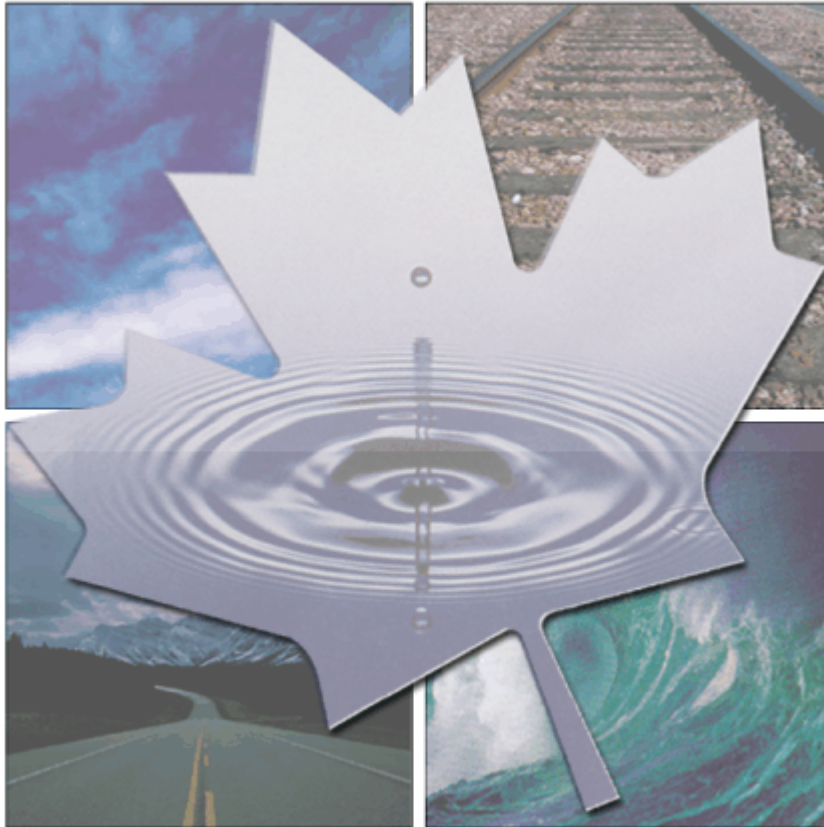


*Audit and Advisory Services*  
*Integrity, Innovation and Quality*



**Audit of Recruitment Strategies and the Staffing Process**

**June 2016**

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## EXECUTIVE SUMMARY

The Audit of Recruitment Strategies and the Staffing Process was included in Transport Canada's 2015-16 Risk-Based Audit Plan that identifies higher risk areas requiring audit attention and resources. For this audit, which included staffing and recruitment activities undertaken in 2014-15 and those planned for 2015-16, we assessed the controls in place to help ensure effective recruitment and staffing processes not only because effective and timely staffing is key to deliver on departmental programs but also because of the difficulties we have experienced historically in recruiting employees in a number of occupational groups where there is marketplace competition for specific technical/professional competencies.

We found that the HR portfolio approach to support Program Accountable Executives (PAEs) has improved HR's understanding of managers' needs to better manage national programs within the departmental Program Alignment Architecture. However, to ensure PAEs have a complete understanding of the short and long-term cost implications of their HR plans more comprehensive financial management support and information is needed. Further, to ensure consistency and prevent reporting duplication, the salary management system should become the primary source for salary budget management and the basis for all HR planning.

There are departmental policies, procedures and guidance on HR planning, recruitment and staffing activities but information on which costs are to be included in HR plans is lacking. Training and support from HR advisors is required to ensure managers are using a full complement of information for planning and forecasting. Managers need to complete a comprehensive analysis of labour markets that takes into account modal and regional variances.

We observed that there is more openness both on the part of HR advisors and managers to leverage recruitment and staffing approaches that previously were not commonly used. The staffing surge in 2014-15 highlighted the need to consider varying staffing options and managers are responding by seeking out alternatives including developmental programs, collective staffing processes, and the military employment transition program.

For many years there have been complaints about delays in the staffing process. Quarterly performance reports to senior management provide some explanations for the delays but there is no objective means to determine the reasons for staffing delays.

Effective April 1, 2016, the Public Service Commission will be implementing a new policy calling for a more streamlined staffing process. It will be important, therefore, for Transport Canada to put in place a plan to optimize the expected flexibilities of the new policy requirements.

**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 of Internal Audit's *Quality Assurance and Improvement Program*.

**Signatures**

Dave Leach	June 7, 2016
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## 1. INTRODUCTION

### 1.1. PURPOSE

In Destination 2020<sup>1</sup>, the Clerk of the Privy Council highlighted the need for improved recruitment and staffing processes that are more nimble, focus on outcomes and people, respond more quickly to changing priorities, and build competencies and develop skills.

Effective and timely staffing to maintain or expand the workforce is a key concern for many Transport Canada (TC) programs. Historically, TC has experienced difficulties in recruiting employees in a number of occupational groups where there have been shortages of candidates. Despite recent efforts to streamline the staffing process, it remains lengthy and does not always meet operational requirements in a timely manner. In addition, given the 2015-16 over commitment in salaries, the audit team was specifically asked to examine how staffing and recruitment decisions are made in consideration of the Initial Budget Delegation (IBD).

