of the one|plan. The audit team had the opportunity to provide observations on current practices, as well as commentary on draft guidance and frameworks. These efforts should be considered when reading this report.

8.1 Governance and Accountability

Audit Criteria:

- *Authorities, responsibilities, and accountabilities related to classification activities are clearly defined and communicated to promote and enhance the management and administration of the Classification Program.*
- *Governance bodies have been established to oversee the Classification Program and to provide strategic advice.*
- *Strategic and operational plans for the Classification Program align with the departmental mandate, guide organizational design and classification activities, and include key performance indicators.*

¹The People Strategy serves as the framework to share the Agency's vision and expectations for people management excellence

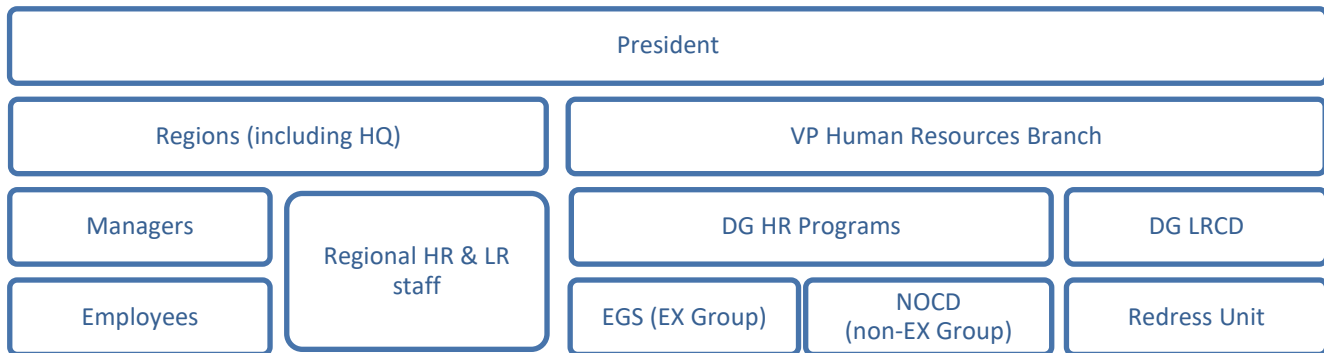
² Refer to Appendix C for more information on the R-based classification approach



Roles, responsibilities and authorities

- 20. The objective of the Classification Program is to ensure Agency jobs are classified appropriately according to TBS requirements. Clearly defined and communicated authorities, responsibilities and accountabilities of the key players are important for strong management practices of the Classification Program and to support the achievement of objectives.³
- 21. Within the Agency, classification activities typically begin when management engages with HRB’s classification advisors to create a position, change its requirements or change the organization structure. If employees believe that there is an issue related to the work, classification of a position, or the effective date of the decision, they can file a grievance⁴ which engages labour relations (or redress) to resolve the issue. The grievance process will follow an escalation process up different levels of management.

Key Players in the Classification Program



- 22. The President of the CBSA is accountable for all classification activities and decisions made within the Agency. The President approved a new CBSA Classification Authority Sub-Delegation Instrument with an effective date of December 7, 2016. This instrument establishes, at a high-level, the sub-delegation of the President’s classification-related authorities within the Agency.
- 23. The VP HRB is responsible for all human resources (HR) programs, including the Classification Program. Within the HRB, the Director General (DG) of HR Programs Directorate is responsible for the Classification Program. The Program includes the Executive Group Services team (EGS), responsible for EX-classification activities, as well as the National Organization and Classification Division (NOCD) which is responsible for non-EX classification activities. The DG of Labour Relations and Compensation Directorate (LRCD) is responsible for classification-related grievances.

³ Committee of Sponsoring Organizations of the Treadway Commission (COSO) principle 3

⁴ A job content grievance occurs when the work description used to classify the position is not perceived to reflect the actual work performed. A classification grievance occurs following a recent classification decision on a position and relates to a disagreement about the evaluation (group allocation and/or rating) or the effective date of the decision.



