

Audit of Organizational Classification

File Number: A 1577-13/14-105

June 2014

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Executive Summary

The Clerk of the Privy Council and Head of the Public Service recently released Destination 2020 as the next phase of Blueprint 2020. Under the theme of People Management, one of five priority areas for action, public servants pointed to the need for more efficient and enabling human resources management. At Transport Canada, the Blueprint 2020 Workforce and Workplace Working Group noted in particular that employees “envisioned opportunities to create more efficient/flexible HR management practices and processes”.

In keeping with the important context of BluePrint 2020’s objective to “achieve better value for money and results for Canadians” and the move towards whole of government modernization initiatives, we cannot overlook the human resources function of organizational classification as being fundamental to the cost effective delivery of services to Canadians. An audit of organizational classification was identified in the departmental 2013-14 risk-based audit plan. The objective of the audit was to assess the effectiveness and efficiency of Transport Canada’s classification program including policies, practices and procedures. The audit team of in house resources as well as two accredited classification advisors, reviewed a representative statistical sample of classification action requests received between April 1, 2012 and December 31, 2013, interviewed departmental managers and classification advisors, met with staff from Treasury Board Secretariat (TBS), the Human Resources Council, and another department with similar occupational levels to those at Transport Canada. Our audit found that the classification function within the Department has progressed since the TBS classification monitoring exercises in 2006 and 2008 that indicated Transport Canada’s policies and procedures were outdated.

Classification actions and associated procedures such as reviewing work descriptions, classifying positions, providing organizational design and position management services are in keeping with TBS policy requirements. Human Resources Classification and management have learnt from previous major reorganizations that classification has to be engaged early with management to help support important change initiatives within the Department. However, we found that there is no systematic approach to either organizational design or position management, two key functions for ensuring the Department has the right people in the right positions at the right time.

We have made recommendations that will help the function leverage opportunities to better integrate its planning with overall departmental business planning. This includes aligning priorities and resources to support efficient staffing, as well as reinforcing Classification’s strategic and advisory roles in helping managers as business partners meet their objectives and to be positioned to successfully transition towards the implementation of government-wide modernization initiatives.

We have also recommended some enhancements to strengthen classification operations. Areas for improvement include expanding service standards to capture more than turnaround times,

establishing controls to ensure performance reporting is accurate and efficient, broadening classification training for managers, developing and implementing a risk-based classification monitoring program, and ensuring file documentation is complete to substantiate classification decisions.

The ADM, Corporate Services, has accepted our recommendations and has prepared a management action plan to address our findings.

Statement of Conformance

This audit conforms to the Internal Auditing Standards for the Government of Canada, as supported by the results of an external assessment as outlined in Internal Audit's quality assurance and improvement program.

Signatures

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1.0 INTRODUCTION

1.1 BACKGROUND

Organizational classification is the means by which work is defined, organized, managed and remunerated within departments across the federal public service. The function is critical not only to cost effective delivery of services to Canadians but also to the advancement of significant government-wide initiatives that include the introduction of new classification standards and the transitioning of human resources management applications. These initiatives will have significant resource implications for departments, and departments must be positioned to prepare for them.

Classification plays a key role in the Human Resources (HR) cycle as it is the foundation for organizational design, HR planning and management of a department's day-to-day workforce. As illustrated in the diagram below, classification not only supports a department's accountability requirements, it enables a department to effectively achieve its mandate. To that end, classification promotes effective organizational design, efficient planning and economic position management. Ultimately, classification ensures employees are in the right roles with the right skills at the right cost.

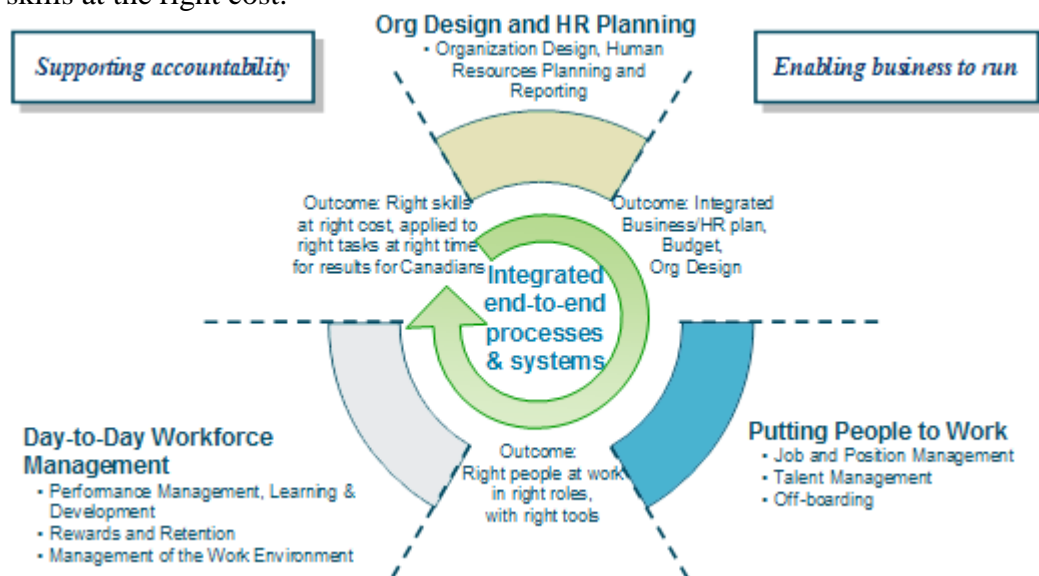


Figure 1: This diagram illustrates that classification has a dual role of enabling business to run and supporting accountability. It shows the flow of the three stages of the integrated end-to-end processes and systems. It begins with the Org Design and HR Planning stage which includes organization design, human resources planning and reporting. The outcome is Integrated Business/HR plan, budget, org design. The next stage, Putting People to Work, includes job and position management, talent management and off-boarding. The outcome is the right people at work in the right roles with the right tools. The next stage, Day-to-Day Workforce Management, includes performance management, learning and development, rewards and retention, and management of the work environment. The outcome is the right skills at the right cost, applied to the right tasks at the right time for results to Canadians. ¹

