



Indian and Northern
Affairs Canada

Affaires indiennes
et du Nord Canada

Human Resources and Workplace Services Branch (HRWSB) Management Practices Review

Final Report November 2010



Canada



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Background and Objectives

Background

- Since 2007, The Audit and Assurance Services Branch (AASB) has been reviewing the management practices in Regions and Sectors as part of its three year Risk-based Audit Plan.
- To date, all Regions have been reviewed and many of the Sectors have been completed during 2009-2010.

Objectives

- The objectives of this management practices review (MPR) are to:
 - Assist management in assessing whether their management practices are designed to achieve objectives in an efficient and effective manner;
 - Inform management on areas of strength and weakness in respect of the organization's management practices and controls; and
 - Inform the AASB's risk-based audit planning exercise so that audits conducted in future years can be directed at the areas and horizontal control systems that present the highest levels of risk.
- It should be noted that Management Practices Reviews are designed to be less rigorous and intrusive than full scope audits, and thus they provide a low level of assurance.



Scope

- The scope of the Human Resources and Workplace Safety Branch (HRWSB) MPR covered a range of management practices in place within the Branch.
- The following thirteen (13) management practice areas comprise six (6) management practice areas that consider the management of the Branch itself, and the remaining seven (7) areas that consider the services provided by the Branch to the department. Each area was assessed during the course of this management practice review.

Internal HRWSB Management Practice Area

1. Strategic and Operational Planning
2. Risk Management
3. Human Resource Management
4. Coordination of Policies and Initiatives
5. Results-Based Performance Measurement and Reporting
6. Financial Management

Departmental HRWSB Service Practice Areas

7. HR Information for Decision-Making
8. HR Service Quality
9. Coordination and Communication with Regional HR Service Providers
10. Active Monitoring
11. Reporting and Compliance with Government of Canada and Central Agency policies and directives
12. Compensation and Control Environment
13. HR Modernization



Methodology

- The HRWSB MPR examined management practices within the Branch at Head Office located in the National Capital Region.
- Interviews were conducted with representatives from the Branch management. A list of interviewees is included on the following page of this report.
- Testing was conducted on a sample of the following types of transactions:
 - HR Management:
 - Staffing actions
 - Overtime
 - Leave
 - Financial Management:
 - Hospitality
 - Travel
 - Procurement
 - Sampled transactions were selected on a judgemental basis based on transactions listings provided by the Branch.
 - The objectives of the testing procedures completed were to review whether:
 - The appropriate approvals were obtained for each sampled transaction; and
 - The approvals were granted in accordance with established delegated authorities.



Methodology (cont'd)

List of interviewees:

- **HRWSB:**
 - Director General
 - Associate DG, Corporate HR and Business Management
 - Manager, Finance and Administration
 - Director, Learning and Development
 - Director, Executive Group Services
 - Executive Resourcing Advisor
 - Director, Process Improvement
 - Project Analyst , Process Improvement
 - Project Manager, Process Improvement
 - Director of Human Resources Operations and CA
 - HR Consultant
 - Manager, HR Planning
 - Director, Staff Relations & Compensation
 - Compensation Manager
 - Director, Quality Assurance and Monitoring
 - Director, Corporate Human Resources



Methodology (cont'd)

Structure and content outline of the MPR report

- For each MPR area, we provide:
 - **Good management practices observed** based on our review of documentation provided, information provided during interviews, testing of selected transactions, and follow-up that demonstrate good management practices;
 - **Findings** to highlight areas that may warrant focus by HRWSB management; and
 - **Recommendations** as applicable to findings noted.

- Audit and Assurance Services Branch conducted test of a sample of transactions in the MPR areas of Human Resources Management and Financial Management. The results of this testing are included in the related MPR area.