24. The table below presents key classification-related roles and responsibilities within the Agency.

Key players Classification-related Roles and Responsibilities

| | |
|-------------------------------|---|
| <i>Managers^{5,6}</i> | <ul style="list-style-type: none"> Initiate classification requests to either EX or Non-EX groups Ensure that efficient and cost effective organizational structures support the mandate and business requirements of the organization Ensure that job descriptions reflect the work assigned and performed by their employees within the organizational structure Implement appropriate standardized job descriptions, wherever possible |
| <i>EX Group</i> | <ul style="list-style-type: none"> Carry out all EX classification services across the Agency, including the development and implementation of policies, programs and procedures Provide strategic and functional guidance for the Executive cadre and the President related to administration of both EX positions and organizational design The President must receive advice from accredited classification advisor prior to making a classification decision |
| <i>Non-EX Group</i> | <ul style="list-style-type: none"> Provide non-EX organizational design services, classification advice and support, job evaluation, and position and job administration, managing national classification priorities and special projects Develop and deliver strategic and business oriented organization and classification initiatives Establish limits for the number of non-EX positions that can be created within the regions |
| <i>Regional HR staff</i> | <ul style="list-style-type: none"> Support regional sub-delegated managers and ensure that classification action forms, job descriptions and organizational charts are approved and signed Enter all required information and supporting documentation into the CAS in a timely manner to allow the non-EX group to have access to regional documentation and monitor activities |
| <i>Regional LR staff</i> | <ul style="list-style-type: none"> Assist regional managers in treating the first three levels of job content grievances Refer all final level job content and classification grievances to the Redress unit in HQ Record all grievance related information into the CAS in a timely manner |
| <i>Redress Unit</i> | <ul style="list-style-type: none"> Process all final level job content and classification grievances and escalate to the VP HRB if necessary. Monitor the accuracy and timeliness of all classification-related grievance information recorded in the CAS Share results of Classification Grievance with the Non-EX group to ensure that final and binding decisions are upheld |

25. Classification is a complex discipline and given that the Agency is decentralized, it is important that strong functional guidance be available to help ensure consistency. Guidance on the roles and responsibilities of the non-EX group is available on the Agency’s Intranet site. Notably, there is little

⁵ Approximately 1090 sub-delegated managers across the Agency have classification-related responsibilities.

⁶ As defined within the TBS *Directive on Classification*.



guidance for delegated managers who require support in organizational design. For every other key player, guidance was either in draft format or did not exist. Approximately one third⁷ of the regional HR staff that we surveyed identified that they did not have a good understanding of their classification-related roles and responsibilities.

- 26. While authorities and accountabilities of the Classification Program are clear, detailed draft guidance around roles and responsibilities needs to be formalized and communicated. This will ensure classification-related activities are performed consistently, more efficiently and support the objectives of the Classification Program.

Recommendation 1:

The Vice-President of the Human Resources Branch should ensure that classification-related responsibilities of human resources staff and delegated managers are clearly defined, documented, and communicated.

| MANAGEMENT RESPONSE | COMPLETION DATE |
|--|----------------------|
| <p>The Vice-President of the Human Resources Branch (HRB) agrees that key players (HR staff and delegated managers) require a greater level of understanding of their delegated classification responsibilities and authorities. To do so, the Agency will actively monitor and ensure the completion of mandatory classification training for delegated employees and managers. As well, the HRB will develop and publish guidance for all stakeholders on roles and responsibilities by December 2017.</p> | <p>December 2017</p> |

Governance of the Classification Program

- 27. Governance bodies are established to exercise oversight responsibilities and provide strategic direction. At the time of the audit, the CBSA had three governance bodies that provided oversight of the Classification Program: the Executive Committee (EC), the Corporate Management Committee (CMC) and the HR Program Management Table (HR-PMT)⁸.

