



Aboriginal Affairs and Northern Development Canada

Internal Audit Report

Management Practices Audit of the Human Resources and Workplace Services Branch

Prepared by:

Audit and Assurance Services Branch

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ACRONYMS

AANDC	Aboriginal Affairs and Northern Development Canada
BMU	Business Management Unit
DG	Director General
HR	Human Resources
HRWSB	Human Resources and Workplace Services Branch
HRWSMC	Human Resources Workplace Services & Management Committee
OHS	Occupational Health and Safety
UPK	User Productivity Kit
WFA	Workforce Adjustment Committee
WMB	Workforce Management Board

EXECUTIVE SUMMARY

Background

The Audit and Assurance Services Branch (AASB) of Aboriginal Affairs and Northern Development Canada identified a Management Practices Audit (MPA) of the Human Resources and Workplace Services Branch in the Department's 2013-14 to 2015-16 Risk-Based Audit Plan approved by the Deputy Minister on February 27, 2013. This MPA was initiated by AASB in 2013.

The Human Resources and Workplace Services Branch ('the HRWSB' or 'the Branch') is one of Aboriginal Affairs and Northern Development Canada's (hereon referred to as "AANDC" or "the Department") five corporate services branches. The HRWSB is dedicated to providing expert advice on people management and timely services to support clients in creating and sustaining a safe and healthy workplace and a workforce that is efficient and effective now and into the future. The key areas of responsibility of the Branch are multi-faceted and encompass corporate and regional responsibilities in the areas of Human Resources (HR), values and ethics, accommodations, security, and occupational health and safety (OHS) services.

The HRWSB had a budget of \$27.7 M and expenditures of \$27.1 M in 2012-13. The Branch's budget in 2013-14 is \$28.3 M and its expenditure forecast for 2013-14 was \$24.8 M as of September 30, 2013. The HRWSB consists of 235 Full Time Equivalents (FTE) across eight Headquarters-based directorates/divisions and three regional HR Service Centres.

Audit Objective and Scope

The objective of the audit is to provide senior management with assurance over the adequacy and effectiveness of a selection of high-risk / high-priority management controls and activities in place to support the achievement of the Branch's objectives.

The audit objective was supported by detailed audit criteria developed and aligned with Treasury Board's *Audit Criteria related to the Management Accountability Framework: A Tool for Internal Auditors (March 2011)*.

The scope of the audit covered the following five high-risk / high-priority management controls, as identified through a Control Self-Assessment (CSA) workshop and interviews with senior management from the HRWSB:

- Management and Oversight Bodies;
- Operational Objective-Setting and Planning;
- Client-Centered Service;
- Internal Communications; and,
- Accountability.

Previous audit and review findings, a review of departmental priorities, and planned future audit work were also taken into consideration when determining the audit scope.

The audit was performed at Headquarters from May 2013 to October 2013 and consisted of interviews, document reviews, and analysis. Testing covered the period from April 1, 2011 to March 31, 2013.

Statement of Conformance

The Management Practices Audit of the HRWSB conforms with the Internal Auditing Standards for the Government of Canada, as supported by the results of the quality assurance and improvement program.

Observed Strengths

The following strengths, organized by the five management controls in scope, were observed in the HRWSB:

- ***Management and oversight bodies:*** Oversight structures are in place at the departmental level to govern ongoing AANDC HR activities, large initiatives, and workforce expansion.
- ***Operational objective-setting and planning:*** Departmental HR Plans are established with clear links to AANDC priorities and Public Service Renewal.
- ***Client-Centered Service:*** Service standards have been established for all core business lines and are readily accessible via HR Online and Regional HR Service Centre intranet sites. These standards are currently under review.
- ***Internal Communications:*** With the reduction in travel budgets, HRWSB staff have leveraged existing technology platforms to meet with clients and deliver services.
- ***Accountability:*** Regional HR Service Centre intranet sites have been established to communicate services standards, organizational charts and roles and responsibilities to Service Centre staff and regional stakeholders.

A formal process has been established for departmental management to review and approve their organization charts on a quarterly basis.

Conclusion

Generally, management practices were found to be effective and adequate. Some areas for improvement were noted to strengthen management practices in the following areas: management and oversight bodies; client-centered service; internal communications; and, accountability.

Recommendations

The audit team identified areas where management control practices and processes could be improved, resulting in the following four recommendations as follows:

1. The DG HRWSB should ensure that a consolidated, integrated view of the governance structures in place at the departmental level and within the Branch, including the information flows between these structures, is established. As part of this exercise, the DG HRWSB should ensure that terms of reference are defined and available for all oversight bodies, which include guidance on the nature of their focus (e.g. strategic or operational) and a process to ensure they are periodically reviewed and updated. The DG HRWSB should also ensure as part of this exercise that an assessment of whether there is any redundancy between committees and meetings is conducted.
2. The DG HRWSB should, as part of the Branch's 2013-14 business planning commitments:
 - pursue opportunities to expand existing tracking and monitoring activities such that services are tracked and monitored on an end-to-end basis; and,
 - ensure that a formal process is developed to report performance against all service standards to senior management and to solicit feedback from clients. Feedback received should be reported to management and lessons learned should be used to continuously improve HRWSB's service offerings.
3. The DG HRWSB should review existing communication protocols to:
 - ensure that HRWSB staff are provided with information on HR, security and OHS plans, all-staff meetings and key HR process changes in a timely manner; and,
 - promote horizontal communication and collaboration amongst directorates on key initiatives to encourage synergies and avoid the potential for duplication of effort.
4. The DG HRWSB should ensure that the HR intranet site is strengthened and maintained or that outdated, inconsistent information is removed to avoid confusion. The DG HRWSB should also ensure that the Branch's organizational structure is documented on HR Online and widely accessible to departmental stakeholders to ensure that accountability structures are communicated, readily available and understood. Finally, the DG HRWSB should ensure that the management spans of control within HRWSB are reviewed and should confirm that they support the Department in meeting the Public Services priorities for HR and the evolving requirements for HR in the Government of Canada.

