



Aboriginal Affairs and Northern Development Canada

Internal Audit Report

Audit of Delegation of Authorities, Organizational Design and Classification

Prepared by:

Audit and Assurance Services Branch

Project: 13-52

April 2014

TABLE OF CONTENTS

- ACRONYMSi
- EXECUTIVE SUMMARY1
- 1. BACKGROUND6
- 2. AUDIT OBJECTIVE AND SCOPE8
- 3. APPROACH AND METHODOLOGY9
- 4. CONCLUSION9
- 5. FINDINGS AND RECOMMENDATIONS10
 - 5.1 Governance and Oversight10
 - 5.2 Stewardship11
 - 5.3 People15
 - 5.4 Results and Performance16
- 6. MANAGEMENT ACTION PLAN18**
- Appendix A: Audit Criteria20
- Appendix B: Relevant Policies/Directives21

ACRONYMS

AANDC	Aboriginal Affairs and Northern Development Canada
AASB	Audit and Assurance Services Branch
ADM	Assistant Deputy Minister
CHRBP	Common Human Resources Business Process
DG	Director General
DM	Deputy Minister
DRAP	Deficit Reduction Action Plan
EPAR	Expanded Position Action Report
HR	Human Resources
HRWSB	Human Resources Workplace Services Branch
HQ	Headquarters
NAU	National Administrative Unit
OCHRO	Office of the Chief Human Resources Officer
PAA	Program Alignment Architecture
QAU	Quality Assurance Unit
SCARF	Staffing and Classification Action Request Form
TB	Treasury Board
WMB	Workforce Management Board

EXECUTIVE SUMMARY

Background

The Audit and Assurance Services Branch (AASB) of Aboriginal Affairs and Northern Development Canada identified the Audit of Delegation of Authorities, Organization Design and Classification in the Department's 2013-14 to 2015-16 Risk-Based Audit Plan approved by the Deputy Minister on February 27, 2013. This audit was initiated by AASB in 2013.

Human Resources (HR) are essential for a Department to fulfill its mandate and achieve its objectives. Having the right people, in the right positions, with the right roles supports the Department in delivering its programs and achieving its strategic outcomes and expected results.

In the public service, the authority and responsibility for the management and administration of human resources is shared among the Office of the Chief Human Resources Officer (OCHRO) / Treasury Board Secretariat (TBS), the Public Service Commission (PSC) and Deputy Ministers. The Public Service Commission delegates to Deputy Ministers all the appointment related authorities they require to fully execute their management responsibilities and human resources plans.

Whereas the primary accountability for HR rests with all members of AANDC management, the Human Resources Workplace Services Branch (HRWSB) provides strategic information and advice to the Department. HRWSB consists of Headquarters-based directorates/divisions and three Regional HR Services Centres.

As of January 2014, the Branch's budget and anticipated expenditures is \$31.5M. The HRWSB consists of 227 Full time Equivalent (FTE) across eight Headquarters-based directorates/divisions and three regional HR Service Centres.

With regards to HR management, AANDC's Deputy Minister has delegated his authority to exercise and perform certain powers, functions or duties under various acts, regulations, directives and collective agreements. AANDC has recently implemented a revised Sub-Delegation Instrument – Delegation of Authority for Human Resources. HRWSB is responsible for managing departmental sub-delegated authorities and maintains a database that identifies all AANDC sub-delegated managers as well as those exercising acting authorities.

HR Advisors provide assistance to AANDC management in organizational design and in the classification and creation of required positions within the Department, including Regions, Sectors, and Branches. The organizational structure should define roles and responsibilities, reporting structures and channels of communication to promote sound governance, appropriate segregation of duties, and clarity. Effective and efficient assignment and level of work, accurate description of position duties and responsibilities, and occupational groups should also be defined for all job positions.

The classification process specifies and defines occupational groups, recognizes the relative value of work for the various occupational groups, and provides a framework for establishing the compensation structure. The process ensures fairness, objectivity and equity when creating a new position, changing the duties of an existing position, or making changes to the organization structure.