⁷ The audit surveyed 39 members of HR staff across the Agency including advisors, assistants and managers.

⁸ Refer to Appendix C for additional details about the EC and CMC



28. The HR-PMT was created to leverage a sound collaboration between numerous HR-related players within and outside the HRB. The HR-PMT (hereinafter PMT⁹) is composed of a mix of DGs from HQ and the regions. The PMT is considered as the office of primary interest of the Classification Program and is responsible for providing direction, advice and guidance regarding the management of the CBSA's Classification Program. The PMT reports to the CMC and to the EC, as necessary, on the progress and performance of the HR Program, including classification.
29. During the period of April 2015 to October 2016, the governance bodies met regularly and provided guidance and advice in relation to some of the initiatives of the Classification Program. Almost all of the discussions related to classification occurred at PMT. The PMT received ad hoc presentations on the progress of different classification initiatives as well as quarterly reporting through the Agency Performance Summary (APS) reports and a new HR dashboard. In September 2016, the EC received a progress report related to classification renewal and made decisions related to the FB group. As of April 2017, the renewal is on track with the timelines previously presented to EC. However, limited information on the performance of the Classification Program was presented to the governance committees (this is presented further in section 8.3 of the report).

Strategic Classification Plan

30. Management should set objectives for the Classification Program that align with the Agency's mandate, vision and strategies. These objectives should be specified in appropriate detail, along with key performance indicators that can be readily understood by the people who are working toward achieving them.¹⁰
31. In June 2015, the EC approved the Agency's one|plan which is a comprehensive strategic HR plan with the vision to transform the HR Branch into the best HR organization in public administration. It provides high level direction on the development and implementation of all of the HR functions (or programs) including the Classification Program. The one|plan clarifies how the different HR programs and activities contribute to the CBSA mission and identifies HR priorities for 2016-2017.
32. The Classification Program contributes to the success of the one|plan through the following priorities:
- becoming a strategic partner by integrating results-based management into HR practices;
 - reviewing and developing organizational models for core functions to minimize redundancy and program fragmentation; and
 - decreasing the number of work descriptions in the Agency and increasing the use of generic work descriptions.
33. The one|plan contains high level priorities for the Classification Program as a whole. The non-EX group has undertaken numerous classification initiatives and activities since the inception of the one|plan. These included, but were not limited to, one|organization, one|work description, the

⁹ HR-PMT will be replaced by the People Management Table (PMT) with its terms of reference currently under development at the time of the audit.

¹⁰ COSO Internal Control – Integrated Framework, Objectives p. 44



classification logic model, management training and R-based classification. However, the initiatives and activities did not have specific objectives to demonstrate how they support the one|plan priorities.

34. The Classification Program's logic model was finalized in April 2016 and has two strategic outcomes: 1) organizational structures are maximized to attain results; and 2) employees are compensated according to the work they do. The logic model also identifies the base activities that are required in order to deliver the outputs and immediate and intermediate outcomes. As these activities and initiatives are key to the success of the program, they require measurable objectives.
35. Clear, measurable objectives should be established to allow measurement and reporting against the health of the Classification Program and ensure it supports the Agency's mandate.
36. Overall, the key players in the Classification Program require documented roles and responsibilities. The governance committees sit regularly but could benefit from receiving regular information for decision making, which includes the status of key initiatives, that demonstrate that the Program's objectives are on track.

These issues will be addressed through Recommendation 1 and 3.

8.2 Control activities

Audit Criteria:

- *CBSA policies, guidelines and procedures, in support of classification activities and decisions, are current and adhere to Treasury Board's policies and its related directives, and have been communicated across branches and regions.*
- *An organizational design process exists that includes consultation with classification and organizational design specialists to ensure that organizational structures support the mandate and business requirements of the Agency.*
- *CBSA managers and regional human resources staff outside of the Classification function with classification-related responsibilities have the appropriate training and tools available to support them in their duties.*
- *Classification activities, including related grievances, are documented and conducted in compliance with the related policies and directives.*

Classification Policies, Guidelines and Procedures

37. We expected that the CBSA policies, guidelines and procedures, in support of classification activities and decisions, were current and adhered to TB's policies and its related directives, and had been communicated across branches and regions.