Management Response

Management is in agreement with the findings, has accepted the recommendations included in the report, and has developed a management action plan to address them. The management action plan has been integrated in this report.

1. BACKGROUND

1.1 *Management Practices Initiative*

The Audit and Assurance Services Branch (AASB) conducted twenty (20) Management Practices Reviews (MPRs) between 2007 and 2010 as part of a Department-wide initiative to assess the relative strength of regional, sector and corporate service branches management practices. Following the completion of that first round of MPRs, the Deputy Minister and the Department's Audit Committee recommended that a summary report be prepared to highlight the strengths and weaknesses of the MPR process and to make a recommendation on whether the Management Practices Initiative should be continued. As a result of the analysis, a second round of management practices engagements, using a revised approach, was approved.

Under the revised approach, which was designed to provide departmental management with an audit level of assurance, management practices engagements were to be conducted in two phases: a Control Self-Assessment (CSA) workshop and a limited-scope audit. Based on the feedback received from the CSA as well as the results of previous audits and reviews, and a review of departmental priorities, a limited number of management practices were to be selected for inclusion in an audit.

Prior to 2013-14, AASB has completed Management Practices Audits (MPA) of all ten regions and four headquarters-based sectors/ corporate service branches. An additional three MPAs, including the Management Practices Audit of the Human Resources and Workplace Services Branch ('the HRWSB' or 'the Branch'), were identified in AANDC's 2013-14 to 2015-16 Risk-Based Audit Plan, approved by the Deputy Minister on February 27, 2013.

In May 2013, AASB initiated the MPA of the HRWSB. The decision to complete an MPA of the Branch was based on the results of an AASB prioritization exercise that considered the impact and significance of previous engagement findings, the length of time since the completion of the last MPR, and the degree of organizational and senior management change over the past three years.

AASB previously conducted an MPR of the HRWSB in 2010, which included interviews, documentation review and a review of random samples of human resources and contracting files from the 2009-2010 fiscal year.

1.2 *Control Self-Assessment*

The CSA workshop is a venue through which AASB gathers participants' opinions on the importance, efficiency, and effectiveness of key management practices. Specifically, their views on how well each of their key management practices is functioning to support achievement of the Branch's objectives are discussed. The CSA workshop was facilitated by an independent third-party, and was designed to allow for maximum discussion, with anonymous voting technology used to encourage open and honest feedback.

As a result of the CSA workshop discussions, preliminary interviews, and the review of previous engagement findings, AASB identified five key areas of potential high-risk / high-priority that required further analysis.

1.3 The HRWSB

The Human Resources and Workplace Services Branch ('the HRWSB' or 'the Branch') is one of Aboriginal Affairs and Northern Development Canada's (hereon referred to as "AANDC" or "the Department") five corporate services branches. The HRWSB is dedicated to providing expert advice on people management and timely services to support clients in creating and sustaining a safe and healthy workplace and a workforce that is efficient and effective now and into the future. The key areas of responsibility of the Branch are multi-faceted and encompass corporate and regional responsibilities in the areas of Human Resources (HR), values and ethics, accommodations, security and occupational health and safety (OHS) services.

In order to support the Department, the Government of Canada, its employees, and to streamline and standardize human resource processes, HRWSB has undertaken several initiatives to implement both the Clerk of the Privy Council's Blueprint 2020 and the Government of Canada's Budget 2012 and 2013.

As a branch, HRWSB is focusing on a new service delivery model that seeks to consolidate human resource services, processes, and establish three HR Regional Service Centers. Furthermore, the Branch is implementing standards for HR delivery consistent across the Government of Canada through the Common HR Business Processes initiative, and has transferred AANDC's pay services to the new Centre of Expertise in Miramichi, New Brunswick, as a part of the Consolidation of Pay Services project.

To allow for more informed decision making and to provide a knowledge base for integrated planning, HRWSB has implemented PeopleSoft version 9.1, the Learning Management System, and the Security Services Information System.

Going forward, HRWSB will continue to modernize the workplace and enable public servants to work smarter and greener through the implementation Workplace 2.0, and through the 2013-14 planned HRWSB re-organization exercise that enable the Department to better respond to current and future Department priorities as well as those of the Government of Canada and central agencies.

The HRWSB had a budget of \$27.7 M and expenditures of \$27.1 M in 2012-13. The Branch's budget in 2013-14 is \$28.3 M and its expenditure forecast for 2013-14 was \$24.8 M as of September 30, 2013. The HRWSB consists of 235 Full Time Equivalents across eight Headquarters-based directorates/divisions and three regional HR Service Centres. The Branch is organized according to the structure illustrated below.