1. Strategic and Operational Planning

Good Management Practices Observed:

1. HRWSB has documented an operational plan for the Branch Human Resources Plan 2009-2010 / 2011-2012 which aligns with the departmental HR strategy.
 - The Branch plan aligns with the Departmental Integrated Human Resources Strategy and Plan 2010-11 / 2012-13. Alignment is demonstrated through the consistent references to the strategic pillars of Talent Recruitment, Talent Development, Succession Management and Workplace Wellbeing.
 - The departmental HR strategy also aligns with the department's six strategic outcomes for operational activities (The Government, The People, The Land, The Economy, The North and the Office of the Federal Interlocutor).
 - The Branch plan includes action items with associated activities, responsibilities, performance measures/ targets and related due dates.
2. Progress against the HR Plan is presented quarterly to the Human Resources Management Committee. The HR management committee is also presented with progress on the executive (EX) level operational goals via the Quarterly Report which includes objectives/ activities, milestones/ targets, results to date, plans for coming quarter, risks/ challenges, accountabilities and status.
3. The HRWSB IM/IT Strategy and Capacity Analysis is a project charter aimed at strengthening governance, tools and systems at INAC and includes the four strategic pillars of Talent Recruitment, Talent Development, Succession Management and Workplace Wellbeing. This is an example of an operational plan within the Branch that is aligned with the Branch operational plan.
4. Audit and Assurance Services Branch obtained example performance agreements which at the Director level include the four pillars as outlined in the Branch HR Plan, specifically Talent Recruitment, Talent Development, Succession Management and Workplace Wellbeing.



1. Strategic and Operational Planning (cont'd)

Good Management Practices Observed:

5. Communication of the strategic pillars is demonstrated through:
 - The inclusion of the four pillars of the HR management strategy and plan in the example executive performance agreement that was reviewed which included goals against the pillars (Talent Recruitment, Talent Development, Succession Management and Workplace Wellbeing);
 - The INAC Express newsletter (as reported during interviews);
 - Discussions by branch management who met with representatives from each sector to discuss the HR strategy (as reported during interviews);
 - Reporting in the progress report (CDIM# 2921105);
 - Reporting in the quarterly report (CDIM# 2952881); and
 - Each month the Deputy Minister (DM) chairs the HRWS Management Committee (HRWSMC) meeting.
6. In November 2008 the DM instructed the DG HRWSB to implement a process to control and report on the sustainability of organizational growth. The Workforce Management Project was established to confirm workforce and associated funding, establish an organizational baseline and to provide recommendations for monitoring and controlling organizational growth. INAC Public Service Employee Survey (PSES) 2008 results identified risks, trends, strengths and areas for improvement across the department and sectors. Action plans were developed and integrated into HR plans with assistance from HRWSB. The INAC action plan consisted of three priorities: (1) Strengthen and Enable Leadership; (2) Offer a Healthy Workplace; and (3) Invest in Career Development. The PSES Action Plan was presented to the HRWSMC in Q4.



1. Strategic and Operational Planning (cont'd)

Good Management Practices Observed:

7. During our interviews it was noted that operational planning within the Branch for 2009/2010 was challenging as there was no Departmental Business Plan completed by the time HRWSB planning was started. The efficiency and effectiveness of Branch planning would be improved if the Departmental Business Plan were completed prior to Sectors working to plan and document their individual business plans, however this was beyond the control of HRWSB management. Regardless, it was observed that the Branch Plan was completed in a timely manner.



2. Risk Management

Good Management Practices Observed:

1. Elements of risk management are noted in the following documents and comments:
 - HRWSB participated in the documentation of internal services (e.g. HR, Finance, IT etc.) risks which were documented in the INAC 2009 Internal Services Strategic Outcome Risk Profile (April 1, 2009);
 - Risks and challenges as well as related current and future mitigation strategies were noted in the Integrated HR Management Strategy and Plan 2010-11 / 2012-13 (April 1, 2010); and
 - Examples of risks noted in the HRWSB Sector Business plan include:
 - Acute shortages of qualified and experienced people in HR;
 - Lack of development and training;
 - Geographic factors negatively affect ability to attract and retain;
 - Number of employees eligible for retirement will rise to 25% by 2012; and
 - Accuracy of HRMS data (i.e. PeopleSoft) and limited/ effective utilization of the systems (e.g. PeopleSoft and learning management).



2. Risk Management (cont'd)

Findings:

1. There is no common approach to risk management within the Branch.
 - The approach to risk management within the Branch can be currently described as “ad hoc” and could be more formalized and integrated, i.e., an integrated risk management framework and monitoring strategy for the Branch. This was acknowledged in the integrated planning section of the Quarterly Report for Q1 April – June 2010.
 - Comments received during interviews confirmed that risk management is an approach that managers and directors are aware of but there is not currently a consistent defined process.