38. On July 1, 2015, the TBS updated the classification policy and the related suite of directives¹¹ that govern the Non-EX component of the Classification Program and associated activities. The new policy and directives are more prescriptive in their requirements related to classification activities than the previous policy. During the course of the audit, the non-EX group was updating the internal classification-related documentation to reflect these changes. At the time of the audit, the information available to Agency staff on internal websites had not been updated to reflect the changes.
39. The non-EX group is currently working on developing 19 bulletins that will provide direction on key topics related to Classification. These bulletins are still in draft form, and have not been approved or communicated. The audit team reviewed the bulletins and found them to be mostly in alignment with the TBS requirements.
40. Both the EX group and the Redress unit developed draft documents to aid their own staff in carrying out their work, but these were not communicated widely or consistently.

Organizational Design Process

41. Organizational design provides a blueprint of how an organization will use its human resources, through delegated authorities, to achieve its goals. Organizational design, or redesign, is triggered by a decision that the existing organizational structure no longer supports the delivery of the assigned mandate. The process involves defining the Agency's organizational requirements, selecting an organization model or developing a new organizational structure. Subsequently, appropriate job descriptions are selected. Managers are responsible for selecting the organization model and associated job descriptions. Classification advisors challenge the proposal, ensure that organizational structures support the mandate and business requirements of the Agency, and action the request for non-EX activities; or recommend the action to the President for EX activities.¹²
42. At the time of the audit, there was no consistent process in place to guide the EX group, the non-EX group and delegated managers in dealing with organizational design project requirements.
43. The EX group developed presentations, intended to support senior management clients, on organization design that identified common project management steps. These products could be leveraged to formalize the organizational design guidance for all key players. In addition, the Office of the Chief Human Resources Officer's (OCHRO) Common Human Resources Business Process (CHRBP) has detailed process steps that could be used to further enhance the organizational design process.
44. For organizational design of non-EX structures, managers in the non-EX group explained that they often get involved at the tail end of decisions made by the EX group or delegated managers. The design activities are more often administrative in nature, such as changes of reporting relationships rather than a change to the mandate of the work. The non-EX group acts as an advisor, but the authority to make the

¹¹ TB Policy on Classification, TBS Directive on Classification, TBS Directive on Classification Oversight and the TBS Directive on Classification Grievances.

¹² OCHRO's CHRBP 1.03 HR planning, work and Organization Design and Reporting



organizational design decision rests with the delegated manager. When changes to the mandate of an organization are required, the non-EX group identified that they are often reacting to the decisions rather than being included and providing advice related to the ramifications of upcoming organizational design decisions, which can lead to unplanned increases in workload.

45. The R-based classification approach will have an impact on the organizational design process¹³. Under this new approach, the creation of all high risk positions or organizational changes must be reviewed by the EC. While this step will help mitigate cases where organizational changes are made without proper oversight and challenge, it will not address how the EX group, the non-EX group and delegated managers work together to develop organizational models.
46. Managers may often require guidance from both classification groups in designing their organizations and describing the associated work. Improving the organizational design process will help the Agency's recruitment process by ensuring the selection of the appropriate work descriptions which will in turn help define the appropriate skills and competencies required by the organization to carry out the work that will effectively deliver the Agency's programs.
47. By having guidance that is current and readily available for HR staff and delegated managers, classification-related activities will be carried out more consistently, efficiently and decisions will be made in conformance with TB Policy and related directives.