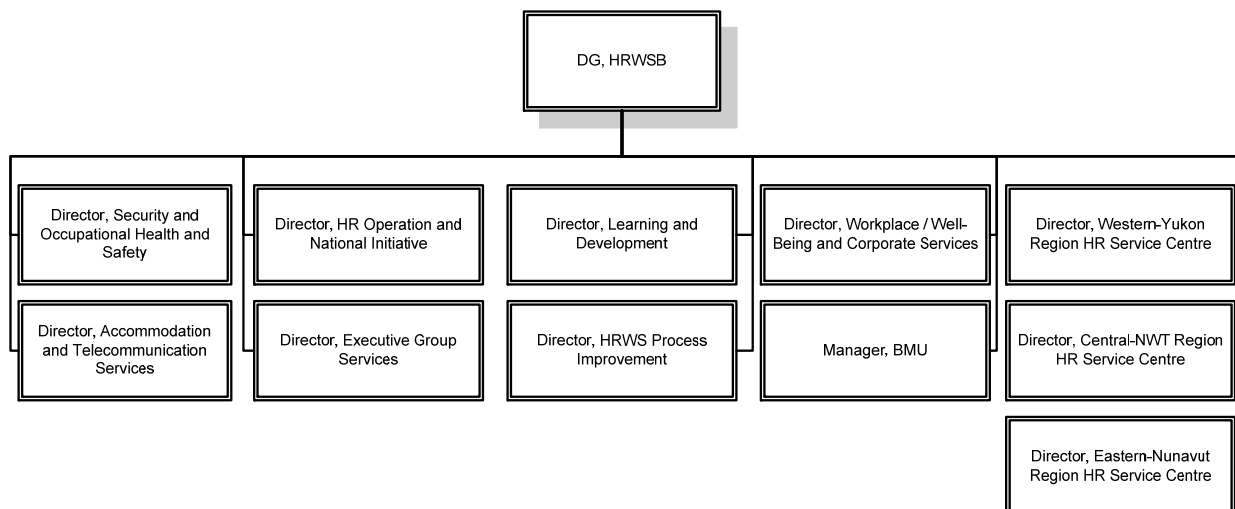


Figure 1

As a result of the Department's response to the Deficit Reduction Action Plan (DRAP), HR functions from ten regional Human Resources offices were consolidated into three Regional HR Service Centres: one in Alberta for the western regions (Yukon, British Columbia, Alberta and Saskatchewan), one in Ontario for the central regions (Ontario, Manitoba and Northwest Territories) and one in Québec for the eastern regions (Québec, Atlantic and Nunavut).

To provide human resources, accommodation, security as well as values and ethics services that are meaningful and supportive of the people management decisions, HRWSB maintains key internal partnerships with other corporate Services Branches, such as Corporate Secretariat, Communications Branch, Audit and Evaluation, as well as Legal Services. The Branch also works in partnership with all departmental sectors and branches to allow the fulfillment of planned commitments.

To fulfill its role in supporting the Deputy Minister as the organization's head of Human Resources, HRWSB maintains partnerships with other government organizations, which include: the Public Service Commission; Treasury Board of Canada Secretariat (Office of the Chief Human Resources Officer); Public Works and Government Services Canada; Canada School of Public Service; Commissioner of Official Languages; Health Canada; and, the Privy Council Office.

From a security perspective, HRWSB works with Human Resources and Skills Development Canada (through the Office of the Chief Human Resources Officer with the support of Union Engagement and the National Joint Council), the Royal Canadian Mounted Police and the Canadian Security Intelligence Service on a regular basis.

2. AUDIT OBJECTIVE AND SCOPE

2.1 *Audit Objective*

The objective of the audit is to provide senior management with assurance over the adequacy and effectiveness of a selection of high-risk / high-priority management controls and activities in place to support the achievement of the Branch's objectives.

The audit objective was supported by detailed audit criteria developed and aligned with Treasury Board's *Audit Criteria related to the Management Accountability Framework: A Tool for Internal Auditors (March 2011)*.

2.2 *Audit Scope*

The audit examined management practices and activities considered to be areas of high risk and/or high priority to the Branch. The scope of the audit covered the following five high-risk / high-priority management practices, as identified through the CSA workshop and interviews with senior management from the HRWSB:

- Management and Oversight Bodies;
- Operational Objective-setting and Planning;
- Client-centered Service;
- Internal Communications; and,
- Accountability.

Audit scoping considered where audit work was recently conducted and where future audit work is planned to avoid duplication of effort. Audit fieldwork was conducted in AANDC Headquarters. Testing covered the period from April 1, 2011 to March 31, 2013.

3. APPROACH AND METHODOLOGY

The Management Practices Audit of the HRWSB was planned and conducted in accordance with the requirements of the Treasury Board *Policy on Internal Audit* and followed the Institute of Internal Auditors' *Standards for the Professional Practice of Internal Auditing*. The audit team examined sufficient, relevant evidence and obtained sufficient information to provide a reasonable level of assurance in support of the audit conclusion.

The principal audit techniques used included:

- Interviews with HRWSB Directors, Managers and staff;

- A review of relevant documentation related to management and oversight bodies, operational objective-setting and planning, client-centered service, budgeting and forecasting, transaction processing, monitoring and reporting, and accountability;
- Walk-throughs and control design testing of select budgeting and forecasting and transaction processing, monitoring and reporting processes; and,
- Data analytics on select financial transactions.