Recommendations:

- HRWSB is strongly encouraged to develop a more robust and consistent risk management approach that is updated at least annually, is integrated across the Branch and is in line with the departmental approach. Next steps to implementing integrated risk management would include: establishing a risk tolerance; re-assessing risks; measuring likelihood and impact; ranking risks; setting desired results; developing options; selecting a strategy; implementing the strategy; and monitoring, evaluating and adjusting actions as and when required.



3. Human Resources Management

Good Management Practices Observed:

1. General Management

- Interviewees noted that systems and related processes need to be improved and clarified. A Process Improvement Directorate has been established to address this area. The expressed focus of the Branch includes: data integrity; finalization of HR processes including service standards and monitoring; and building infrastructure.
- General Management - Audit and Assurance Service Branch acknowledges the Branch's focus on process improvement. The timeline for pay interface and related data quality in PeopleSoft was noted in the IM/IT Strategy and Capacity Analysis to be December 2010, and the timeline for completion of the PeopleSoft Data Integrity Strategy is March 2012. Audit and Assurance Services Branch understands that management is following a phased approach to data integrity with a focus on the higher risk pay interface related data first (December 2010), followed by the rest of the data integrity in the subsequent phase (March 2012).

2. Recruitment

- Management has developed a Staffing Plan for the Branch which documents the anticipated intake requirements and related staffing actions. These plans are compared and reported against actual intake requirements and staffing actions.
- A number of approaches were highlighted by management to address recruitment including: proactive vacancy management and recruitment; Post-Secondary Recruitment; entry level recruitment (Federal Student Work Experience Program, and Co-op); a fast track process; and the use of collective pools/ processes.
- Management is working toward improving service standards for recruitment among other functions as evidenced in part by the implementation of the Fast Track process. Improved service standard results however have reportedly not been consistently achieved.



3. Human Resources Management (cont'd)

Good Management Practices Observed:

3. Retention

- The HR Plan specifically noted the need to retain newly hired staff.
- HRWSB has hired a coach who is a retired HR manager to help mentor staff and focus on client service. Areas of focus include timeliness, quality, completeness and proper compliance. This was done based on feedback received from staff who suggested the need for coaching. Addressing staff identified needs aligns with retention.
- The Branch has prepared a departmental Succession Planning Guide which is expressly developed to identify, develop and retain talent.
- The HR Plan and the Integrated HR Strategy both refer to the Well Being pillar which is clearly aligned with retention.

4. Staff Evaluation

- There is an INAC Employee Performance Management Policy which expressly encourages ongoing, open and honest communication between managers/ supervisors and employees in order to establish work objectives considerate of employee and Department needs in achieving the organization's strategic objectives.
- Audit and Assurance Services Branch obtained samples of Performance Management Agreements. Management noted that completion of Executive Performance Agreements is monitored to help ensure they are completed in a timely manner.
- The HR Strategy includes a reference to Employee's Unsatisfactory Performance Policy and Guidelines which demonstrates management's focus on performance.



3. Human Resources Management (cont'd)

Good Management Practices Observed:

5. Training

- Basic training is provided for all Personnel Administration (PE's) by the Canada School of Public Service.
- A Branch strategic focus on the Talent Development pillar is evidenced by the Learning Roadmaps, Learning Calendar, Employee Performance Management and Learning Plans.
- A number of documents were provided demonstrating the variety of approaches to address development and training and related communication:
 - Directive on Language Training;
 - Educational Assistance Guidelines;
 - Calendar of courses for 2010/11;
 - Learning Roadmaps have been developed for INAC Employees, Supervisors and Executives;
 - Long-Term Education Leave Policy; and
 - Presentation December 14, 2009 related to Learning and Development Directorate services and products.

6. The Branch is implementing a pay interface with PeopleSoft to be used to help reduce the duplication of data entry currently required in both PeopleSoft and the Regional Pay System. Audit and Assurance Services Branch understands the completion date expected is December 2010.