¹ Common Human Resources Business Process (Office of the Chief Human Resources Officer (OCHRO))

The classification process itself involves an analysis of the functions and responsibilities stated in a work description and an evaluation of their relativity within and across departments. When hiring a new employee, a manager must have a current work description that has been classified to ensure that the person coming into the job clearly understands the expectations. If an employee's duties are changed, the manager must update the work description to reflect the changes and have the updated work description reviewed to determine if the classification changes and if it will impact other staff and/or pay. Delays in any part of the process leading to a classification decision may impact management's ability to staff a position in a timely manner.

Under the *Financial Administration Act*, Treasury Board Secretariat (TBS) is responsible for providing the classification of positions for public service employees. Within TBS, the Office of the Chief Human Resources Officer (OCHRO) is responsible for governmental organizational classification and for providing functional direction to departments through a classification framework which includes policies, directives, guidelines and tools. In addition, OCHRO is responsible for establishing Occupational Group Classification Standards (currently there are 72 different standards for 29 occupational groups) and for representing the employer in all classification grievances. TBS delegates the authority to classify positions to Deputy Ministers who are responsible for managing classification activities in accordance with OCHRO policy requirements.

At Transport Canada (TC), the Deputy Minister has delegated his authority to classify positions to accredited classification advisors. They are supervised by the Chief, Organization and Classification, who manages the classification function and reports to the Senior Director, Human Resources, Client Services, and ultimately, to the Director General, Human Resources. Human Resources (HR) has made some recent changes to the organization and effective February 2014, the Chief, Classification, reports to the Executive Director, Executive Group Programs, Organization and Classification Services and HR Horizontal Initiatives.

Classification monitoring exercises completed by the Canada Public Service Agency (CPSA) (now known as OCHRO within TBS) in 2006 and 2008 found that TC policies and procedures were outdated and that an inappropriate application of the TI (Technical Services) classification standard led to "over-classification" of positions relative to similar positions in other departments. In response to the CPSA report, the HR Directorate developed a set of corrective measures. These included the review and changes to classification processes and procedures, the creation of the Classification Center of Excellence (CCOE) and the centralization of the classification activities in the National Capital Region (NCR) in 2010. Another important measure was the implementation of an accreditation and development program for Classification Officers. Other implemented measures included the development of training sessions for managers, and the promotion of generic work descriptions. A number of other proposed corrective measures remain to be completed such as greater integration of classification with other HR activities to facilitate departmental operations in a timely manner, and the development of a monitoring program.

CCOE provides classification services which include reviewing work descriptions, classifying positions, providing advice to managers (i.e. providing advice on writing work descriptions, promoting the use of generic work descriptions, interpreting classification policies, guidelines and standards) and consulting with other areas of HR (i.e. Staffing, Labour Relations). CCOE also provides organizational design services which includes evaluating potential impacts of

proposed organization changes and providing advice to managers (i.e. purpose of the organization change, positions and employees that will be affected).

CCOE had a budget of \$1.1M in 2013-14 and a staff of 11.7 full time equivalents.² Seven of the staff members are accredited classification professionals who provide service nationally and are located across the country. Three staff are completing their accreditation.

1.2 RISKS IDENTIFIED

A risk assessment for classification was completed in the planning stage of the audit and included in the Terms of Reference. The following potential risks were identified:

- HR classification objectives may not be consistent with the Department's mandate;
- Policies and procedures may not be in place to ensure compliance with TBS direction nor support classification activities;
- Roles and responsibilities may not be clearly defined and/or understood;
- Training for managers to assume their classification responsibilities may not be appropriately focused;
- Classification activities may not be client focussed;
- Files may not be adequately documented to support classification decisions;
- Position management may not be in place;
- Monitoring activities may not be in place to ensure compliance with standards and continuous improvement including early identification of issues; and
- Informative reports may not be produced to help managers in decision making.

The objectives and scope of this audit have been developed to provide assurance, to the extent possible, that these potential risks are appropriately mitigated.

1.3 AUDIT OBJECTIVES AND SCOPE

The objective of the audit was to assess the effectiveness and efficiency of TC's classification program including policies, practices and procedures. Specifically, the audit assessed whether:

- The governance and oversight of classification activities support effective and efficient organizational structures, and classification outcomes are in line with the mandate of the Department and respect public service-wide classification direction;
- Classification transactions are processed in an efficient and effective manner, and are in compliance with central agency requirements; and
- Monitoring and reporting of classification activities are sufficient to allow for effective decision making, oversight, accountability and early identification of opportunities for program improvement.