The approach used to address the audit objective included the development of audit criteria against which observations and conclusions were drawn. The audit criteria developed for this audit are included in Appendix A.

4. CONCLUSION

Generally, management practices were found to be effective and adequate. Some areas for improvement were noted to strengthen management practices in the following areas: management and oversight bodies; client-centered service; internal communications; and, accountability.

5. FINDINGS AND RECOMMENDATIONS

Based on a combination of the evidence gathered through the examination of documentation, analysis and interviews, each audit criterion was assessed by the audit team and a conclusion for each audit criterion was determined. Where significant difference between the audit criterion and the observed practice was found, the risk of the gap was evaluated and used to develop a conclusion and to document recommendations for improvement initiatives.

Observations include both management practices considered to be strong as well as those requiring improvement. Accompanying the observations of management areas identified for improvement are recommendations for corrective actions.

5.1 Governance and Strategic Direction

5.1.1 Management and Oversight Bodies

In order to ensure that appropriate governance structures are in place, effective monitoring and oversight bodies that meet regularly and have clearly defined and understood roles and responsibilities should be established. The focus of this audit was on the identification of the key management and oversight bodies both at the departmental level (for HR related matters) and within the Branch and the way in which they interact and communicate as a determination of their effectiveness.

To determine if effective management and oversight bodies for Human Resources and Workplace Services Branch (HRWSB) operations were established and functioning, the audit team assessed whether:

- Governance committees were in place;
- Governance committees had terms of reference defined; and,
- Records of decision / meeting minutes were retained for the committees in place.

The principal management and oversight body within HRWSB is the Human Resources (HR) Management Committee. The HR Management Committee is chaired by the Director General (DG), HRWSB, and is designed to provide the Branch with a forum to discuss branch priorities, plans, staffing, budgeting, and emerging issues. The meeting is also used as a forum for the DG to brief HR management on the results of senior management level meetings. The Committee meets on a weekly basis and includes in its membership: all headquarters-based Directors; the three Regional HR Service Centre Directors; and the Manager, Business Management Unit (BMU). It is supported by an Extended Management (“Operations”) Committee that meets bi-weekly and is comprised of the Director General, her direct reports and staff members at the PE-05 and PE-06 levels.

Regional governance is provided by a Board of Directors established for each of the three Regional HR Service Centres (Western-Yukon, Central-NWT, and Eastern-Nunavut). The composition of each Board includes the Director General and the Regional Directors General from each region served by the Centre.

Beyond these internal governance committees, HRWSB acts as the secretariat for the following departmental governance committees: the Human Resources Workplace Services & Management Committee (HRWSMC); the Workforce Management Board (WMB); and, the Workforce Adjustment Committee (WFA).

The audit team did not find a Terms of Reference for either the HR Management Committee or the Extended Management (“Operations”) Committee. HRWSB staff interviewed were unaware of whether a Terms of Reference had been documented and approved for either committee. A review of the remaining governing bodies at the Branch and departmental levels, including the HRWSB, WMB, and WFA committees, revealed that documented Terms of Reference had been established and approved. These documents outlined the committees’ mandates, roles and responsibilities, membership and meeting frequency. None of the Terms of Reference reviewed had a process to periodically review and update the Terms of Reference.

A review of a sample of meeting minutes and agendas from the HR Management Committee and the HR Extended Management (“Operations”) Committee revealed that meetings were occurring on a regular basis, agendas were prepared in advance of meetings, and that key action items arising from meetings were documented.

While we found regional and departmental HR governance structures to be effective, with clear and distinct roles and responsibilities, the internal HR governance structure within HRWSB

requires improvement. HRWSB management interviewed during the audit cited a number of possible improvements to the structure, including: adopting a more strategic focus for the HR Management Committee, including spending more time discussing horizontal issues; reviewing the governance structure for potential redundancies; circulating committee information in a timelier manner; and, defining how each committee fits in the overall governance structure.

HRWSB management informed the audit team that the governance structure has previously been identified as an area for improvement and that an external consultant has been retained to provide recommendations to improve the Branch's organization and governance structures.

Recommendation

1. The DG HRWSB should ensure that a consolidated, integrated view of the governance structures in place at the departmental level and within the Branch, including the information flows between these structures, is established. As part of this exercise, the DG HRWSB should ensure that Terms of Reference are defined and available for all oversight bodies, which include guidance on the nature of their focus (e.g. strategic or operational) and a process to ensure they are periodically reviewed and updated. The DG HRWSB should also ensure as part of this exercise, that an assessment of whether there is any redundancy between committees and meetings is conducted.

5.1.2 Operational Objective-Setting and Planning

A branch's operational objective-setting and planning is enabled by the collective suite of management processes that are in place to set strategic direction, operational plans, objectives and priorities, and to provide clear direction on how resources should be allocated to achieve these plans. The presence of operational objective-setting and planning documents is important to ensure that management's direction, plans and actions are appropriate and responsible. Reporting documents should include timely and accurate financial and operating information in order to fulfill their oversight function. Resource allocation and budgets include financial, human and physical resources.

To determine if the Branch has operational plans and objectives aimed at achieving its strategic objectives, the audit team assessed whether a clear process was in place to establish strategic priorities as well as operational objectives and plans. The audit team also assessed the alignment between operational objectives and plans and the strategic priorities.