This audit assesses the controls in place and makes recommendations to help ensure effective human resources planning, recruitment strategies and staffing processes.

### 1.2. BACKGROUND

#### General

The *Public Service Employment Act* (PSEA)<sup>2</sup> and its related provisions and regulations set out the framework and principles governing the hiring of federal employees. The authority to make appointments within the Public Service is vested in the Public Service Commission (PSC), which can delegate this authority to Deputy Heads. In turn, Deputy Heads are expected to delegate the authority to appoint to the lowest possible management level within their organization.

#### **Human Resources Planning**

As defined in myTC (TC intranet), “Human resources planning is the process of identifying current and future human resources needs to meet an organization’s goals. It involves gathering information on the current workforce, forecasting future demand and supply for employees, identifying the gaps, and developing strategies to address these gaps.”

#### **Recruitment:**

Recruitment is the process by which an organization identifies workforce requirements and attracts potential candidates internally and externally interested in applying for specific

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<sup>1</sup> Clerk of the Privy Council, Destination 2020 <http://www.clerk.gc.ca/eng/feature.asp?pageId=378>

<sup>2</sup> PSEA: <http://laws-lois.justice.gc.ca/eng/acts/P-33.01/>

positions. A clear understanding of the number of staff including the competencies needed and the supply of potential candidates is crucial to developing realistic recruitment strategies.

### **Staffing:**

Staffing is the process by which recruitment strategies are implemented. Candidates are evaluated against specific criteria to ensure that they meet the requirements of the position. Under an effective staffing process, qualified candidates are assessed and appointed in a timely manner.

## **TC Human Resources Planning and Service Delivery**

Human Resources planning and staffing is a shared responsibility between managers and HR advisors. Managers are directly accountable for recruitment and staffing decisions while HR advisors are expected to support managers by identifying the best staffing strategies to address managers' needs taking into account potential risks and mitigating measures associated with the staffing approach. Program Accountable Executives (PAEs) and Program Business Committees (PBCs) also have an important role to play in helping define workforce requirements and competencies needed to deliver national programs, and assisting developing recruitment strategies.

In fall 2013, HR launched a Lean Staffing Initiative project in order to streamline the staffing process and be more responsive to increased staffing demands. As a result, HR has developed additional guidance for managers and HR professionals including the Statement of Merit Criteria Repository, the Great Meeting Approach and the Transactional Staffing Risk Assessment Tool.

In June 2014, HR created a new National Human Resources Portfolio Service Delivery Model (HR Portfolio Client Services). Under the new model, a team of HR leads and advisors is responsible for each of the PAA business programs. The main objective of the new approach was to gain a better understanding of managers' business needs and align services with the departmental PAA. The new model was expected to facilitate the adoption of a national approach to address staffing issues and immediate business operational needs efficiently through an increased understanding of managers' priorities. The model was also intended to support the integration of program business planning with HR and financial planning. In addition to this new service delivery model, HR has made more extensive use of recruitment tools such as inventories and qualified pools of candidates to further support managers.

## **TC Workforce Status, Related Risks and Priorities**

There were 5,239 TC employees at the end of 2014-15. The 2014-15 fourth quarter Performance Monitoring report indicates that there were 1,134 appointments (internal and external) completed during the year with a net growth of 361 new employees taking into account departures and internal moves.

Historically, TC has experienced difficulties recruiting candidates for certain occupational groups, in particular AO, TI, EN, EC and GL<sup>3</sup>. These groups have specific skills that are in high demand both in government and in the private sector. They represent over 40% of the overall TC workforce and are mostly employed in Safety and Security. The average age of staff at TC is 46.2 years of age, the average age for AO and TI groups is 52.7 and 50, respectively. Consequently, there is potential for many retirements in the next 10 years which will have a significant impact on the workforce: in the AO group: 25% of employees (102/406) are eligible for retirement in 2015 and 65% (263/406) are eligible within the next 10 years, and in the TI group the numbers are 16% (173/1052) and 56% (584/1052), respectively.<sup>4</sup>

Staffing priorities for 2015-16 have been defined by TMX as follows:

1. Ensuring essential and excluded positions are filled so that we are well prepared in case of future labour disruptions;
2. Filling positions that are expected to be vacant as a result of normal attrition (e.g. departures to other departments, deployments or retirements). Human Resources advisors have provided managers with historical and forecasted attrition rates to assist in planning;
3. Staffing for attrition and continuing to proactively conduct staffing processes to ensure that candidates are available from pools or inventories as soon as positions become vacant or to allow for a reasonable transition period; and
4. Ensuring that we are targeting the skills and professionals that we need to perform jobs that are generally difficult to fill.

### **1.3. AUDIT OBJECTIVE, SCOPE, APPROACH AND CRITERIA**

#### **1.3.1. Audit Objective**

The audit examined the controls in place to ensure the Department is defining its human resource requirements, developing effective recruitment strategies to attract qualified candidates who meet its requirements, and assessing the effectiveness of the processes to staff positions in a timely manner. In addition, given the 2015-16 over commitment in salaries we looked at how staffing and recruitment decisions are made in consideration of the Initial Budget Delegation (IBD).