3. Human Resources Management (cont'd)

Findings:

1. Recruitment - challenges noted during interviews included:
 - Staffing is difficult especially for replacement staff. Examples of difficulties included three staffing actions have been open for one year, or instances where staff are on extended leave, which creates added workload for the remaining staff. The lack of flexibility and timeliness with hiring Full Time Equivalents (FTEs) result in a reliance on acting and/ or term placements. Consultants are considered an option but this option does not help with continuity and knowledge retention.
 - Staffing pools cannot keep pace with the rate of departures, therefore management are compelled to do their own internal/ external staffing.
2. Retention is a key challenge, as many PE level employees leave within one year of service (reported 37% turnover¹). Competition is high across the federal government and PEs have been identified as leaving for higher salaries and decreased workload. High demand for services, lack of capacity and limited ability to implement flexible work arrangements are likely all contributing factors to the retention challenge.

1. Overall mobility rates in the public service varied since 1998-1999, from a low of 30% in 2004-2005 to a high of 44% in 2008-2009 with mobility in the National Capital Region being higher than in Regions across Canada as reported by the Public Service Commission in the 2009/2010 Annual Report (page 106).



3. Human Resources Management (cont'd)

Findings:

3. Training - There is no automated system currently in place to actively monitor the implementation of training and to identify training gaps. As a result management noted that there is a risk that individuals may have been granted sub-delegation (Finance and HR delegations) inappropriately, (i.e. receiving sub-delegation authority without the prerequisite training).
 - Monitoring of training is a manual exercise to monitor and report on who has taken the required mandatory training. PeopleSoft does not currently provide this information. Management noted that they plan to do a better job of assessing the need for mandatory and other learning in National Capital Region first, and then roll out to the regions.
 - Management noted that the Canada School of Public Service project to implement Integrated Learning Management System (ILMS) is underway but is approximately two years behind schedule.
 - In an effort to mitigate the risk of inappropriate sub-delegation, management conducted a review of staff who may have been granted sub-delegation but do not have the requisite mandatory training. Audit and Assurance Services Branch understands that this review is complete and any findings noted are being addressed.
4. Training – Management commented that there is not sufficient capacity to provide training on PeopleSoft.
5. Transaction Testing - During the testing of a sample of overtime transactions, we noted that approval for Section 32 did not include the date of approval.



3. Human Resources Management (cont'd)

Recommendations:

1. Recruitment – The establishment of service standards associated with staffing may help improve the process, however management needs to find creative ways to solve the challenges that persist with recruitment. This may include working with Central Agencies and other Departments and Agencies to find solutions.
2. Retention – The Branch has demonstrated some good management practices, however, the results suggest that more needs to be done to address the retention issue and management needs to also find creative ways to solve the challenges that persist with retention. This may include working with Central Agencies and other Departments and Agencies to find solutions.
3. Training – PeopleSoft is a core system and tool used by the Branch, there should be sufficient capacity to provide training for this system. Audit and Assurance Services Branch recommends that management re-evaluate the current gap in capacity and address it in a timely manner.
4. Transaction Testing - Management should require all approvals under Section 32 to include the date of approval as well as the currently provided signature.



HR Management Transaction Testing Summary

The following is a summary of the results of transaction testing

MPR Area	Results	Comments
Human Resource Management - Staffing	<ul style="list-style-type: none">• Agreement with the signing authority matrix was observed for all 5 sample items• Evidence reviewed for all 5 sample transactions supported the justification and demonstrated transparency of the staffing action	<ul style="list-style-type: none">• Sample transactions selected included: acting < 4 months, term position, co-op, casual and one year appointment• Based on criteria tested, no exceptions noted
Human Resource Management - Overtime	<ul style="list-style-type: none">• Section 32 pre-approval initials were noted for all 5 sample transactions, however there was no date to document when this approval was given• Section 34 approval for payment of the overtime was noted for all 5 transactions tested	<ul style="list-style-type: none">• Management noted that the key control relied on for payment of overtime is Section 34• We recommend that the approver document the date at the time when pre-approval (Section 32) is provided
Human Resource Management – Annual Leave	<ul style="list-style-type: none">• Prior authorized approval was noted for all 5 transactions tested	<ul style="list-style-type: none">• no exceptions noted



4. Coordination of Policies and Initiatives

Good Management Practices Observed:

1. HRWSB hold a number of internal regular management meetings including a quarterly HR Mgt Committee and a monthly HRWS Management Steering Committee. The Branch also participates on an Interdepartmental HR Committee led by TBS. Based on the review of minutes from an HR Sub-Committee meeting held October 15, 2009, Audit and Assurance Services Branch noted the communication of the following: new policies (OT & Compensation, Telework, Unsatisfactory Performance and Education Leave); an update on the status of generic work descriptions; the results of employee survey and the top seven action items.
2. HRWSB recently created a new position, the Director Quality Assurance and Monitoring. A review of the Director's Performance Agreement noted that it demonstrates the focus of HRWSB to review the policies on a regular basis and to conduct quality assurance for HR transactions and quality assurance.