A documented process has been established in HRWSB for the setting of annual HR priorities and objectives. Annual strategic priorities for HR are identified in the Department's Corporate Business Plan and in the Departmental HR Plan. These priorities are aligned to the four HR strategic pillars identified in the Public Service Renewal – improving business processes, engaging employees in the excellence agenda, renewing the workforce, and renewing the workplace – and are reflected in Sector HR staffing plans ("HR Action Plans") and in HRWSB's Annual Business Plans.

HRWSB Branch Plans are developed with contributions from all members of the HRWSB management team. Branch Plans identify ongoing priorities and priority initiatives, both of which are aligned to the strategic HR pillars. For the 2013-14 fiscal year, a special meeting of the HRWSB Management Committee was held to review and finalize the Branch Plan. Once approved, the Branch Plan was circulated to staff via e-mail and was discussed with staff during the Branch's annual all-staff meeting. Interviewees noted that priorities and plans were also communicated through directorate and HR Service Centre meetings.

Through a review of Branch Plans, we found that all planning commitments were assigned to a responsibility centre, aligned to the Treasury Board Management Accountability Framework and the four strategic HR pillars. We also found that performance indicators and targets had been established for Branch's objectives and all but one of the Branch's objectives has an established target(s). We did note, however, that not all targets were aligned with the performance indicators they were designed to support. Specifically, we noted that performance indicators for ongoing activities (e.g. staffing, classification, etc.) did not identify as targets, the national service standards set for these areas, with the exception of labour relations service standards. This finding is further elaborated in Section 5.2.1.

Branch Plans reviewed during the audit were found not to include information on the financial and human resources required to implement the plan, nor did they include information on the resources available to the Branch to implement the plan. However, there is a departmental initiative underway, whereby HRWSB, the Policy and Strategic Direction Sector and Chief Financial Officer Sector, are working on a revised approach to resource planning to help promote the integration of HR and financial considerations into all Sector/Branch business plans. This process is expected to be implemented on a Department-wide basis for the 2014-15 fiscal year.

Interviewees noted that there was not a well-defined process for reviewing and updating Branch Plans and / or reallocating resources when priorities change. As new priorities emerge, Branch management indicated that assessments of existing plans and priorities do not occur in order to confirm the priorities and align resources accordingly.

Branch progress against established indicators and targets was found to be monitored on a quarterly basis, with results reported to the Deputy Minister through AANDC's Quarterly Reporting exercise. These reports were prepared with input from each HRWSB directorate and were discussed at the HR Management Committee prior to their approval. Beyond the reporting of progress against Branch plans in Quarterly Reports, HRWSB reported quarterly on workplace targets and statistics through departmental dashboards.

Recommendation

No recommendations were made in this area.

5.2 Client-Centered Service

5.2.1 Internal Client Service Standards

Effective client service is enabled by implementing, monitoring and managing client service standards. Service standards should accurately reflect service that clients are receiving, and client feedback should be solicited to accurately reflect value in services provided. The HRWSB plays an important role in providing internal services to other AANDC regions, sectors, corporate services branches and units within the HRWSB, including staffing and compensation, learning and development and accommodation services.

To assess the Branch's client service activities, we examined whether service standards were documented, communicated to all stakeholders, tracked and reported. We also examined whether processes had been established to solicit feedback from clients and periodically review and update existing service standards.

National Service Standards have been established by HRWSB to cover the following services lines:

- General services;
- HR planning;
- Staffing;
- Classification;
- Labour relations;
- Compensation;
- Learning;
- Accommodation;
- Occupational health and safety;
- HR systems; and,
- Values and ethics.

During interviews, we were informed that existing service standard targets have become outdated following the creation of Regional HR Service Centres. Management has reported that they are in the process of reviewing and rationalizing service standards to increase their alignment with the new operating model.

HRWSB service standards are communicated to staff and stakeholders through HR Online, each of the Regional HR Service Centre intranet sites and the Human Resources Management System's User Productivity Kit - an on-line support tool for all HR activities that allows users to see how to start and complete a process. While we found service standards to be readily accessible online, interviewees noted that a process has yet to be established to proactively communicate service standards to departmental stakeholders.

Tracking of HR service standards is primarily enabled by the Human Resources Management System (HRMS). However, due to certain system limitations, known data integrity issues, and the lack of a strong reporting tool, a spreadsheet has been developed to support service standard tracking. It was also noted by interviewees that the tracking of staffing actions does not provide an end-to-end view of the time taken to process a request. Specifically, the length of time to complete a staffing transaction does not take into account the time to complete activities conducted outside of HRWSB, including the time it takes hiring managers to finalize the necessary paperwork or the time it takes for a security clearance request to be processed at Public Works and Government Services Canada. As a result, the Department is not provided with an accurate view of the processing time required to complete the various types of staffing transactions. While HRWSB can report against service standards without this end-to-end view, information on the time it takes to complete the entire process would facilitate the development of targeted strategies to reduce transaction processing times.

Analysis on the volume of staffing and classification transactions as well their compliance with service standards is prepared by HRWSB on an annual basis. In the most recent 2012-13 report, it was noted that HRWSB was not meeting their service standard compliance rate of 80% for both “administrative” and “non-administrative” staffing and classification actions. Specifically, the Branch reported a compliance rate of 73% for administrative actions and a compliance rate of 49% for non-administrative actions. The report also noted that 70% of the classification actions could not be measured due to a missing date field.