The audit included a review of policies, procedures, training materials, monitoring exercises, service standards as well as a review of a representative statistical sample of classification action

² Business Objects, November 29, 2013

requests received between April 1, 2012, and December 31, 2013. The Human Resources Service Request (HRSR) system tracks three request types “create”, “delete”, and “review and update” positions. Based on these types, the audit team reviewed a sample of 73 files each for “create” and “delete” and 203 for “review and update” to ensure that documentation was on file to support the classification decision and that the appropriate process was followed. The audit did not review classification decisions as this responsibility belongs with OCHRO.

The classification process related to the Executive (EX) category was also excluded. The planning phase assessment of risks did not identify this as an area of high risk. In 2012-13, the EX population (200 positions with 36 vacant) represented only 3% of the total number of positions at TC with classification actions accounting for only 2.5% of the total number of transactions.

1.4 AUDIT METHODOLOGY

The following criteria were used to assess organizational classification:

Governance and Oversight

- Plans are strategic and operational and align with the departmental mandate to guide organizational design and classification activities, and to assess program performance;
- Policies, guidelines and procedures are current and adhere to TBS direction in support of classification activities; and
- Roles and responsibilities of all classification parties are clearly defined, communicated and understood.

Efficiency and Effectiveness

- A training program is in place to ensure that Responsibility Centre managers can assume their classification responsibilities effectively;
- Service is focused on clients and is promoted through the use and monitoring of service standards;
- File documentation is complete, accurate and meets all TBS requirements to fully support classification decisions; and
- A process is in place to ensure effective and efficient position management including the updating of work descriptions on a cyclical basis and the use of generic work descriptions where feasible.

Reporting and Monitoring

- Program monitoring plans and activities are in place to ensure early identification of trends and correction of emerging issues; and
- Regular and useful reports are produced to support senior management decision making.

1.5 AUDIT CONSTRAINTS

Consistent with Library and Archives Canada Authorities³, TC's "deleted" position files are destroyed after one year. As a result, our review of deleted files was limited to the period between January 1 and December 31, 2013.

The Excel spreadsheet used by CCOE to track classification transactions changed between 2012-13 and 2013-14. Additional data with respect to completion dates was captured in 2013-14 that was not available as part of our analysis for 2012-13, making comparison difficult.⁴

1.6 REPORT FORMAT

The Introduction of this audit report is followed by findings grouped into two categories "Strategic Findings" (integrated HR planning, organizational design, position management, roles and responsibilities, and classification modernization initiative) and "Operational Findings" (performance measures, monitoring, reporting, and file documentation). Recommendations are made after each finding. A table of all recommendations and management's action plan to address these is included at the end of the report.

³ Library and Archives Canada Multi-Institutional Disposition Authority 98/005

⁴ Changes included introducing the capability to place actions on hold while waiting for managers' documentation and automatic calculation of expected completion date based on service standards.

2.0 FINDINGS

2.1 STRATEGIC FINDINGS

The classification function within TC has progressed and will need to continue evolving as TBS implements a government-wide modernization initiative. In a paper written by the audit and consulting firm Deloitte, the evolution of the duties of the Chief Human Resources Officer, (CHRO) as Strategist and Steward⁵ has been described as follows:

“In the past, many CHROs had little or no involvement in strategy. Business leaders often devised their own strategies, then directed HR to “find the people”. But today, business strategy is increasingly a function of the workforce itself. Although CHROs continue to support and implement the overall direction, they now play a key role in steering and informing that direction — helping the CEO and other leaders craft strategies that make sense in light of global labour trends and available talent.”

While this applies to human resources in general, it is particularly true for the classification function. Managers no longer require someone to simply evaluate work. Rather they need support in designing their organizations and describing the associated work to ensure they can recruit, retain and remunerate staff with the appropriate skills and competencies to effectively deliver their programs.

Integrated Human Resources Planning

Classification planning is not integrated into the Department’s Integrated Business Planning (IBP) process.

Risk and Impact

Without including classification requirements in the planning process, business units are at risk of not achieving annual staffing plans which may result in their inability to meet mandate objectives and may also result in the Department lapsing operational dollars.

Managers are responsible for clearly identifying their financial and HR requirements. With recent changes introduced in 2013-14 to TC’s Integrated Planning and Reporting process there is an opportunity for CCOE to work with managers and other HR services to ensure CCOE’s priorities are driven by the business priorities of the Department. The new process places greater focus on people management by requiring managers to use a HR Planning Documentation Tool, developed by Corporate HR, to capture their HR needs at a very high level. While the HR planning tool does not collect detailed information regarding specific staffing or classification actions, it could provide the starting point for a more integrated approach to planning HR activities, including classification, to ensure alignment with departmental priorities.

Salaries and Wages are the largest budget expenditure for most TC managers. Staffing vacant positions as quickly as possible is critical to minimizing year-end budget surpluses which can

⁵ Deloitte, Strategist and Steward, http://www.deloitte.com/view/en_US/us/Insights/browse-by-role/Chief-Human-Resources-Officer-CHRO/59781ec6f6001210VgnVCM100000ba42f00aRCRD.htm

lead to the Department lapsing funds. HR recently completed a review of the staffing process (LEAN exercise) and found that using the LEAN methodology and applying a linear calculation method, the current staffing cycle time of 8.6 months could be reduced to an estimated 7.6 months (11%).⁶ This does not include the time for any classification related work (e.g., reviewing work descriptions to classify a position) required prior to staffing. Improving integration of classification and staffing planning would help to align priorities and resources to support efficient staffing.