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<sup>3</sup> AO-Aircraft Operations, TI-Technical Inspection, EN-Engineering, EC-Economics and Social Science, and GL-General Labour & Trades

<sup>4</sup> Resource: TC's Demographic Data - Current Monthly Statistics, dated August 18, 2015

More specifically, the audit considered the engagement of both managers and HR to determine whether:

- the governance and oversight of HR planning, recruitment strategies and the staffing process are carried out through clear policies, procedures and work instruments that facilitate the role of HR Advisors and effectively support delegated managers;
- the recruitment strategies are based on work force and labour market analysis and are clearly defined in each program's HR Plan and the Department's Integrated Planning and Reporting Process (IPR) and they support building a sustainable workforce and the achievement of departmental strategic outcomes by being based on approved budgets and sound planning and risk assessment;
- the staffing process is streamlined to provide a timely and quality service to respond to the short-, mid- and long-term needs of the Department; and
- monitoring and reporting on recruitment strategies and staffing activities support decision making, oversight, and accountability, and help ensure early identification of opportunities for improvement.

### **1.3.2. Audit Scope**

The audit included staffing and recruitment activities that took place in fiscal year 2014-15 and those planned for 2015-16. Given the recently implemented HR initiatives, we looked at the effectiveness and impact of these changes on recruitment strategies and the staffing process. We also reviewed the linkage between HR planning and the Department's IPR process. However, the audit did not assess whether the organizational structures of programs were optimal or adequately resourced.

### **1.3.3. Audit Approach**

The audit covered the life cycle of planning, recruitment and staffing in general with specific focus on the technical positions that have historically been difficult to fill. The methodology included:

- reviewing relevant functional direction documents such as staffing policies, guidelines, and frameworks;
- reviewing current processes, procedures and work instruments as they relate to HR planning, the development of recruitment and staffing strategies and their implementation;
- reviewing performance measures and service standards, reports and data analyses conducted by HR;
- conducting interviews with delegated managers, HR staff, and other departmental stakeholders involved in HR planning, recruitment and staffing;
- analyzing data from a variety of systems and sources to evaluate and compare the results of different recruitment and staffing strategies to ensure that TC hired the right people with the right competencies at the right time;



- comparing corporate and regional HR plans to staffing results in performance reports; and
- identifying potential alternative recruiting and staffing practices used by other federal organizations, particularly as they pertain to difficult to staff occupational groups.

#### **1.4. REPORT STRUCTURE**

The report findings are described in three parts in Section 2:

- Human Resources Planning Process
- Recruitment Strategies
- Staffing Process

The findings include contextual information, what we expected to find (i.e., audit criteria), our specific observations in support of our overall findings followed by relevant recommendations. We summarize our overall conclusions in Section 3 and the last section will contain Management's Action Plan to address our recommendations.

## 2. FINDINGS

### 2.1. HUMAN RESOURCES (HR) PLANNING PROCESS

#### *Context:*

One of TC's key responsibilities is to oversee the application of the safety and security regulations in all transportation modes (Air, Marine, Rail, and Road). In this capacity it employs a specialized inspection workforce and competes for human resources with the transportation industry. Thus, effective human resources planning is essential to help ensure the Department's capacity to deliver its programs. HR planning is the first step in developing feasible recruitment strategies.

Managers with delegated staffing authority and HR advisors have important roles to play in the human resources planning exercise. Managers, especially those who are also Program Accountable Executives (PAEs) responsible for national programs, play a critical role in ensuring that their organizations and programs recruit and retain the necessary staff to deliver programs. Although managers are directly accountable for staffing decisions and appointments, HR advisors play a key support role which includes identifying the most effective staffing strategies to address managers' needs. An effective planning framework and supporting instruments must be in place to help managers assess accurately their current and future needs while managing within their allocated budgets.

#### *What We Expected:*

We expected TMX, Strategic Outcome Management Boards (SOMBs) and Program Business Committees (PBCs) to ensure adequate governance and oversight, and to provide direction on and monitor progress of HR plans as well as the implementation of recruitment and staffing processes.

HR planning should be incorporated in the IPR process and the number and type of resources needed to achieve organizational objectives within budget allocations should be reflected in the resulting recruitment strategies. As a scope limitation, we did not assess whether the organizational structure of programs were optimal or adequately resourced.

Departmental policies, procedures and guidance on HR planning, recruitment and staffing should be complete and provide clear direction to all involved in the process.

Appropriate systems should be in place to produce regular, complete, accurate and timely reports in support of decision making on workforce requirements.

Finally, we expected delegated managers and HR advisors to be properly trained in HR planning and developing relevant strategies to ensure timely recruitment.

***What We Found:***

A governance and oversight structure has been established whereby PAEs are well supported by HR. HR planning guidance and work instruments are in place and managers are developing HR plans in accordance with the required procedures. However, we did not see adequate engagement from the Financial Management Advisors (FMAs) within this structure. Without more comprehensive support from FMAs on a national level, these high-level HR plans are not translating into concrete recruitment and staffing plans that are appropriately costed to ensure managers are fully utilizing but not exceeding their budgets. The use of two systems (Salary Management System and the Workforce Planning Application) to track planning, results in inconsistent data and makes it difficult for managers to make timely decisions.