Interviewees indicated that performance against service standards was reported to Branch management via Quarterly Reports and periodic presentations tabled at HR Management Committee. Following a review of these reporting tools, we noted that the HRWSB Quarterly Report only contains performance reporting against labour relations service standards and that periodic presentations to HR Management Committee do not contain analysis of service standard performance for activities other than staffing and classification.

HRWSB does not have a formal mechanism, such as a client questionnaire, to solicit feedback from clients on their level of satisfaction with the services delivered by the Branch, with the exception of feedback forms distributed to attendees of HRWSB-led learning and development courses. Informal feedback is received by the Branch through a number of channels, including HR Advisors and e-mails, phone calls and meetings initiated by clients. It was noted by interviewees that HRWSB was exploring more formal ways to solicit feedback from its clients.

To help strengthen these areas, HRWSB made the following commitments in the 2013-14 HRWSB Business Plan: conduct a data integrity review; review existing service standards; monitor volume and service standards compliance rates for staffing, classification and labour relations actions, including average service time; and, pursue opportunities to measure other existing service standards within HR services. A commitment to implement a client satisfaction questionnaire or client focus group was not identified in the Branch’s most recent business plan.

As the Branch continues to strengthen its service standards, it is important to ensure that the established service standards are achievable and measureable so that results can be tracked, analyzed and reported to management. It is also important to ensure that a process is in place to incorporate the results of client feedback to help ensure that service offerings remain relevant.

Recommendation

2. The DG HRWSB should, as part of the Branch's 2013-14 business planning commitments:
 - pursue opportunities to expand existing tracking and monitoring activities such that services are tracked and monitored on an end-to-end basis; and,
 - ensure that a formal process is developed to report performance against all service standards to senior management and to solicit feedback from clients. Feedback received should be reported to management and lessons learned should be used to continuously improve HRWSB's service offerings.

5.3 Communications

5.3.1 Internal Communications

Open and effective channels for internal communications and feedback are important in ensuring that decisions are effectively implemented and that accurate, open and honest feedback is received. It is also important that internal communications and feedback mechanisms provide timely and relevant information to staff and personnel.

To assess the extent to which open and effective internal communication channels exist and are functioning as intended, the audit team conducted interviews with Directors, Managers and staff, and reviewed a sample of communication documents, including: presentations; meeting agendas and minutes; e-mails; intranet postings; and, strategy documents.

While we noted the existence of a Branch communication protocol and flowchart, and a variety of internal communication channels to promote open and effective feedback across the organization, the effectiveness and timeliness of communications observed vary considerably depending on the nature of the communication channel used and the position of the employee receiving the information.

At the Director level, interviewees noted communications to be generally effective and timely. Discussions on Branch plans, priorities, key initiatives, and emerging priorities were observed through a review of management committee agendas and records of decision. Interviewees noted that regular bilateral meetings occur with the DG HRWSB and that important documentation is circulated to Directors for their review and acknowledgment.

At the Manager and staff levels, interviewees noted the timeliness and effectiveness of communications to be an area for improvement. While we noted the existence of directorate

team and bilateral meetings to share information within each HRWSB organizational unit between Directors and their staff, interviewees cited a number of occurrences where information on changes to key Branch processes was communicated to them from clients rather than Branch management. This finding suggests that the hierarchical nature of the Branch's communication protocol – information is provided to Directors via management committee meetings, who in turn communicate to Managers through directorate meetings, who then communicate to employees through team meetings – may need to be revisited as the Branch continues to roll-out an ambitious change agenda.

Interviewees at all levels noted concerns with the sharing of information horizontally across the Branch, particularly as it relates to progress on key HR initiatives, resulting in information silos and the potential for duplication of efforts. Given the number of initiatives currently on-going in HRWSB, including Blueprint 2020 and the new, government-wide Employee Performance Management standards, interviewees noted that a bi-weekly e-mail to all HRWSB staff could be distributed to help ensure key highlights of what's happening in the Branch are communicated in a timely manner.

The primary mechanism used in the Branch to communicate information in a timely manner is e-mail. Additional communication tools used in the Branch include: management committees; all-staff / directorate / bilateral meetings; videoconferences / teleconferences; the HR forum; HR Online; and, the User Productivity Kit. With the reduction in travel budgets and the centralization of HR services, HRWSB interviewees cited increased use of technology to communicate with employees and stakeholders.

Through a review of the HR Online intranet site, we found sections dedicated to communicating HR Business Plans and the results of past all-staff meetings; however, this information has not been updated since mid-2011. We also found that micro-sites have been established for each of the newly created Regional HR Service Centres. These webpages were easy to navigate and contained information on the Service Centres' roles and responsibilities, organizational structure, service offerings, service standards, and business processes.

Recommendation

3. The DG HRWSB should review existing communication protocols to:
 - ensure that HRWSB staff are provided with information on HR, security and OHS plans, all-staff meetings and key HR process changes in a timely manner; and,
 - promote horizontal communication and collaboration amongst directorates on key initiatives to encourage synergies and avoid the potential for duplication of effort.

5.4 Accountability

5.4.1 Accountability

In any organization, it is critical that authority, responsibility and accountability are clear and that delegated authority is aligned with an individual's responsibility. An effective organizational structure is one that is clearly defined and documented, ensures clear lines of communication and reporting, and provides for an appropriate span of control.