Recommendation:

1. ADM Corporate Services should ensure classification planning is incorporated in the Department's integrated business planning process and ensure HR operational plans including those for CCOE, align priorities and resources to support departmental priorities.

Organizational Design

The Department does not have a systematic approach to organizational design, and managers are not receiving the level of support they require.

Risk and Impact

Without a systematic approach to organizational design, the department may not achieve the maximum efficiency and economy of its workforce.

Organization design is the organization of work by determining the functions and roles required to achieve the mandate of an organization, structuring reporting relationships within the organization, identifying key linkages within the groups/units, and determining the essential requirements (i.e. activities, skills, responsibilities, and accountabilities) for each position.

Across government, the advisory role of classification advisors is described as follows:

“OC (Organization and Classification) Advisors contribute directly to the implementation of federal government priorities by providing expert advice on organisational design. Together with their business partners, they create organisational structures throughout the public service that allow for the efficient implementation of government decisions”⁷

At any point in time TC is involved in some level of organizational design. This activity may include:

- Major strategic re-organizations such as Civil Aviation’s National Organization Transition Implementation Plan (NOTIP) or Marine Safety and Security (MSS);
- Smaller re-designs required after budget reductions or legislative changes; and/or
- The establishment of new organizations when funding is provided for new programs or specific projects.

⁶ TMX LEAN Staffing Initiative deck April 7, 2014 RDIMS# 9242614

⁷ TBS Training/Learning competency profile for Organization and Classification Advisors: <https://www.tbs-sct.gc.ca/gui/comp-eng.asp#Toc69198779>

There is a need for coordinated planning to ensure full integration of HR classification services to support these important change initiatives. For example, while CCOE worked intensively with the NOTIP project team to deliver the classification decisions, earlier engagement of HR during the planning phase could have considerably improved their ability to complete the project in a timely manner with potentially less impact at the implementation stage. At the time of the audit a lessons learned exercise had not been conducted. Subsequent to the audit conduct, the audit team was informed that a lessons learned exercise is currently underway. CCOE and management have learned from the NOTIP experience and are working together earlier in the process. For example, MSS is currently undergoing a major re-organization and CCOE is working with management in the initial planning stages to establish a viable organizational design prior to initiating any classification actions. HR co-chairs a human resources sub-committee for this re-organization on which several CCOE staff participate. This is a positive step and reflects CCOE's initial attempts to be more strategic and align their resources with departmental priorities.

Managers perceive CCOE staff as placing more emphasis on classification decisions than on organizational design. The audit team saw some evidence of this as well as inflexibility in looking at the "art of the possible"⁸ and feels CCOE may not currently have the required skills and experience to provide managers the level of organizational design support and advice needed to ensure a cost-effective organizational design process .

Recommendation:

2. ADM Corporate Services should develop a systematic approach to organizational design and ensure classification staff have the necessary skills and competencies to provide direct and timely organizational design support to managers.

Position Management

The Department does not have a systematic approach to position management.

Risk and Impact

Without a systematic approach to position management there is a risk that work descriptions may be out of date. If work descriptions are out of date and they do not reflect employees' actual duties then there is a risk that TC is not meeting its obligations under collective agreements and TBS Policy and Guidelines. Out of date work descriptions may also impact a manager's ability to hire the right person for the job by not asking for the right competencies or skills. Another risk is that employees may not have a good understanding of the work and performance expectations. In addition, out of date work descriptions may require updating prior to staffing, which may delay the staffing process.

⁸ TC Blueprint 2020 February 2014 Report:

http://www.gcpeia.gc.ca/wiki/Blueprint_2020/Champions/February_2014_report/Transport_Canada#Technical_training_for_the_inspectorate

Position management is simply the cost-effective use of people to accomplish an organization's mandate. Good position management results from organizing and assigning work amongst staff efficiently and fairly, and is the responsibility of every manager.

Within the federal government context, position management includes two key components: ensuring up-to-date work descriptions accurately describe an employee's duties; and deleting vacant positions no longer required. Current and accurate work descriptions are important as they not only guide an employee's performance, but are also required when staffing a position. Furthermore, collective agreements require work descriptions that reflect an employee's actual job duties, including when duties have changed over time. Employees need to know their duties and work expectations. They also have the right to file a grievance if their work description does not reflect the duties they are asked to undertake.

Managers perform position management each time they change or establish a new position in their organization. Good position management results from a concerted effort to organize and assign the work in the most efficient way to meet the objectives of the unit. Data from the Human Resource Service Requests (HRSR) system indicates that although managers are making efforts towards the management of their workforce, a more proactive approach to position management is required. As of December 31, 2013, 58% of TC work descriptions had not been reviewed for over five years. According to TC HR, the review and update, if required, of work descriptions every five years is a best practice within the entire federal classification community, and is supported by TBS.

In November 2013, the CCOE initiated a semi-annual "Position Management Report" which is sent to all departmental directors general and provides position information specific to their group. It is meant to promote greater awareness of the requirement for current work descriptions, positions associated with generic work descriptions, vacant positions and positions that require follow-up. While the reports contain valuable information, there is no guidance or support provided on how to interpret them or an indication of positions requiring priority attention or monitoring or follow-up by CCOE.