Training and Tools

48. To ensure a common understanding of organizational design and classification concepts for managers in the core public administration, the TBS mandated in July 2016 that all delegated managers complete the Canada School of the Public Service course entitled *The Introduction to Organization and Job Classification (P930)*. The course must be completed by June 30, 2017. There are 1092 delegated managers at the Agency who are required to complete the P930 training course. Since November 2016, the HR Programs Directorate has actively communicated to delegated managers through the intranet and personal emails to encourage managers to complete the training before the due date. As of April, 2017 the completion rate was 25%.
49. In addition to this training, the CBSA developed, in June 2016, an in-house course for all CBSA Managers across Canada entitled "The Classification Fundamentals for Managers". This course is recommended but not mandatory. As of March 2017, 125 individuals within the Agency have completed the course.
50. Both the non-EX group and the Redress Unit had some tools, which included reference guides, tips and frequently asked questions, available through the Agency's Intranet or on the Agency wiki site; however, the material was either archived or not up-to date. The EX group did not have any tools readily-available for Agency staff.

¹³ Refer to Appendix C



- 51. If managers are not trained and internal tools are not current or are unavailable, then this may negatively impact how classification-related activities are carried out within the Agency. This may lead to increased workloads for the EX group, the non-EX group and ultimately the Redress unit as managers and regional staff may not understand their responsibilities and how to carry them out.
- 52. Classification activities may be treated more consistently and efficiently with up-to date documented guidance that describes, amongst other requirements, how to create organizational structures, how to enter information into the CAS, and how to address grievances.

Recommendation 2:

The Vice-President of the Human Resources Branch should ensure that up-to-date guidance and tools are made available to all key players of the Classification Program, including an organizational design process that engages all necessary stakeholders, to ensure the development of effective organizational models.

| MANAGEMENT RESPONSE | COMPLETION DATE |
|--|-------------------|
| <p>The Vice-President of the Human Resources Branch agrees that further guidance and up-to-date tools are necessary for all key players (HR staff and delegated managers) of the CBSA Classification Program. In addition to formal training, the Agency will develop and publish a common CBSA Classification Policy with clear requirements and supporting directives related to specific classification activities, including organizational design, by March 2018.</p> | <p>March 2018</p> |

Documentation of classification files and grievances

- 53. All classification activities, including related grievances, should be documented sufficiently to demonstrate compliance of the classification activities with the related TB policies and directives.
- 54. A judgmental sample of classification files was reviewed to ensure that EX and non-EX classification files contained a signed and dated work description, an organizational chart, a classification action form (CAF), and a classification rationale.
- 55. In the sample of eight EX files reviewed we found that all eight files had a CAF, work description and classification rationale on file. From these, seven of the eight CAFs were signed and dated; six out of eight work descriptions were current; but only one was signed and dated. Six out of the eight files contain organizational charts but only two were signed and dated.



56. In the sample of 12 non-EX files, only about half of the files had a CAF, work description and classification rationale on file. About half of the work descriptions were dated and signed and fewer organizational charts and CAFs were signed and dated.
57. We noted that the EX group used a checklist to help manage their files, while the non-EX group did not. The use of a checklist may have helped ensure that the documents were on file, but it did not ensure that documents were signed and dated.
58. A judgmental sample of six job content and six classification grievances files was also reviewed. In each file we expected to find signed and dated work descriptions, an organizational chart, a response letter to the grievor and a presentation form.¹⁴ We also expected to find that classification grievances were recorded in the TBS grievance tracking system (GTS) and were responded to within 80 calendar days¹⁵. Beginning in 2016, the Redress unit implemented a checklist for grievance files to help ensure documents were on file and signed and dated.
59. While some organizational charts were signed, few work descriptions were signed by the manager. However, all closed files included a letter to the grievor, all presentation forms were on file, and all classification grievances were recorded in the GTS. All grievances in our sample exceeded the 80 day limit. The Redress unit has been prioritizing grievances in order to reduce the backlog.
60. Without the necessary documentation retained on the files, there is a risk that the logic of classification decisions cannot be followed. Files that are missing these key documents are not compliant with TBS requirements.

This issue will be addressed through Recommendations 2 and 3.