***Governance and Oversight***

TC operates under a PAA which reflects how the Department allocates and manages its resources to achieve three Strategic Outcomes (SOs) and a number of specific programs. For each Program, there is one PAE who is responsible for the development of National Program Integrated Plans (NPIPs), which are a roll up of all directorates' work plans accounting for activities undertaken by programs at headquarters and in the regions to achieve the departmental SOs. The PAE is also responsible for identifying, managing, reporting on and meeting performance requirements.

To measure progress against NPIPs, planned activities, staffing progress and financial updates are reported on a quarterly basis using dashboards. The dashboards provide the variance explanations and mitigation strategies to address the workforce shortages, and there is evidence that they are reviewed and discussed at SOMBs, ISMB and TMX meetings.

In June 2014, HR created a new National Human Resources Portfolio Service Delivery Model with a view to gaining a better understanding of managers' business needs and to aligning services with the departmental PAA.

The portfolio model was in part created to foster an integrated approach between managers, HR advisors and FMAs. This objective has been achieved to varying degrees with most regions having already established a partnership among the three. But, this partnership has proven more difficult to establish at the national level for some of the programs. Because FMAs in the regions support the different programs within their region and FMAs in headquarters support program activities within headquarters, separate discussions on the same issues for PAEs take place in both headquarters and the regions which may lead to contradictory direction and actions or duplication of efforts. This situation is exacerbated when the PAE is responsible for two or more programs.

The 2015-16 departmental forecasted deficit and associated budgetary adjustments has highlighted the need for PAE involvement and oversight of the national programs' HR planning process. Interviews with PAEs confirmed they understand the need for their increased engagement in managing the program workforce at the national level.

### ***HR Planning as Part of Integrated Planning***

The HR plans we reviewed included the prescribed sections and described in sufficient detail the environment, the challenges facing the program and the human resource competencies required.

Although managers are completing the HR plans, many believe the plans are not as useful as they could be since they do not translate into concrete staffing action plans with priorities, strategies, timelines, associated salary and wages or other associated costs such as training staff as part of a development program or relocation costs.

We saw evidence that the HR plans are identifying HR related gaps and developing initiatives to address them. Most gaps are identified as being high risk which is indicative of the importance management places on workforce competencies and capacity. However, once workforce gaps are identified and measures are put in place to address them, there is no requirement in the planning process to prioritize the initiatives and assess whether they can be realized within the budget allocation.

The IPR Guide directs that S&W, Ongoing Operating Cost and Revenues be forecasted for three subsequent fiscal years. However, programs are not completing the future years' forecasts and, as a result, the financial impact of staffing decisions is not understood. This was a factor in this year's projected budget deficit.

To help translate HR plans into concrete staffing actions and fully account for all associated costs, FMAs need to play an active role in supporting managers, especially PAEs responsible for national programs. As well, the tools for planning should clearly link identified HR resource needs with budgets to ensure managers expend but do not exceed their allocations.

### **Recommendation:**

1. ADM Corporate Services should develop and implement an approach to ensure Financial Management Advisors provide comprehensive national financial information and support to help Program Accountable Executives manage national programs.

### ***Training***

HR advisors have received required training and certifications to discharge their recruitment and staffing responsibilities. They are generally less prepared, however, to assume their role as HR planning advisors. We recognize that this is partially because of the short period of time that the portfolio model has been in place and not all HR advisors have had the opportunity to actually be involved in the 2015-16 HR planning process which started in the fall of 2014. Some advisors have expressed concerns about their ability to oversee and add value to the HR planning process. We expect that the training needs of HR advisors will be addressed as the new service delivery model evolves and HR continues to review it and makes process improvements.

### ***HR Planning Documentation***

There are departmental policies, procedures and guidance in place for HR planning, recruitment and staffing activities. An HR Planning Guide has been developed to:

- identify and establish the people management components of the Integrated Business Plan;
- detail people management requirements for decision making and prioritization of people management strategies (e.g. classification, staffing, learning, development, succession management, performance management, etc.); and
- document people management requirements for reporting to Central Agencies.

All TC programs completed a 2015-16 HR Plan and are following the current guidance. These HR plans are divided into three parts:

- an environmental scan of the current work carried out and the current workforce including demographics, competencies and work environment;
- an analysis looking forward focusing on industry trends, how they may affect the work, and whether new competencies and skills will be required. (The results of this exercise are recorded in a Gap Analysis section which identifies the gaps between the current situation and future needs.); and
- a response section that describes strategies (People Management Initiatives) to address identified gaps.

The guidance provided is robust except in the area of how to document the financial impact of HR initiatives. The current planning tool includes some sections with respect to required resources but does not provide any details on how to populate these sections. Although the new 2016-17 HR Planning Documentation Tool has been revised and simplified, it does not address the financial implications of proposed staffing initiatives.

**Recommendation:**

2. ADM Corporate Services should develop guidance on which costs are to be included in HR plans both for current and future years and ensure this becomes a mandatory requirement once the guidance has been established.