Another important consideration in position management is the use of generic work descriptions. Although HR senior management has not set priorities for the use of generic work descriptions, 37% of departmental work descriptions are generic and HR believes the Department should set a higher target (at least 60%). Under Destination 2020, "departments and agencies will be encouraged to implement generic job descriptions that are short, clear and accurate. Greater use of generic job descriptions can reduce the time and cost that would normally be dedicated to creating and classifying one-off position descriptions." Managers interviewed support implementation of generic work descriptions and recognize the benefits for staffing and to their organization. Providing guidance on the use of generic work descriptions and identifying which positions should be considered on a priority basis to develop generics may help to simplify the position management activity and result in classification and staffing process efficiencies.

Managers are accountable and responsible for position management but it was obvious to the audit team that they are struggling in this area. There was no indication that managers were not interested in position management. Rather, they do not know where to start or what needs to be done.

Recommendation:

3. ADM Corporate Services should work with managers to assess and revise work descriptions including prioritizing those which need to be addressed in the short and long terms. Guidance should be developed to support effective position management by:
 - providing regular information to management on vacant positions and last revision dates of work descriptions;
 - identifying opportunities to develop generic work descriptions; and
 - monitoring position management.

Roles and Responsibilities

There appears to be a disconnect between the support provided by the CCOE and the expectations of managers. Managers are ultimately accountable for designing their organizations and managing their positions but they do not feel sufficiently equipped and look to the CCOE for guidance and support. CCOE is responsible to provide advice and support to managers with respect to organizational design. CCOE is also accountable to ensure positions are properly classified and comply with TBS standards. There is an inherent challenge to balance the classification function's stewardship role to ensure compliance with government standards, and their enabler role to advise and support managers to achieve their organizational objectives.

Risk and Impact

Without a solid understanding of roles, responsibilities and accountabilities, there is a risk of hindrances, which will hamper timely staffing processes, and in turn impede the Department's ability to meet its objectives.

CCOE is responsible for providing expert advice to managers on organizational design and classification issues and ensuring the relative value of departmental positions is established in an equitable, consistent and objective manner according to government classification standards. Managers are responsible for organizing work, writing work descriptions for all positions under their authority as well as ensuring existing work descriptions accurately reflect the current work.

Managers explained to the audit team they do not feel they have the requisite skill set to adequately document the work performed by the positions within their organizational unit. Accurate work descriptions provide the fundamental basis for determining the classification level of positions and they also directly impact an organization's structure and the corresponding costs associated with program delivery.

Seventy-one percent (71%) of managers interviewed expressed their concern that CCOE focuses too much on the process itself and not enough on providing strategic and direct support to help them meet their operational requirements. This was reflected in dissatisfaction with CCOE's advice regarding classification issues such as interpretation of classification policies, guidelines and standards and the drafting of work descriptions, including the use of generic work descriptions. The comments expressed by Managers regarding classification are consistent with comments from the Blueprint 2020 engagement initiative which gave TC employees, managers and executives opportunities to provide their views and ideas on the guiding principles of the

Clerk's vision for the Public Service. In particular, Blueprint 2020 enthusiasts envisioned opportunities to create more efficient and flexible HR management practices and processes.

CCOE expressed concern that managers are not always objective in their approach to classification and place more emphasis on the classification levels as opposed to the work required from the position.

Of the managers interviewed, 63% had received some classification related training⁹, however, they (88%) generally felt it was insufficient. While they felt it gave them a good overview they did not think the information was sufficient to help them through an actual classification transaction. Managers explained that periodic targeted training or refresher courses would be beneficial especially during periods of re-organizations or staffing actions. It was not clear to the audit team if HR was aware of this issue as there were no evaluations conducted following the completion of the training courses nor is client satisfaction measured. CCOE has noted that there seems to be a lack of manager interest in classification training as many training sessions are cancelled due to insufficient registration. CCOE provides one-on-one training to employees who express interest in receiving training.

To ease the burden of classification transactions and allow classification advisors to focus on areas of priority and complexity, some departments have sub-delegated less risky classification transactions (such as deletion of vacant positions) to managers. This sub-delegation is granted only after a manager has successfully completed specific training in this area. This approach has not been employed by TC.

Recommendations:

4. ADM Corporate Services should articulate and communicate a vision for the classification function that affirms HR's stewardship, client advisor and enabler roles, and develop guiding principles demonstrating HR's commitment to:
 - providing expert advice and assistance to support organizational design;
 - directly engaging and supporting clients; and
 - developing viable options for managers that take into account the business needs of the organization and are within the parameters of the classification standards.
5. ADM Corporate Services should revise the current classification related training for managers to better reflect the needs of the Department. Consideration should be given to developing training modules for non-complex, routine classification transactions which upon successful completion would delegate authority to managers to process.
6. ADM Corporate Services should, as part of the annual integrated business planning process, identify managers who, based on their planned changes to their organization, would benefit from targeted training and/or assistance.

⁹ *Classification 101*, a 90-minute in class program, provides managers with a basic understanding of classification. *Classification Evaluation Workshop*, a two-hour workshop that is often provided on an individual basis, provides managers with some training that allows them to sit on classification evaluation committees as rating members.

Classification Modernization Initiative

TC does not have an action plan to implement the TBS Classification Modernization Initiative.

Risk & Impact

Without a plan to address the Classification Modernization Initiative, TC may not be ready to implement decisions made by TBS and TC's work descriptions may not comply with the classification standards.

TBS plans to implement its Classification Modernization Initiative in 2017 which will provide departments with updated classification standards for certain occupational groups (PA, CS, TC/AO/AI). This should result in:

- Simplified classification and collective bargaining;
- Increased mobility;
- More equity and more intra- and inter-departmental consistency; and
- The need for fewer HR Classification Advisors to maintain and classify positions over the long term.