To assess the Branch's accountability structures and management spans of control, we examined whether organizational structures were documented, widely accessible to employees and up-to-date. We also examined and compared the management spans of control across organizational units within the Branch.

The HRWSB organization has recently undergone considerable change with the creation of Regional HR Service Centres, with additional changes expected as part of an on-going reorganization exercise designed to align the Branch with Public Service priorities and the future direction of HR in the Government of Canada.

In 2012-13, as part of the AANDC's Deficit Reduction Action Plan measures, HRWSB implemented a Department-wide process for management to review, on a quarterly basis, organization charts. For HRWSB, this process entails having the DG HRWSB and all direct reports – HQ Directors, Regional HR Service Centre Directors, and the Manager, BMU – to review and approve each position on their organization chart. This process has helped to maintain an up-to-date organization structure and to communicate the organization to Branch management.

Through interviews with HRWSB staff, Branch roles and responsibilities were consistently identified as an area requiring further clarification. Interviewees cited overlap and a lack of clarity concerning the roles and responsibilities of certain Branch directorates, particularly between the Regional HR Service Centres and HQ HRWSB, and between the Workplace / Wellbeing and Corporate Services directorate and the HR Operation and National Initiative directorate. A review of HRWSB's intranet site, HR Online, revealed that documented roles and responsibilities for HRWSB as a whole have been posted online, they have not been updated since March 2011. Roles and responsibilities for Regional HR Service Centres were found to be communicated to regional staff and stakeholders through micro-sites hosted on HR Online.

While organization charts for each the Branch's newly established Regional HR Service Centres were found to be posted on HR Online, in a manner readily accessible to Service Centre employees and their stakeholders, we did not find a complete organizational chart for the Branch or a high-level organizational illustration of the Branch's main business units on HR Online. As a result, employees' and stakeholders' understanding of reporting relationships and associated roles and responsibilities is dependent on people's concerted efforts to articulate the organizational structure through meetings and other communication mechanisms.

These audit observations suggest that the communication of Branch roles and responsibilities are not supported by effective tools, creating challenges for employees and stakeholders and leading to inefficiencies. An improved intranet site with detailed roles and responsibilities of each directorate and an accessible HRWSB HQ organizational chart would enable greater efficiencies and reduce inconsistent information, supporting management's efforts to communicate change through meetings, emails and documentation.

The Workplace / Well-being and Corporate Services and the HR Operation and National Initiative directorates have a significantly greater number of employees to manage than the Branch's other organizational units. Where the average headcount of employees within the other directorates was found to be approximately 20, the headcount for the Workplace / Well-being and Corporate Services and the HR Operation and National Initiative directorates was found to be approximately 2.5 times greater.

While the spans of control may be expected to be wider in these two directorates due to the nature of their roles and responsibilities and the number of clients they serve, we could not confirm whether the spans of control were appropriate, especially with the number of strategic initiatives and priorities demanding Workplace / Well-being and Corporate Services and HR Operational and National Initiative resources. Given upcoming transformation initiatives it will be critical for the Branch to ensure that the spans of control across HRWSB are appropriate and aligned with Public Service priorities and the future direction of HR in the Government of Canada.

We were also informed by HRWSB management that they are currently conducting a review of the Branch's organizational structure to ensure that managerial spans of control are appropriate and that roles and responsibilities are clear.

Recommendation

4. The DG HRWSB should ensure that the HR intranet site is strengthened and maintained or that outdated, inconsistent information is removed to avoid confusion. The DG HRWSB should also ensure that the Branch's organizational structure is documented on HR Online and widely accessible to departmental stakeholders to ensure that accountability structures are communicated, readily available and understood. Finally, the DG HRWSB should ensure that the management spans of control within HRWSB are reviewed and should confirm that they support the Department in meeting the Public Services priorities for HR and the evolving requirements for HR in the Government of Canada.

6. MANAGEMENT ACTION PLAN

Recommendations	Management Response / Actions	Responsible Manager (Title)	Planned Implementation Date
<p>1. The DG HRWSB should ensure that a consolidated, integrated view of the governance structures in place at the departmental level and within the Branch, including the information flows between these structures, is established. As part of this exercise, the DG HRWSB should ensure that terms of reference are defined and available for all oversight bodies, which include guidance on the nature of their focus (e.g. strategic or operational) and a process to ensure they are periodically reviewed and updated. The DG HRWSB should also ensure as part of this exercise that an assessment of whether there is any redundancy between committees and meetings is conducted.</p>	<p>Review of the Governance Structures and the Terms of Reference of all the HR, Security and OSH Committees, including the departmental ones.</p>	<p>DG HRWSB</p>	<p>January 2014</p>
<p>2. The DG HRWSB should, as part of the Branch's 2013-14 business planning commitments:</p> <ul style="list-style-type: none"> • pursue opportunities to expand existing tracking and monitoring activities such that services are tracked and monitored on an end-to-end basis; and, • ensure that a formal process is developed to report performance against all service standards to senior management and to solicit 	<p>Adjust and review existing Service Standards to take into account the evolving workforce management mechanisms.</p> <p>Work with Evaluation to develop an approach to solicit clients' feedback (employees and managers) annually.</p>	<p>DG HRWSB</p>	<p>Review is underway. To be completed in Q4 of 2013/2014.</p> <p>March 2014</p>