***Use of Systems for Planning***

There are two different systems being used to plan, track and report on staffing: the Workforce Planning Application (WPA) which was developed by and is accessible only to HR and the Salary Management System (SMS) which was designed as a planning and forecasting tool used primarily by FMAs.

HR implemented the WPA database in June 2015 as a tool to track planned, completed or staffing actions underway. Specific staffing actions for staffing indeterminate and term positions (but not casuals or students) are entered into the WPA database. System searches can be conducted on multiple fields including by organization, occupational group, expected period, and staffing process. Although the information is reviewed and updated monthly based on meetings between managers and their HR advisors, it is not directly linked to HR plans and does not include salary information.

The SMS is to be used to help managers plan and monitor their salary budget expenditures and forecasts. To support sound and timely decisions, salary expenditure and forecast information needs to be complete, accurate and reliable. In the course of our work, we observed data entry practices that put SMS data accuracy and reliability at risk. Although, the overall extent and impact of the risk is difficult to quantify, we did conduct sufficient analysis to conclude that clearer guidance, training and quality control is needed.

Since HR advisors and FMAs are using two different systems, monthly manual reconciliations are necessary to provide managers with an accurate and complete picture of their HR staffing needs and the associated costs. This process is time consuming and ineffective and often results in inaccurate data in one system or the other. Consequently, some managers have resorted to developing elaborate spreadsheets to plan, track and manage their staffing and salary budget, which defeats the purpose of integrated HR and financial planning.

**Recommendation:**

3. ADM Corporate Services, with the support of TMX members, should ensure that the Salary Management System is adopted as the primary departmental database for salary budget management and the basis for all HR planning, and adequate controls are put in place to help ensure data integrity.

## 2.2. RECRUITMENT STRATEGIES

### *Context:*

Historically, TC has had difficulty staffing inspector positions, many of them in remote geographical locations. Inspectors are typically industry retirees who have a 10- to 15- year career with TC. Given the Department's aging workforce and potential significant retirements over the next five to 10 years in the inspector category, workforce recruitment strategies must be based on an effective analysis of the labour market supply and a clear understanding of the long-term implications of various recruitment options.

### *What We Expected:*

We expected there to be an organizational structure in place to deliver recruitment and staffing services that maximize efficiency, effectiveness, timeliness and good communications.

Roles and responsibilities for HR advisors and delegated managers must be clearly defined, documented, communicated and understood.

Recruitment strategies should be developed based on complete and accurate information and an effective assessment of HR gaps and risks including analysis of the available work force and labour market.

Recruitment strategies should take into account the relevant competencies required for the position.

We also expected the Department to establish recruitment strategies that address gaps in workforce capacity and capability, and develop performance measures to assess these strategies at the branch, program and corporate levels.

### *What We Found:*

Programs are not carrying out comprehensive analyses of labour market conditions to help develop effective and sustainable recruitment strategies. Recent efforts under the staffing surge to recruit and staff in difficult to staff occupational groups have been successful. More extensive use of a variety of recruitment approaches has also proven successful but HR advisors are not consistently promoting these approaches and not all managers are open to them.

### *HR's Portfolio Management Approach to Supporting Managers*

The re-organization in June 2014 of the HR community into a Portfolio Service Delivery Model has had a positive impact on the recruitment and staffing processes. Roles and responsibilities have been defined and are generally understood by managers and HR advisors but the level of support needs to be more consistent.

Having a dedicated HR team has helped HR advisors better understand their clients' business and has provided some stability to the HR advisor function which had experienced high turnover in the past. In addition, the portfolio approach has created a forum to start looking at recruitment and staffing issues from a national perspective. Managers confirmed that the portfolio model has helped them take a more global approach to address their workforce situation. Based on interviews, managers and HR advisors also confirmed receiving the required training to discharge their respective responsibilities related to recruitment and staffing.

Although the portfolio model is an improvement, not all portfolios are operating in the same way nor providing the same level of support. The role played by the Portfolio Leads and Co-Leads in particular seems to differ depending on the portfolio. Similar to what we noted with respect to training earlier in this report, given that the model is relatively new, some adjustments may be required to ensure that the level of support provided to management is sufficient and consistent. We understand that HR has initiated a review of the portfolio model which will be an opportunity to make improvements.

### ***Comprehensive Analysis of Labour Markets***

#### *Identification of Competencies*

Competencies are the knowledge and skills employees require to conduct their activities and to deliver programs. In order to identify gaps in the workforce and establish recruitment strategies, managers need to ensure competencies are well defined and reflect current and future requirements. Our interviews with managers and the documents we reviewed confirmed that the competencies for positions are defined, identified and referenced in HR plans.

#### *Internal Workforce Information*

Extensive demographic information by organization, region, and occupational group is available to managers on myTC. Managers can also ask HR to develop ad hoc specialized reports.

Information is also available that compares attrition against hiring rates. For the past few years, at the departmental level, the attrition rate has ranged between 7% and 10% and the hiring rate was slightly lower until 2014-15 when it doubled to 15% due to the staffing surge. The demographic and attrition data are indicators that should help managers plan their workforce requirements. However, they are only indicators. Under the Privacy Act, names of individuals eligible for retirement are not disclosed. Moreover, it can be hard to predict other kinds of departures such as transfers to other departments and reassignments.