To successfully implement this TBS initiative, TC will need to review and update the work descriptions and classifications for all the positions in these occupational groups. Given the current state of the work descriptions, CCOE expects this will take many months and require extensive consultation with managers and employees. An implementation plan was presented to the Department's senior executive committee (TMX) in September 2012 but it was not approved. Rather, TMX requested a steering committee be struck and additional options be considered. In fall 2012, the TC Classification Modernization Steering Committee was established. Although the committee members felt they were making a positive contribution in helping CCOE plan and prioritize its work, the Committee was disbanded within a few months. There is no record of decision from the National Human Resources Committee explaining the rationale. There has been no further work performed for the Classification Modernization Initiative and, as of April 2014, HR has not presented TMX with an alternative plan.

Recommendation:

7. ADM Corporate Services should ensure a targeted action plan be developed and implemented to position the Department to transition successfully towards the TBS Classification Modernization Initiative.

2.2 OPERATIONAL FINDINGS

Performance Measures

CCOE has approved service standards in place to monitor and report on its activities. However, these service standards are limited to performance indicators measuring turnaround times.

Risk and Impact

By limiting performance measurement to turnaround time, CCOE is missing critical information on whether it is meeting its objectives, performing at an acceptable productivity level and meeting the expectations of its clientele and TBS requirements.

The TBS Classification Monitoring Framework related to performance measurement calls for the assessment of not only turnaround times but also client satisfaction, dispute resolution, and level of productivity.

CCOE has established services standards to measure turnaround times of specific types of classification transactions. However, these service standards do not measure how CCOE manages disputes or if its clients are satisfied with the service it is providing. Although such activities are subjective in nature and not easily measured by simple standards, feedback could be captured by way of a client survey. This is an approach used by other units within the HR directorate. Corporate Planning and Reporting conducted internal services client satisfaction surveys in 2011-12 and 2012-13. CCOE did not agree with the survey questions related to classification services and it did not use the results. Also, the classification results of the two surveys are not comparable because classification services for executives were assessed separately from all other classification services in 2012-13 but not in 2011-12. A robust performance measurement framework would allow CCOE to continuously improve its processes and client service. Based on our discussions with CCOE, the audit team understands that, as of the date of this report, service standards are being reviewed with the aim of expanding the performance measures. A draft of new performance measures was not available for the audit team to review.

The audit team could not confirm whether CCOE was meeting its turnaround time service standards because of inconsistent application of operating procedures. In addition, the process used to track time associated with these standards is ineffective. In the sample of files reviewed, it was apparent managers did not always submit required documentation in a timely manner to the classification advisor which caused delays in the classification action. In many cases, classification requests had to be returned to managers because information was incomplete or did not have an appropriate signature. There were instances where CCOE waited weeks for information from managers. Based on our interviews with managers, it was apparent they were generally unaware of what information was required. It was not possible for the audit team to calculate actual turnaround times because classification advisors were not consistently placing files “on hold” while they were awaiting information from managers. To help identify opportunities to streamline the process CCOE could track the entire process including manager turnaround times.

Recommendation:

8. ADM Corporate Services should ensure service standards are revised to assess all aspects of the Classification function’s performance, and results are regularly reported to senior management.

Monitoring

The TC classification monitoring program has not been formalized nor approved by the National Human Resource Management Council (NHRMC) to ensure that all the requirements of the Policy on Classification Systems and Delegation of Authority are being met.

Risk and Impact

Without a risk-based monitoring framework, TC does not have assurance high risk classification activities are being identified and addressed in a timely manner and it will not have information to support continuous process improvement.

TBS requires Deputy Heads to ensure their organizations have a classification monitoring program in place. The objective of this requirement is to ensure classification activities are in compliance with TBS requirements and controls are operating efficiently and effectively. TC does not have program in place but is drafting one which is expected to be completed by the end of June 2014¹⁰.

Despite the absence of a formal monitoring program, CCOE conducted four monitoring-type exercises during the period covered by the audit. The results are currently being reviewed by HR senior management who informed the audit team an action plan is being developed to address the issues raised. There is no evidence of an analysis or risk assessment for selecting the areas monitored.

Recommendation:

9. The ADM Corporate Services should develop and implement a risk-based classification monitoring program which includes a risk assessment, an approved monitoring plan, a reporting process to communicate results to senior management, and a follow-up process to monitor corrective measures.

Reporting

The use of two systems for tracking classification service standards results in inaccurate reporting on service standards and duplication of effort by staff.

Risk and Impact

There is a risk of inaccurate information being used to report on performance standards and this information may be used for decision making purposes. There is also a risk CCOE staff are not using their time efficiently by maintaining two systems to track classification actions.

The Human Resource Services Request system (HRSR) is used by managers to request and monitor a number of HR actions including classification transactions. The system also provides information to CCOE to prepare reports. However, because the HRSR currently does not provide all the necessary information required for tracking day to day operations including service standards, CCOE created its own Excel spreadsheet. CCOE has been producing regular reports on the achievement of service standards but there are discrepancies in the way dates are calculated in the two systems for the turnaround times. The audit team's review of position files

¹⁰ A draft was not available for the audit team's review.

confirmed that the duplication of recording information in two systems generated errors. Classification advisors confirmed that entering data in two systems was also inefficient and took time away from their regular duties.