8.3 Monitoring and Reporting

Audit Criteria:

- *Reporting is complete, reliable and timely to support effective risk management and monitoring of the Classification Program, and to assist the governance oversight bodies in decision- making.*

Monitoring and Reporting

¹⁴ Employees must present their grievance in writing to their immediate supervisor or local officer-in-charge, as defined by the organization, using the grievance form provided by the employer. The grievance form must be signed and dated by the grievor.

¹⁵As required by subsection 72(2) of the *Public Service Labour Relations Regulations*.



61. Monitoring activities assess whether the components of the Classification Program are functioning as expected and can provide an assessment of the effectiveness of business processes.¹⁶ Reporting on the Classification Program should be complete, reliable and timely to provide performance information that supports effective decision making, monitoring and that respects TBS reporting and monitoring requirements.
62. A review of agendas, records of decision and documents showed that both the PMT and the EC received quarterly APS reports that included specific information on the Classification Program. The reports provided the volume of: vacant positions; job descriptions more than five years old; and grievances.¹⁷ Beginning in 2016, the HR Programs Directorate shared a monthly dashboard with EC. The dashboard included the volume of classification actions categorized by R-based level, a position report¹⁸, supervisor ratios, and the total number of active grievances in the regions and HQ. Although these indicators were consistently reported, other information that demonstrates the health of the Classification Program could be provided to support decision making.
63. The performance of the Classification Program should be measured against objectives identified in the one|plan, outputs of the logic model and the initiatives and activities that were launched to support the plan. The classification-related priorities in the one|plan are measured by:
- the percentage of HR functions with a logic model, performance measures and a risk profile;
 - the percentage of organizational models developed according to client needs; and
 - the percentage of positions transitioned to new generic work descriptions.
64. The one|plan doesn't articulate performance measures related to grievances. In the current reports to the governance committees, the first two measurements are not reported on.
65. The classification-related data used to generate these reports is manually entered into CAS. Given that data is entered manually and no guidance is provided, the quality of data is poor. As a result, the EX group, the non-EX group and the Redress unit perform intensive data scrubbing to improve the quality for reporting purposes, which is inefficient.
66. The *TB Policy on Classification* and the related *Directive on Classification Oversight* require that the Agency provide a biennial report to OCHRO and that non-EX classification files be monitored. In September 2016, the Agency submitted the biennial report to OCHRO which includes information related to service delivery, classification mechanisms and practices, monitoring and organizational context of the Classification Program. The results presented in the report were consistent with records we examined and observations on the current practices within the Agency.

¹⁶ COSO Principle 16 Monitoring activities

¹⁷ Grievances were not broken down into the different types which may include harassment, as well as job content and classification.

¹⁸ Positions with substantive owner, positions with no substantive owner, and vacant positions



- 67. Since the launch of the one|plan, in July 2015, the HR Programs Directorate has been focussed on establishing the plan and the underlying initiatives that support it, including the Classification Program. As result, the EX or non-EX classification files were not monitored. In November 2016, HR Programs drafted a Non-EX Classification Monitoring Framework, along with performance indicators identified in an accompanying monitoring plan for 2017-2018. However, the plan could still be improved by including EX files and grievance activities related to classification.
- 68. Regular reporting on the one|plan’s performance indicators and other classification-related initiatives and activities will allow tracking of the Classification Program’s progress against the one|plan.