#### *External Labour Market Information*

PAEs and managers with the support of HR, are responsible for understanding the labour market in order to properly identify the potential supply of future resources. Although a number of managers have researched or through experience have gained a good understanding of the labour market conditions to help them plan recruitment strategies, there is no national program that undertakes comprehensive analyses to assess the labour market for the type of human resources



required. This type of analysis would help ensure that a national approach is taken, would reduce the risk that the implications of labour market conditions are not accounted for in developing recruitment strategies, and would increase the likelihood of identifying sustainable recruitment strategies.

**Recommendation:**

4. Program Accountable Executives, who are having difficulty recruiting, should conduct appropriate analysis as part of their HR planning to develop sustainable recruitment strategies.

*Recruitment Strategies*

HR supported managers in a significant staffing effort in 2014-15 to address shortages in various positions. The staffing surge was successful in staffing 327 net new employees in various targeted occupational groups.

HR has been more open to employing a variety of recruitment approaches and is starting to be more risk tolerant than often perceived by some managers. As a result, less commonly used recruitment processes were used for the staffing surge such as collective staffing processes to create pools of qualified candidates, national promotional campaigns and non-advertised staffing processes. Almost 32% of all staffing processes completed were as a result of an appointment from a pool. Another 21% of the appointments were the result of non-advertised processes.

HR engaged the expertise of the Communications and Marketing group to launch a major national promotional campaign to advertise employment opportunities in several TC transportation modes. It was the first outreach program of this magnitude and used not only public notices but also social media. The results of this campaign are being analyzed to identify which strategies attract the most candidates.

***Approaches to Recruitment****Collective Staffing Processes*

Collective staffing is a process where one or more managers work together to staff more than one position at a specific group and level. The process can be conducted at a local, regional, national or interdepartmental level often resulting in the sharing of costs and the ability to attract more candidates. In 2014-15 a number of collective staffing processes were used that resulted in the creation of staffing inventories and pools.

Although the use of inventories and pools has been a successful strategy in recruiting staff in all the targeted groups, some improvements are still required. Specifically, the Staffing Activity Management System (SAMS) designed to support HR and managers by automating the management of staffing pools from applicant screening to tracking qualified candidates is not used by all HR advisors and the data is not entered consistently. Since the data is not current, some searches for candidates have led to inaccurate information being provided to managers. For instance, a manager was given names of potential candidates who had already been hired

because their names had not been removed from the database. Some managers have developed their own tools to track inventories and pools duplicating the central database.

There are also a number of managers still reluctant to use collective staffing processes. The need for extensive coordination and the additional effort required to process large numbers of applicants is challenging for HQ and regional program managers. There are sometimes delays which have led to some regions missing out on hiring candidates who were not willing to wait. Despite the coordination and logistical challenges, collective processes yield several advantages and more and more managers are starting to recognize the benefit of having more standardized selection instruments. The first iteration of collective staffing processes may have been somewhat cumbersome but now that a number of staffing tools are in place, these processes should become easier to conduct.

#### *Development Programs*

Development programs whereby recruits are put through a structured training program to eventually be appointed upon successful graduation to targeted positions have been considered by a number of departmental programs and are at various stages of implementation. For example, the Economics and Social Science Services Group (EC) Development Program was created in 2009 to address a shortage of candidates in the EC occupational group. Aviation Security's developmental program is expected to be approved by the end of 2015 and one for Transportation of Dangerous Goods is expected to be in place by the end of 2016-17. Rail Safety, Civil Aviation and Marine Safety are also looking into establishing development programs. Although HR has created a focal point for overseeing and coordinating development programs, some of these programs are being developed without HR's knowledge. Further efficiencies could potentially be gained by combining these programs into one inspector development program with a number of different streams (TDG, Rail, etc.) instead of creating multiple programs.

#### *Military Employment Transition Program*

Another approach being used by managers is the Military Employment Transition Program initiated by Canada Company, a charitable, non-partisan organization that serves to bridge business and community leaders with the Canadian military. This program aims to increase veterans' awareness of employment opportunities and the hiring of veterans as well as help ensure a favorable experience for participating departments. At the time of the audit, Aviation and Marine programs had recruited a number of qualified candidates under this program.

### **2.3. STAFFING PROCESS**

#### *Context:*

Staffing delays can result in the loss of good candidates and impact the ability to deliver departmental oversight programs. Candidates applying for positions from outside of government are not familiar with the staffing procedures and the length of time associated with them. The length of the selection and appointment process can appear unreasonable. There have been cases

where candidates have wrongly assumed that they had not qualified for positions and accepted positions elsewhere. Managers often attribute delays to HR and vice versa. While there is a system to track the various steps in the process it is not being used consistently.

The Public Service Commission will implement a new staffing policy effective April 1, 2016, to streamline the staffing process. The main changes will set the foundation for simplified guidance that will provide a road map for HR professionals and hiring managers to effectively navigate the staffing process. The overall objective is to provide greater ability for organizations to customize their resourcing strategies based on their individual needs.