The Government of Canada is considering implementing one human resources system across all departments and has asked departments not to make any major changes to their existing systems, including the HRSR, until a formal decision on a consolidated human resources system is made. HR management has committed to review the extent of changes required to eliminate duplication while ensuring that CCOE operational management needs are also taken into account.

Recommendation:

10. ADM Corporate Services should have controls in place to ensure classification performance reporting is accurate and efficient.

File Documentation

Most classification files included mandatory documentation and required approvals, however, documentation was missing from some files.

Risk and Impact

Without a documented rationale on file, there is a risk file continuity may be lost and decisions cannot be substantiated by external auditors/reviewers.

Of the 203 “review and update” files examined, 39 did not contain all the documentation that CCOE’s classification file checklist requires. CCOE has reviewed the 39 files and confirmed documentation was missing, however, in all but two of the files they believe the missing information was not critical to support the classification decision. Since the classification files are missing information that CCOE identifies on their own checklist as being required on the file it is unclear why CCOE requires more documentation than necessary to support their classification decisions. CCOE advised that during the NOTIP exercise they adapted their requirement for some documentation which, according to them, presented no additional risk in order to meet their commitment to deliver timely classification decisions. The audit team believes files should be consistent and provide a complete history of what has happened with a specific position.

Recommendation:

11. ADM Corporate Services should update the existing checklist to ensure it only includes documentation required to support the decisions; and consider using an electronic filing checklist that could hyperlink documents for easier access.

3.0 CONCLUSIONS

The objective of the audit was to assess the effectiveness and efficiency of Transport Canada's classification program including policies, practices and procedures.

Although CCOE meets TBS policy requirements and is following the associated procedures, we found that it must evolve to become a key enabler and modernize to align with the larger agenda of government wide reforms currently underway.

In the spirit of continuous improvement and to remain relevant and innovative, the function will need to better align its planning and integration needs with departmental priorities, adopt more nimble processes, focus on providing timely and strategic advice in support of managers, exercise flexibility in organizational design, and move forward on the implementation of performance measures, reporting and monitoring. In the classification organization's efforts to do so, the Department will be better supported to achieve its objectives.

4.0 RECOMMENDATIONS AND MANAGEMENT ACTION PLAN

#	RECOMMENDATIONS	DETAILED ACTION PLAN	ESTIMATED DATE FOR COMPLETION
1.	<p>The ADM Corporate Services should:</p> <p>Ensure classification planning is incorporated in the Department's integrated business planning process and ensure HR operational plans including those for CCOE, align priorities and resources to support departmental priorities.</p>	<p>a) Update the existing references to classification and organizational design in the Guide for Human Resources Planning of the Integrated Business Plan. The objective is to adjust guidance material for program managers and SO Planners so that more precise information related to forecasted classification activities be included in HR component of the integrated business plan: organizational design, change of reporting relationships, update and review of work descriptions, creation of new positions, position management.</p> <p>b) Deliver awareness sessions to SO planners/program managers/HR advisors on the use of the guide to increase understanding of the planning of organizational changes and classification needs and their implications on priority setting and resources requirements.</p> <p>c) Based on the information collected from the Integrated Business Planning process, CCOE will develop a Departmental plan for organizational design projects and classification activities by Program Activity (and organizational units, where applicable). This Departmental plan will be used to validate priority settings with Program Accountable Executives/ADM, RDGs and resource requirements with DG, Human Resources and ADM CS.</p>	<p>a) In time for the start of the new IBP cycle, (31 Aug 2014)</p> <p>b) 31 Oct 2014</p> <p>c) 31 Dec 2014 with semi-annual updates</p>

#	RECOMMENDATIONS	DETAILED ACTION PLAN	ESTIMATED DATE FOR COMPLETION
2.	<p>The ADM Corporate Services should:</p> <p>Develop a systematic approach to organizational design and ensure classification staff have the necessary skills and competencies to provide direct and timely organizational design support to managers.</p>	<p>a) A step-by-step organizational toolkit for program managers and classification advisors to facilitate analysis of scope and impact of organizational changes and provide guidance during the change process. The toolkit will be published on TC's Intranet and will be provided to program managers who undertake such organizational design projects.</p> <p>b) TC's accredited classification officers already received training on basic principles of organizational design as part of their accreditation program. In addition to the development of the toolkit and in order to instill a rigorous methodology and systematic approach to the provision of organization design services and support, all classification officers will attend a 3-day program with Queens University on organizational design methodology and practical tools (10 out of 12 advisors will attend course on June 10-12, 2014; classification trainees and/or new staff joining TC's team will also follow this course in the future).</p> <p>c) Classification Advisors will be guided by HR senior management on the application of the methodology and tools and they will be engaged in a continuous improvement process to further develop their skills and competencies in this area.</p>	<p>a) 30 Oct 2014</p> <p>b) 30 June 2014 and ongoing</p> <p>c) 30 Oct 2014</p>