Recommendation 3:

The Vice-President of the Human Resources Branch should establish a monitoring framework that will help measure the health of the Classification Program. This framework should include monitoring results of the EX, non-EX and classification grievance activities as well as the progress of key initiatives and activities.

| MANAGEMENT RESPONSE | COMPLETION DATE |
|---|------------------|
| <p>The Vice-President of the Human Resources Branch agrees that regular monitoring of classification activities and key initiatives is necessary to demonstrate the health of the CBSA Classification Program. To do so, the Agency will develop a common Monitoring Framework and Monitoring Plan by December 2017. Integrated monitoring of all classification activities (EX, non EX, Redress) and related reporting to appropriate governance committees, including an annual report to the President of the CBSA, will begin in 2018-2019.</p> | <p>July 2018</p> |



APPENDIX A – ABOUT THE AUDIT

AUDIT OBJECTIVES AND SCOPE

The objective of this audit was to assess the adequacy and effectiveness of the management control framework of the CBSA Classification Program. Specifically the audit assessed whether:

- the Classification Program had a management control framework in place that includes a governance structure, sufficiently defined objectives and roles and responsibilities, and supporting policies, practices and procedures;
- Classification activities were in compliance with CBSA and related central agency requirements; and
- Monitoring and reporting of classification activities provided the necessary performance information to support oversight of the Program.

The audit examined the main components of the CBSA Classification Program, including the executive (EX) group, non-EX group, job content and classification grievances (Redress), regional involvement in non-EX classification activities, and managers responsible for ensuring that appropriate organizational structures support the mandate and business requirements of the Agency.

A judgemental sample of classification files and classification grievances was selected to assess adherence to selected aspects of related Treasury Board policies, directives and CBSA requirements.

The audit period covered up to January 2017 for the classification management control framework. The audit period for testing the judgmental samples for classification files and classification-related grievances included all active, encumbered positions at the CBSA effective April 1, 2016.

RISK ASSESSMENT

There has been no previous audit or evaluation coverage of the Agency's Classification Program. A preliminary risk assessment conducted during the audit planning phase identified the following key risks:

Governance and Accountability

- Roles and responsibilities, related to classification activities, between EGS, NOCD, Recourse, managers across CBSA and regional HR staff may not be clearly defined, communicated and understood.
- An organizational design process may not be in place to help managers ensure that organizational structures are efficient, cost effective and support the mandate and business requirements of the Agency.
- The Classification Program monitoring framework, internal policies and procedures may not be sufficiently comprehensive, up-to-date, and in line with the central agency requirements.



- Existing governance bodies may not have the necessary information regarding the Classification Program to support decision making.

Compliance to the Central Agency Requirements

- CBSA managers and regional human resources staff, whose responsibilities included classification-related activities, may not have the appropriate training and tools available to guide and support them in their duties.
- Classification activities, including maintaining required file documentation, may not be performed in accordance with central agency requirements.
- Work descriptions may not accurately reflect work performed (i.e. they are not updated regularly, or when the organization or work changes).
- Vacant positions may not be regularly monitored and maintained.

Monitoring and Reporting

- Management may not identify the key risks that may interfere with the achievement of Classification Program's objectives.
- Monitoring mechanisms may not ensure that classification activities and decisions are performed in accordance with central agency requirements.

APPROACH AND METHODOLOGY

The audit was conducted in accordance with the *Internal Auditing Standards for the Government of Canada* and the *Institute of Internal Auditors Standards for the Professional Practice of Internal Auditing*.

The following methodologies and techniques were used during the examination phase of this audit:

- Reviews of applicable legislation, policies, directives, procedures and other documents governing the CBSA Classification Program.
- Interviews with various stakeholders within Human Resources Branch and regions on their roles and responsibilities, oversight and monitoring functions in relation to the Classification Program.
- Review and analysis of administrative data related to the Classification Program, including job content and classification grievances.
- Review of a judgmental sample of organizational design projects to assess the design process.
- Review of a judgmental sample of classification files to assess compliance to policies and directives.