***What We Expected:***

There should be effective tools for delegated managers and HR personnel to assess staffing risks, and they should know how to effectively use these tools.

Timely and effective mitigating measures should be in place to address risks of staff shortages.

Departmental policies, procedures and guidance for HR planning, recruitment and staffing activities should be complete and provide clear direction to all involved in the process. There should be service standards and key performance indicators for all staffing activities to be monitored regularly to assess their effectiveness (including whether TC has hired the right people with the right competencies at the right time).

Feedback from delegated managers and HR Advisors about the timeliness and the quality of the staffing process should be solicited and addressed.

Recent changes to streamline the staffing process should facilitate the implementation of recruitment strategies and improve the timeliness of staffing.

***What We Found:***

Although HR has taken actions to simplify and improve the staffing process it could be streamlined further. While there are some tools for assessing the performance of the staffing process, they are not being used to evaluate staffing results.

***Staffing Process***

HR has developed and published in myTC a comprehensive suite of policies and guidance material on staffing requirements to support both managers and HR professionals. Despite this information, many managers acknowledge that the process is complex and they rely on the advice of their HR advisor before proceeding with a staffing action. HR does have a checklist of what is required but it is not readily shared with managers as it is considered guidance documentation for HR Advisors.

Official Languages testing, the security clearance process and medical testing required for certain positions were all identified as reasons for staffing delays. To address these issues and to

accelerate the process, HR Corporate initiated discussions with the PSC and Health Canada to negotiate service arrangements that give priority to TC Safety and Security candidates participating in departmental recruitment campaigns.

In addition, the adoption of the Portfolio Service Delivery Model has improved HR's support for staffing. Many managers reported seeing an improvement. They consider that HR better understands their staffing challenges and HR is becoming more open to using new staffing approaches. The majority of managers interviewed were satisfied with the new delivery model and they understand that HR's capacity was put to the test with the recent staffing surge.

### ***Mitigating Measures***

At times managers are faced with staffing issues due to unexpected short- and/or long-term absences. When these vacant positions are critical to program delivery mitigating measures are required to fill the positions in the short term until a permanent solution is found. Our interviews with managers highlighted that a number of mitigation measures are being used to help address these temporary situations including the use of secondments and term and casual employment, the hiring of students and contractors, and the exchange of staff between regions to help increase capacity on a short-term basis to address workload when required.

### ***Service Standards and Measuring the Performance of the Staffing Process***

HR does monitor some service standards and has reported the results periodically. In October 2014, HR presented performance results for 2013-14 to the ADM Corporate Services that compared actual average work days to process a staffing action against the service standards for hiring students and casual employees, processing acting appointments and acting extensions and extending term employees. As well HR reported the total time for processing a staffing request from start to completion. However HR has not expanded its monitoring to track all steps for all types of HR staffing actions to identify processing bottlenecks. This information is not readily available because HR advisors do not consistently document the back and forth transactions between managers and HR.

In 2014-15 HR tracked specific reasons for staffing delays by identifying the causes. HR then reported via the TMX quarterly dashboard reports the variance between managers targeted completion date for staffing a position and the actual date. Although this information was useful, it does not measure the performance of HR against its own service standards.

Without the measurement of these service standards, there is no objective means to determine the reasons for staffing delays. As well, HR has not defined indicators to assess the ultimate desired outcome of the recruitment and staffing processes which are to hire the right people with the right competencies at the right time.

### ***Feedback from Managers***

Each year Corporate Planning and Reporting sends a survey out to all executives and delegated managers to seek feedback on the various internal services provided including HR activities.

In the 2014-15 survey, 23% of managers responded to the survey (76 out of 326 receiving the survey) and 21% (68) indicated that they had used staffing services. Overall 79% of these respondents indicated that, "... the services met the needs of my unit and helped me achieve my program objectives." The survey results go to the National Human Resources Management Committee and while there is no formal response to address the survey results, HR advised the audit team that the results do influence their priorities.

### **Recommendation:**

5. ADM Corporate Services should ensure the performance and outcomes of recruitment strategies and the staffing process are measured and reported to TMX on a periodic basis.

### ***Streamlining the Staffing Process***

HR has made some attempts to streamline the staffing process. As a result of a recent HR exercise to "Lean" the staffing process, a number of additional tools such as the Staffing Risk Assessment Tool and a repository of Statements of Merit Criteria were developed to help managers navigate the complex staffing environment. The new risk assessment tool, in particular, provides a framework to help managers develop a rationale for employing higher risk but often faster staffing actions such as non-advertised processes.

### ***Public Service Commission's New Staffing Policy***

The PSC is implementing a new policy that will take effect on April 1, 2016. The overarching goal of the new policy is a more streamlined staffing process based on departmental needs and risk tolerances. The main features of the new policy are:

- simplified instruments with fewer reporting and administrative requirements;
- greater ability for deputy heads to customize their resourcing strategies based on their unique context and needs;
- greater opportunity for hiring managers to apply their judgment in relation to resourcing strategies; and
- better integration of the policy, delegation instrument and oversight model.