5. Results-Based Performance Measurement and Reporting

Good Management Practices Observed:

- The Branch sets targets and reports against these on a periodic basis. Example performance measures noted included: recruit a minimum of 100 post-secondary graduates; participate in at least 7 careers fairs; reach 50% target for Aboriginal Recruitment. These and a number of other performance measures are reported in a variety of documents including:
 - HRMSP 2009-10 to 2011-12 Progress Report;
 - Quarterly Report;
 - HRWSB Operational Dashboard Q2 2009; and
 - Human Resources Dashboard
- Management indicated that it plans to consolidate the operational and HR dashboards.



5. Results Based Performance Measurement and Reporting (cont'd)

Findings:

1. The reports reviewed do not consistently report performance measures against pre-set targets. In many instances statistical information is reported but there are no corresponding targets against which to monitor the progress to achieving pre-set targets over time.

Recommendation:

1. It is recommended that HRWSB continue the evolution of the Operational Dashboard and identify those measures for which targets should be established at the outset of the fiscal year. These should be included in reporting to permit tracking against the targets established. Audit and Assurance Services Branch agrees with the approach to consolidate both the Operational and the HR Dashboard reports.



6. Financial Management

Good Management Practices Observed:

1. There is a defined process within the Branch to prepare budgets and planned expenditures.
 - Budgets are generally based on prior year and may be revised for changes planned for the upcoming year compared to the prior year. Budget amounts are communicated from the Deputy Minister to the Director General HRWSB. Management within the Branch participate during the annual planning cycle to review the budget numbers provided. This is typically done during an annual management retreat.
 - HRWSB works with the CFO Sector to finalize the annual budget for the Branch.
 - Assessment of requirements is made by the Branch management and any gaps are identified and communicated to the Financial Management Committee.
 - During the year, a funding pressures process is used as an opportunity to re-profile budgets and seek funds for new projects. Business cases are prepared to present the need to obtain additional funds.
 - A Financial Summary Report by Responsibility Centre Manager is used to report actual spend versus the budget on a quarterly basis.



6. Financial Management (cont'd)

Findings:

1. During the testing of a sample of transactions, we noted one transaction related to travel for which no section 34 was in evidence.

Recommendation:

1. Management should consider if this exception is an isolated error or if it is more pervasive and take the necessary actions to help prevent recurrences.



Financial Management Transaction Testing Summary

MPR Area	Results	Comments
Financial Management - Procurement	<ul style="list-style-type: none">• Authorization of the contract amount under Section 32 was noted for all 5 transactions tested• One payment made against each 5 contracts selected were tested for Section 34 approval for payment	<ul style="list-style-type: none">• no exceptions noted
Financial Management - Travel	<ul style="list-style-type: none">• Prior authorized approval was noted for 4 out of the 5 transactions tested	<ul style="list-style-type: none">• We noted one exception (TMI396272, \$501.55) for which the approval under Section 34 was not evidenced
Financial Management – Hospitality	<ul style="list-style-type: none">• Authorized approval was noted for all 5 transactions tested	<ul style="list-style-type: none">• no exceptions noted



7. HR Information for Decision-Making

Good Management Practices Observed:

1. The Branch produces two dashboard reports, an Operational Dashboard and an HR Dashboard.
 - The Q1 2010 version of the Operational Dashboard reports information for fiscal 2007, 2008, 2009 and quarterly for 2010 (Q1). The information is reported against the following categories: Workforce Wellbeing, Workforce Development, Resourcing, Classification, Pay, Learning and Development, Workforce, Workplace, Professional Development, Performance and Production, Mobility, Budgetary, Operation, Salary Base, Service Cost and System.
2. Monthly reports are prepared pertaining to Executive (EX) human resources activities, consisting of the following information:
 - EX resourcing activities – advertised/ non-advertised process, deployments and interchanges;
 - List of qualified candidates in pools;
 - HR Management Committee: Current resourcing activities;
 - Active Acting report for EX;
 - Organizational charts (by month) for EX positions; and
 - List of Classification Committees and of Evaluated Positions.
3. The HRMSP 2009-10 to 2011-12 Progress Report is prepared and includes: Planned Activities, Situation (progress/ results), and Status (level of achievement) against a number of the INAC HR strategic pillars, including: Talent Recruitment, Talent Development, Succession Management, Workplace Wellbeing, and Enabling Infrastructure.
4. The Quarterly Reports present progress made against the objectives set in the Branch's Operational Plan and report against four pillars (Talent Recruitment, Talent Development, Succession Management and Workplace Wellbeing) as well as enabling infrastructure and integrated planning.



7. HR Information for Decision-making (cont'd)

Good Management Practices Observed:

5. The Process Improvement Directorate has established service standards Staffing, Classification and Delivery processes within the Branch. They are working to complete service standards for HR planning and for Learning and Development. In connection with the service standards, work breakdown structures have been developed to detail the activities for each sub-process within staffing such as, acting > 4 months, Co-op hires, external advertised among others. Management noted during interviews that the plan is to track actual results against the services standards. Audit and Assurance Services Branch obtained a copy of a report prepared by Process Improvement which is an analysis of Regional Staffing Service Standard Achievement and includes staffing actions, general trends and a variety of comparisons including leaves of absence taken, retirees, NCR vs. Regions, etc.



7. HR Information for Decision-Making (cont'd)

Findings:

1. Data integrity is an issue that has been well documented and acknowledged by the Branch. The following selected excerpts from documentation obtained reflect this:
 - INAC 2009 Internal Services Strategic Outcome Risk Profile
 - Improvements in the quality of staffing information are required to ensure the integrity of data in the Human Resources Management Information System (PeopleSoft) and accuracy of information reported in HR Dashboards; and
 - It is not possible for managers to get useful information out of PeopleSoft from their desktops.
 - Audit of Non-Advertised, Casual and Acting Appointments (February 26, 2009)
 - Improvements in the quality of staffing information are required to ensure the integrity of data in HRMIS (PeopleSoft) and accuracy of information in HR Dashboards.

We understand from the IM/IT Strategy document, that the timeline to address data integrity as it relates to the pay interface project is December 2010 and that the end date for the data integrity strategy is March 2012.

We noted that the Progress Report dated March 26, 2010 suggested under item #47: "Implement the PeopleSoft Data Integrity Strategy in 2009-10 – was achieved". Audit and Assurance Services Branch understands that the Data Integrity Strategy is a phased strategy and the phases completed were accordingly reported as achieved. We understand that the Branch continues to work towards completion of the strategy following a risk approach focusing on critical data followed by less critical data.



7. HR Information for Decision-Making (cont'd)

Findings: (cont'd)

2. Included in the detail of the Operational Dashboard for the Canada School of Public Service (CSPS) Required Courses we noted five courses which reported greater than 100% completion rates (G110 – 176.9%, I110 – 183.3%, I120 – 240%, M714 – 133.3% and CIG 200%). Management explained that the completion rate exceeds 100% if an individual is identified in one Quarter and completes the training in a subsequent Quarter.

Recommendation:

1. Implementation of the less critical data integrity issues 15 months (March 2012) after the critical data (December 2010) may not meet the needs of users of PeopleSoft, especially if there are any delays to the planned timeframe. As a result Audit and Assurance Services Branch recommends that the timeline for the data integrity strategy be expedited.
2. Audit and Assurance Services Branch recommends that the training completion calculation be revised to report training completed as it does not make sense to report greater than 100% completion, which should be the desired target.