AUDIT CRITERIA

Given the preliminary findings from the planning phase, the following criteria were chosen:

| LINES OF ENQUIRY | AUDIT CRITERIA |
|--|---|
| <p>1. Governance and Accountability</p> | <p>1.1 A governance body(ies) has been established to oversee the Classification Program and to provide strategic advice.</p> <p>1.2 Authorities, responsibilities, and accountabilities related to classification activities are clearly defined and communicated to promote and enhance the management and administration of the Classification Program.</p> <p>1.3 Strategic and operational plans for the Classification Program align with the departmental mandate, guide organizational design and classification activities, and include key performance indicators.</p> |
| <p>2. Control activities</p> | <p>2.1 CBSA policies, guidelines and procedures, in support of classification activities and decisions, are current and adhere to Treasury Board’s policies and its related directives, and have been communicated across branches and regions.</p> <p>2.2 An organizational design process exists that includes consultation with classification and organizational design specialists to ensure that organizational structures support the mandate and business requirements of the Agency.</p> <p>2.3 Classification activities, including related grievances, are documented and conducted in compliance with the related policies and directives.</p> <p>2.4 CBSA managers and regional human resources staff outside of the Classification function with classification-related responsibilities have the appropriate training and tools available to support them in their duties.</p> |
| <p>3. Monitoring and Reporting</p> | <p>3.1 Reporting is complete, reliable and timely to support effective risk management and monitoring of the Classification Program, and to assist the governance oversight bodies in decision-making.</p> |



APPENDIX B – LIST OF ACRONYMS

| | |
|--|---|
| AS – Administrative Services | FS – Foreign Service |
| AU – Auditing | GTS – Grievance Tracking System |
| CAF – Classification Action Form | HR – Human Resources |
| CAS – Corporate Administrative System | HR-PMT – Human Resources Program Management Table |
| CBSA – Canada Border Services Agency (or the Agency) | HRB – Human Resources Branch |
| CHRBP – Common Human Resources Business Process | IS – Information Service |
| CMC – Corporate Management Committee | NOCD – National Organization and Classification Division |
| CO – Commerce | OCHRO – Office of the Chief Human Resources Officer |
| COSO - Committee of Sponsoring Organizations of the Treadway Commission | OPI – Office of Primary Interest |
| CR – Clerical and Regulatory | PE – Personal Administration |
| CS – Computer Systems | PM – Programme Administration |
| EC – Executive Committee | PMT – People Management Table |
| EGS – Executive Group Services | TB – Treasury Board of Canada |
| EX – Executive | TBS - Treasury Board of Canada Secretariat |
| FB – Border Services | VP – Vice-President |
| FI – Financial Management | |



APPENDIX C – COMMITTEES AND R-BASED APPROACH

Executive Committee and Corporate Management Committee

The Executive Committee (EC) is chaired by the President of the CBSA. The EC mandate is to set the strategic direction and provide ongoing oversight for the management of the Agency. With the introduction of the risk- and results-based classification approach (R-based classification), the EC will also review all high risk classification activities.

At the time of the audit, the Corporate Management Committee (CMC) was co-chaired by the Vice-Presidents of both the HR Branch and Comptrollership Branch, with a mandate to function as a Vice-President level oversight and advisory body. The CMC was responsible for providing ongoing oversight of the Agency's integrated business and capital planning processes and stewardship of the Agency's human and financial resources, and reported to the EC.

Risk- and Results-Based Approach

The risk- and results-based approach to classification is a risk-based control mechanism that forces senior management oversight of organization design changes. Classification actions are categorized into four risk levels:

R1: no to low-risk (e.g. administration actions such as deletion of obsolete positions of EX classification, and straight forward actions having minimal or no analysis of the non-EX classification)

R2: low-risk (e.g. administration actions such as annual update and clean-up for EX-classification and semi-transactional actions having analysis to confirm for the non-EX classification)

R3: medium risk (e.g. EX organizational changes with limited scope or impact and non-EX complex actions having in-depth analysis with targeted monitoring)

R4: high-risk (e.g. EX organizational changes with large scope or high impact and non-EX contentious actions having probably relativity impact or precedent setting)

As the risk level increases, the scrutiny of the classification action increases at higher management levels within the Agency. If managers propose the creation of high risk positions or organizational changes, the decision must be reviewed at the EC which is chaired by the President and membership includes all VPs.