It is expected that departments will require a transition period before being able to fully implement the new policy. HR is currently establishing a working group responsible for developing a plan to implement the PSC's new direction in staffing. This group's first step will be to analyze TC's current environment and its staffing risks and risk tolerance in consultation with senior management to determine the impact of the new administrative requirements.

### 3. CONCLUSIONS

We found that the HR portfolio approach to support Program Accountable Executives (PAEs) has improved HR's understanding of managers' needs to better manage national programs within the departmental Program Alignment Architecture. However, to ensure PAEs have a complete understanding of the short- and long-term cost implications of their HR plans more comprehensive financial management support and information is needed. Further, to ensure consistency and prevent reporting duplication, the salary management system should become the primary source for salary budget management and the basis for all HR planning.

We recognize that recruitment and staffing processes have been streamlined, and managers and HR advisors alike are seeking out and leveraging varying staffing options to recruit and staff difficult to fill positions. Nevertheless, there continue to be delays in staffing and, aside from quarterly performance reports to senior management, there is no formal means to assess and monitor human resources services. Consequently, there is no objective way to determine what causes these delays and how to mitigate them. We recommend that a performance measurement framework be formally established to assess service delivery and performance against set service standards and to evaluate outcomes of recruitment strategies and staffing processes.

Finally, in light of the Public Service Commission's (PSC) implementation of a new policy effective April 1, 2016, we cannot over emphasize the importance for the Department to put in place a plan to optimize the anticipated simplified staffing instruments, reduced reporting burden, greater flexibilities of resourcing strategies, and better integration of the PSC's policy, delegation instrument and oversight model.

#### 4. RECOMMENDATIONS AND MANAGEMENT ACTION PLAN

	Recommendation	Management Action Plan	Completion Date (for each action)	OPI direct report for each specific action
1	ADM Corporate Services should develop and implement an approach to ensure Financial Management Advisors provide comprehensive national financial information and support to help Program Accountable Executives manage national programs.	<p>Monthly financial reporting schedules will be adjusted to ensure that PAEs receive a comprehensive national picture from their HQ FMAs (with support from Regional FMAs) to allow for discussions and/ or adjustments to occur at the Program level before the period closes.</p> <p>Currently piloting this concept with the Rail/TDG Programs in Safety and Security for the last quarter of the 2015-16 fiscal year. Results of the pilot will guide the full implementation for the 2016-17 fiscal year.</p>	Will start with the 1 <sup>st</sup> review period of 2016-2017 (i.e. P3) and will occur on a monthly basis thereafter	Director General, Financial Planning and Resource Management (DG FPRM)
2	ADM Corporate Services should develop guidance on which costs are to be included in HR plans both for current and future years and ensure this becomes a mandatory requirement once the guidance has been established.	<p>HR and Finance, in collaboration with Corporate Planning will develop and provide guidance on which costs are to be included in HR Plans regarding:</p> <ul style="list-style-type: none"> <li>- Salary and Wages for Current employees (including employees on assignment, secondment and leave without pay)</li> <li>- Salary and Wages for Planned Staffing</li> <li>- Planned training, learning and development costs per employee</li> </ul>	December 2016	<p>Director General, Human Resources (DG HR)</p> <p>DG FPRM Executive Director, Corporate Planning and Reporting</p>
3	ADM Corporate Services, with the support of TMX members, should ensure that the Salary Management System is adopted as the primary departmental database for salary budget management and the basis for all HR planning, and adequate controls are put in place to help ensure data integrity.	<p>Through the Deputy Minister's Initial Budget Delegation it will be indicated that the SMS will be the only system used to manage and forecast salaries throughout the fiscal year. Any other source will not be recognized.</p> <p>As part of the IPR process, SMS will be identified as the only official source of information for HR planning processes.</p>	April 2016	DG FPRM

	Recommendation	Management Action Plan	Completion Date (for each action)	OPI direct report for each specific action
		To ensure data integrity, SMS training will be provided to all FMAs (HQ and Regions) and other users of the system. Data integrity will be validated with RC managers and by FMAs as part of the monthly financial meetings (Rush process).	July 31, 2016	For SMS Training: Director General, Financial Operations and Administrative Services (DG FAS)
4	Program Accountable Executives, who are having difficulty recruiting, should conduct appropriate analysis as part of their HR planning to develop sustainable recruitment strategies.	Human Resources will support PAEs as part of the Department's Integrated Planning Process to ensure Programs' HR plans identify any persistent recruitment challenges. When required, specialized/targeted recruitment strategies will be developed.	Completed	PAEs  DG HR
5	ADM Corporate Services should ensure the performance and outcomes of recruitment strategies and the staffing process are measured and reported to TMX on a periodic basis.	<p>HR will continue to use the Project Management (PM) application throughout the staffing process. This will be the tool used to measure against service standards and provides an indication of time to staff.</p> <p>As part of the new direction in Staffing, HR will update its oversight model with a focus on measuring outcomes (e.g.: Efficiency, Quality of hire), and will focus monitoring on TC's context and risks, resulting in reducing the reporting burden. Existing measurement tools within TC will be leveraged. Monitoring results will be shared annually with TMX members.</p>	<p>Communication to HR – September 2016</p> <p>December 2017</p>	DG HR