8. HR Service Quality

Good Management Practices Observed:

1. HRWSB provided a number of MOUs that articulate services and related standards. Audit and Assurance Services Branch have not reviewed the MOUs for clarity of services provided and/or the level of monitoring performed against each MOU. One example of note included an MOU with the Canadian Northern Economic Development Agency which outlines the corporate services that INAC will provide and includes HR services to be provided by HRWSB. The listing of services to be provided are listed in Appendix B of this particular MOU.
2. HR Service Quality has been improved in a number of ways that have been noted under other MPR areas including:
 - As noted in MPR #3 – HR Management:
 - The Branch has made a number of improvements to the Recruitment process including: proactive vacancy management and recruitment; Post-Secondary Recruitment; entry level recruitment (FSWEP and Co-op); a fast track process; and the use of collective pools/ processes.
 - The Branch hired a coach who is a retired HR manager to help staff be more focused on client service including timeliness, quality, completeness and proper compliance.
 - As noted in MPR #7, the Branch has established service standards for Staffing, Classification and Delivery processes and are working to complete service standards for HR planning and for Learning and Development.



9. Coordination and Communication with Regional HR Service Providers

Good Management Practices Observed:

1. Management noted that the Regions are autonomous and that HRWSB provides assistance and analysis to facilitate Regional activities and help fill gaps.
2. A number of interviewees noted that the INAC Express newsletter is one of a number of communication vehicles the Branch uses to assist with co-ordination and communication with Regional HR Service Providers.
3. Other communication methods noted include:
 - There is a monthly conference call chaired by the DG with the Regional Directors of HR on policy and process changes;
 - Policies have been centralized in Headquarters (HQ) for the past two years. The DM has made it very clear there is to be one set of policies to help ensure consistency, efficiency, effectiveness, and accountability;
 - The DG meets face to face twice annually with the Regional Directors of HR;
 - In an effort to share best practices the Branch publishes best practices in a Practico/ Pratique newsletter four times per year; and
 - There are monthly teleconferences on staffing and classification with regional staff, HR advisors, learning and development, labour relations and Regional Directors of HR.



10. Active Monitoring

Good Management Practices Observed:

1. The Branch communicates and reports against active monitoring via the Classification Monitoring Report and the Departmental Staffing Accountability Report (DSAR). The DSAR is an annual report to the Public Service Commission and identifies indicators, assessment on indicators and a resulting action plan. Staffing progress is reported on a quarterly basis to the Public Service Commission.
2. As part of the implementation of the new Quality Assurance and Monitoring Directorate a staffing monitoring guide for staffing actions has been developed for a number of staffing activities that have been identified to be potential risk areas. The staffing actions identified include advertised and non-advertised internal and external appointments and acting appointments. For each staffing action a number of criteria have been established which will be monitored by the new Directorate.
3. The Quality Assurance and Monitoring Directorate has also prepared a Staffing Monitoring Framework which includes a sub-delegation matrix for HR Staffing Authorities. A national workshop was conducted to help communicate the monitoring activities to the Regional HR Directors on May 10-12, 2010. A calendar for quality assurance monitoring has also been prepared.



10. Active Monitoring

Findings:

1. The Policy on Active Monitoring requires that departments are responsible for “developing and maintaining...an ability to detect and communicate within the organization,...significant risks, potential and actual control failures, and other significant management vulnerabilities”. Departments are also responsible for establishing a capacity to monitor, on an ongoing basis, management practices and controls. Audit and Assurance Services Branch has noted the establishment of the Quality Assurance and Monitoring Directorate and this would appear to help address part of the active monitoring expected by the policy. However, our findings in the MPR area #2 - Risk Management indicated no consistent, documented approach to risk management.

Recommendation:

1. The Branch needs to ensure that risk management is more robust within the Branch so that it can actively monitor the related controls that should be in place to mitigate the risks identified.



11. Reporting and Compliance with Policies and Directives of the Government of Canada and Central Agencies

Good Management Practices Observed:

1. The Branch has recently implemented a Quality Assurance and Monitoring Directorate which is responsible for coordination of HR policies and directives issued by Central Agencies. Audit and Assurance Services Branch obtained a copy of the Classification Monitoring Report for fiscal year 2008 – 2009. The objective of the report was to examine whether INAC's classification process and classification files were in compliance with the TBS's Classification Guidelines. The report found that, overall, INAC did not fully comply with the TBS's Classification Guidelines. Audit and Assurance Services Branch understands from our interviews that the Director Quality Assurance and Monitoring is currently working through the implementation of a monitoring process that will seek to address the action items noted in the classification monitoring report.
2. The HR Management Strategy and Plan noted that the HR Management Committee is fully engaged in reviewing policies and guidelines and reported that policies on telework, employee unsatisfactory performance and discipline have been reviewed and updated and that the grievance policy and policy on employee personnel files are to be reviewed and updated by the end of fiscal 2010/11.
3. As noted in an Interdepartmental Letter of Agreement, INAC (represented by the HRWSB) is an active member of the Human Resources Council which is a body comprised of 43 member departments in the federal government working toward setting and aligning human resources priorities for the Public Service.