<p>feedback from clients. Feedback received should be reported to management and lessons learned should be used to continuously improve HRWSB's service offerings.</p>			
<p>3. The DG HRWSB should review existing communication protocols to:</p> <ul style="list-style-type: none"> • ensure that HRWSB staff are provided with information on HR, security and OHS plans, all-staff meetings and key HR process changes in a timely manner; and, • promote horizontal communication and collaboration amongst directorates on key initiatives to encourage synergies and avoid the potential for duplication of effort. 	<p>Organize an all staff meetings every quarter.</p> <p>Organize management meetings, three times a year or as required.</p> <p>Horizontal communication and collaboration will be addressed through the governance structure of HRWSB committees.</p>	<p>DG HRWSB</p>	<p>January 2014</p> <p>Q4 2013/2014</p> <p>January 2014</p>
<p>4. The DG HRWSB should ensure that the HR intranet site is strengthened and maintained or that outdated, inconsistent information is removed to avoid confusion. The DG HRWSB should also ensure that the Branch's organizational structure is documented on HR Online and widely accessible to departmental stakeholders to ensure that accountability structures are communicated, readily available and understood. Finally, the DG HRWSB should ensure that the management spans of control within HRWSB are reviewed and should confirm that they support the Department in meeting the Public Services priorities for HR and the evolving requirements for HR in the Government of Canada.</p>	<p>Develop an action plan to validate and review the content of HR intranet sites as required in consultation with Communications Branch.</p> <p>HRWSB is in the process of establishing a new organizational design and, as a result the management spans of control will be addressed.</p>	<p>DG HRWSB</p>	<p>March 2014</p> <p>Organizational Design to be presented to Senior Management in Q3 of 2013/2014.</p> <p>Implementation of new Organizational Design to be initiated in Q4 of 2013/2014.</p>

Appendix A: Audit Criteria

To ensure an appropriate level of assurance to meet the audit objectives, the following audit criteria were developed to address the audit objective. Audit criteria were developed in alignment with Treasury Board's *Audit Criteria related to the Management Accountability Framework: A Tool for Internal Auditors (March 2011)*. Additional audit criteria were developed to address specific risks identified in the planning phase.

Audit Criteria	
1. Governance and Strategic Direction	
1.1	Management and Oversight Bodies: Effective management and oversight bodies for HRWSB operations are established and functioning.
1.1.2	Effective governance structure/ mechanisms are established and management is actively involved and exercises oversight of branch processes.
1.1.3	The oversight body (or bodies) has a clearly communicated mandate, roles and responsibilities.
1.2	Operational Objective-setting and Planning: The organization has in place operational plans and objectives aimed at achieving its strategic objectives. Progress against plans is measured and adjustments are made as necessary.
1.2.1	The organization has clearly defined and communicated a process to establish branch priorities, objectives and operational plans.
1.2.2	Priority setting and plan development include challenge of assumptions and alignment of priorities with available resources and operational capacity.
1.2.3	Branch plans include specific, measurable, attainable, relevant, and timely indicators and targets. Monitoring and reporting of progress against plans occurs and adjustments are made as necessary.
2. Client-centered Service	
2.1	Internal Client Service Standards: Services are client centered. Service standards are established and communicated. Service levels are managed, monitored and feedback is solicited from clients.
2.1.1	There are service standards in place for key services provided to clients that are external to the Branch (but internal to the Department).
2.1.2	Performance against these service standards is communicated to management.
2.1.3	Service levels are monitored by management and actions are taken to remedy low service quality when needed.
2.1.4	Customer feedback is actively solicited from clients.
3. Internal Communications	
3.1	Internal Communications: Open and effective channels exist for internal communications both horizontally and vertically, and include feedback mechanisms for communication between different levels.

3.1.1	Open and effective channels exist for internal communications and feedback.
3.1.2	Internal communications and feedback mechanisms provide timely and relevant information.
4. Accountability	
4.1	Accountability: A clear and effective organizational structure is established, documented, up-to-date and widely communicated. Managerial spans of control are appropriate and interaction between Branch senior management and operating management is frequent.
4.1.1	A clear and effective organizational structure is established, documented, up-to-date and widely communicated. Managerial spans of control are appropriate.

Appendix B: Relevant Policies/Directives

The following authoritative sources were examined and used as a basis for this audit:

Government of Canada Management Frameworks

- Treasury Board's *Audit Criteria related to the Management Accountability Framework: A Tool for Internal Auditors* (March 2011).

AANDC Planning, Monitoring and Reporting Tools and Management Frameworks

- 2011-12 to 2013-14 HRWSB HR Action Plan
- 2012-13 to 2013-14 HRWSB HR Action Plan
- 2012-13 to 2014-15 Corporate HR Plan
- 2012-15 HRWSB Monitoring and Investigation Plan
- 2012-13 HRWSB Business Plan
- 2013-14 HRWSB Business Plan
- Governance Framework Regional Consolidated HR Model for Regional HR Hubs and Regional HR Offices
- HR Corporate Indicators
- HR Dashboards
- HR Functional Roles and Responsibilities (December 2012)
- HR Management Monitoring Framework
- HR Staffing and Classification - Performance Review and Analysis - 2012-13
- National Service Standards for HRWSB
- Service Level Agreement for Human Resources Services provided to Regional Offices of Aboriginal Affairs and Northern Development Canada