#	RECOMMENDATIONS	DETAILED ACTION PLAN	ESTIMATED DATE FOR COMPLETION
3.	<p>The ADM Corporate Services should:</p> <p>Work with managers to assess and revise work descriptions including prioritizing those which need to be addressed in the short and long terms. Guidance should be developed to support effective position management by:</p> <ul style="list-style-type: none"> • providing regular information to management on vacant positions and last revision dates of work descriptions; • identifying opportunities to develop generic work descriptions; and • monitoring position management. 	<p>a) CCOE will revise and enhance its current “Position Management Report” to provide information pertaining to vacant positions, last revision dates of work descriptions and an analysis identifying challenges, risks and opportunities to develop generic work descriptions.</p> <p>b) This enhanced Position Management Report will be provided semi-annually to Program Accountable Executives, program and regional executives and will be followed by a meeting between HR senior management, classification staff and managers to discuss priorities and action plans. The results of those meetings will inform CCOE workplan.</p> <p>c) Update Guidelines on generic and unique work description writing to reflect needs of managers and Public Service best practices</p>	<p>a&b) Initial review by PA Accountable Executives/ program and regional executives by September 30th, 2014; then semi-annually.</p> <p>c) 30 Nov 2014</p>
4.	<p>Articulate and communicate a vision for the classification function that affirms HR’s stewardship, client advisor and enabler roles, and develop guiding principles demonstrating HR’s</p>	<p>a) Engage HR staff and client managers in dialogue sessions to develop and articulate a mission statement for classification functions.</p> <p>b) Develop standardized performance objectives aligned to the mission statement for CCOE management and staff for the next performance management cycle.</p>	<p>a) 15 Jan 2015</p> <p>b) 31 Jan 2015 (next EPM cycle)</p>

#	RECOMMENDATIONS	DETAILED ACTION PLAN	ESTIMATED DATE FOR COMPLETION
	<p>The ADM Corporate Services should:</p> <p>commitment to:</p> <ul style="list-style-type: none"> a) providing expert advice and assistance to support organizational design; b) directly engaging and supporting clients; and c) developing viable options for managers that take into account the business needs of the organization and are within the parameters of the classification standards. 	<ul style="list-style-type: none"> c) Present the updated vision statement to TMX for approval; once approved, it will be published on TC website. 	<ul style="list-style-type: none"> c) 31 Jan 2015
5.	<p>Revise the current classification related training for managers to better reflect the needs of the Department. Consideration should be given to developing training modules for non-complex, routine classification transactions which upon successful completion would delegate authority to managers to process.</p>	<ul style="list-style-type: none"> a) Conduct a review of existing Classification training destined to managers. It will be based on a needs analysis with TC managers, and take into account Public Service best practices and updates to the Canada School of the Public service curriculum for managers. The review will inform the development of options for TMX consideration of classification training for managers. b) Conduct a review of best practices and lessons learned related to classification delegation in other government departments; Analyse how it could be applied to TC with a view to identify the most efficient and effective way to complete these activities while taking into account HR 	<ul style="list-style-type: none"> a) 31 Mar 2015 b) 31 Mar 2015

#	RECOMMENDATIONS	DETAILED ACTION PLAN	ESTIMATED DATE FOR COMPLETION
	The ADM Corporate Services should:	systems constraints and data integrity; c) Present options for consideration to TMX regarding classification training and potential classification delegations.	c) May 2015
6.	As part of the annual integrated business planning process, identify managers who, based on their planned changes to their organization, would benefit from targeted training and/or assistance.	Managers with planned changes in their organization will be identified for targeted training and/or organizational design assistance through various means, including : - IBP process; - Ongoing client interactions; - use of a diagnostic tool in classification advisors classification checklist (ref to 2a above)	Next IBP cycle (31 Oct 2014) and ongoing
7.	Ensure a targeted action plan be developed and implemented to position the Department to transition successfully towards the TBS Classification Modernization Initiative.	A departmental Classification Modernization Project Plan will be developed and presented for TMX approval. It will include: - governance and guiding principles - analysis of current status, opportunities, challenges and risks; - assessment of generic work descriptions action plan; - key timelines.	31 Dec 2014
8.	Ensure service standards are revised to assess all aspects of the Classification function's performance, and results are regularly reported to senior	As part of the development of the Classification Monitoring Framework (recommendation no. 9), current service standards will be reviewed to ensure timeliness of services and client satisfaction are accurately measured and reported; validate results of review with client managers; report	31 Mar 2015 for completion revision of standards and reporting will

#	RECOMMENDATIONS	DETAILED ACTION PLAN	ESTIMATED DATE FOR COMPLETION
	The ADM Corporate Services should:		
9.	management. Develop and implement a risk-based classification monitoring program which includes a risk assessment, an approved monitoring plan, a reporting process to communicate results to senior management, and a follow-up process to monitor corrective measures.	quarterly on revised service standards to the Internal Services Management Board (ISMB). a) A Classification Monitoring Framework will be developed to ensure that all aspects of classification performance are assessed, measured and that results and corrective measures are communicated to senior management. It will include: <ul style="list-style-type: none"> • a risk assessment tool; • monitoring criteria; • performance measures and indicators, including service standards and client satisfaction survey; • a reporting process and timelines; and • a follow-up process to monitor corrective measures. b) Engage client managers in development to discuss revision of service standards and reporting expectations.	begin in 2015-16. 30 Nov 2014
10.	Have controls in place to ensure classification performance reporting is accurate and efficient.	See recommendation no. 9 above.	31 Mar 2015
11.	Update the existing checklist to ensure it only includes documentation required to support the decisions; and consider using an electronic filing checklist that could hyperlink documents for easier access.	a) The existing electronic checklist has been revised to ensure only required documentation to support classification decision is identified. b) Examine options to insert hyper-links of supporting documentation to electronic classification files.	a) 24 June 2014 b) 30 June 2014