11. Reporting and Compliance with Policies and Directives of the Government of Canada and Central Agencies (cont'd)

4. Interviews with Directors noted that they also monitor the policies that are applicable to their functions.
5. Management noted that strategic HR planning process guidelines are set by the Office of the Chief Human Resources Officer and are followed by HRWSB.
6. Management noted that HRWSB is connected to the Strategic Planning Interdepartmental Network (SPIN) to discuss MAF results, share best practices and identify areas for improvement.
7. Management noted that GCpedia is a forum for HR that the HR Planning & Systems Directorate is linked into to help keep abreast of HR topics and directives in the federal government.
8. The Classification Monitoring Report and Departmental Staffing Accountability Report were provided by management as examples of monitoring activity reporting. The DSAR is an annual report to the Public Service Commission and identifies indicators, assessment on indicators and a resulting action plan. The DSAR action items progress is reported on in the Quarterly Report.



12. Compensation Control Environment

Good Management Practices Observed:

1. Transaction processing controls are documented in a control matrix which was documented as part of the CFO Sector work on internal controls. This document identifies a number of payroll process controls, along with the nature of the control, its frequency, control owner, and the possible evidence of control performance. Related to the control matrix is a process flowchart documenting the payroll process.
 - An example control is the SCARF (Staffing, Classification and Acting Requisition Form) which is used to document the delegation of HR authority.
2. The Process Improvement Directorate developed 12 work breakdown structures for HR processes. These documents are a leading practice to document business processes. These documents were prepared to help identify the service standards for a variety of staffing actions including for example: acting > 4 months, Co-op hires, external advertised, etc. This process documentation aligns well with the internal controls work completed by the CFO Sector noted previously. HRWSB and the Process Improvement Directorate should consider sharing the work breakdown structures with CFO Sector as these documents are complimentary and may be combined, or at a minimum cross-referenced to each other.
3. Interviews with management noted a number of controls related to Compensation including:
 - Cross-functional verification by Finance for pay actions;
 - Executive performance payments are not issued until individual performance agreements are completed;
 - Pre and post-audits based on PWGSC PPIM (Personal Pay Input Manual) procedures ;
 - User ID codes are centralized within Finance and only Corporate Compensation can grant / remove access, and there is monitoring of user IDs whereby access is cancelled if not used within six months.



12. Compensation Control Environment

Findings:

1. One control exception was noted during testing of transaction for the Financial Management MPR #6 (see page 25 – Travel).

Recommendation:

1. Audit and Assurance Services Branch has noted the establishment of the Quality Assurance and Monitoring Directorate and we understand that part of the mandate of this directorate will be to monitor and assess compliance with policies and regulations. This may include testing of internal controls within the Branch. This work may be used to support the evidence required by INAC to comply with the TBS Policy on Internal Control. We recommend that HRWSB discuss such testing planned for with the CFO Sector as this may help support the CFO's effort to implement the Policy on Internal Control.



13. HR Modernization

Good Management Practices Observed:

1. The HR Management Strategy and Plan included a reference to the *Public Sector Modernization Act* and included a letter dated February 2010 from the DM to the Clerk of the Privy Council Office that outlined progress against the 2009-10 Public Service Renewal Action Plan and included updates against HR Planning, Recruitment, Employee Development, Enabling Infrastructure and Innovative Activities. Management noted that HRWSB provides advice to the DM in response to the Clerk's HR priorities.
2. HRWSB provided a response to the Office of the Auditor General as part of an audit conducted on the implementation of the public service modernization act. The response provided comments on staffing, HR planning, delegation and selection processes.
3. The HR delegation policy instrument was reviewed by the Director, Corporate HR to ensure the instrument is in line with Deputy Head delegated authorities, based on TBS guidelines and consistent with collective agreements.
4. The Director, Corporate Relations & Compensation is reviewing the recognition guidelines in FY 2010-11 for the DM awards.