AANDC Workforce Management Context

Recently, AANDC HR Workforce Management was impacted by both the Deficit Reduction Action Plan (DRAP) and the Common Human Resources Business Process (CHRBP) implementation. These two major initiatives had impacts on both organizational design and classification.

DRAP measures included the re-alignment of corporate service functions across the Department including consolidation of regional administrative services, a transition to a common model for administrative support to managers, and the streamlining of various business processes within sectors. As a result of the Department's response to DRAP, HR functions from ten regional Human Resources offices were consolidated into three Regional Human Resources (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). An HR Service Centre was already in place for the National Capital Region. Currently, Regional HR Service Centre (Hubs) Directors report to the DG, HRWSB whereas previously, HR Directors reported to each Region. The HR Service Centres were implemented starting in May 2013.

Governance over organizational design and classification actions is performed primarily by the AANDC Workforce Management Board (WMB). The WMB was established in February 2012 as a temporary measure to manage workforce adjustment created as a result of the Departmental Deficit Reduction Action Plan (DRAP).

AANDC is also an early adopter of the Common HR Business Process (CHRBP). CHRBP is the Government Standard for HR service delivery across the Government of Canada and is overseen by the Office of the Chief Human Resources Officer (OCHRO). HRWSB is leading the implementation of CHRBP in AANDC.

In alignment with TBS's CHRBP initiative, the HRWSB also identified an opportunity to restructure HR services delivery by separating administrative classification actions from non-administrative classification actions and centralizing the administrative-type classification actions into one National Administrative Unit (NAU) located in Headquarters (HQ). The NAU is responsible for routine HR classification actions, with the objective of relieving HR Advisors of administrative type tasks.

Audit Objective and Scope

The objective of this audit was to provide assurance that AANDC management controls in place for organizational design, classification, and associated delegation of authorities are adequate and effective in supporting efficient delivery of programs and services.

The audit scope included:

- Risk management, governance and oversight practices for organizational design and classification;
- Controls used to support accuracy, completeness, and validity of organizational design and classification actions, and to ensure compliance to policy requirements and delegation of authorities;
- Training, systems, tools, and support provided to management and staff in order to fulfill their responsibilities; and,
- Practices used in monitoring quality and performance.

The audit scope included testing of controls related to the organizational design and classification process within the Regions, Regional HR Service Centres in Ontario, Quebec and Alberta, and the HQ HR Service Centre.

The scope of the audit included both EX and non-EX classification actions. The scope of the audit covered the period April 1, 2012 through to August 31, 2013. The audit took into consideration that the HR Service Centres were introduced in May 2013 as a DRAP-related measure.

Statement of Conformance

The Audit of Delegation of Authorities, Organization Design and Classification 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

Throughout the audit fieldwork, the audit team observed examples of how controls are properly designed and are being applied effectively by AANDC. This has resulted in several positive findings which are listed below:

- Process documentation and flowcharts are available for several types of classification actions on the intranet website “User Productivity Kit”.
- Information regarding classification including policies, procedures, directives, generic work descriptions, and roles and responsibilities has been made available to AANDC employees on HR Online.
- Timely financial and non-financial status reporting is communicated internally to the Workforce Management Board (WMB) by the HR Services Centre Directors.

- For administrative type classification actions, the National Administrative Unit (NAU) conducts regular reviews of workload to ensure even distribution of work to NAU officers.

Conclusion

Generally, the audit found that AANDC management controls with respect to classification and associated delegation of authorities are in place to support the delivery of programs and services. The audit also found that the organizational design process is not clearly defined or formally documented. Some areas for improvement were noted to strengthen management practices in the following areas: governance and oversight, documentation and implementation of expected practices, performance measurement, and people.

Recommendations

The audit identified areas where management controls could be improved, resulting in five recommendations, as follows:

1. The Director General of Human Resources and Workplace Services Branch should ensure that risk levels for staffing and classification activities requiring Workforce Management Board (WMB) approval are reviewed and given that the WMB is now a permanent governance structure within AANDC, articulate how the mandate of WMB relates to the Sub-Delegation Instrument Delegation of Authority for Human Resources.
2. The Director General of Human Resources and Workplace Services Branch should ensure that process expectations, including those used in organizational design, are clear, formally documented, and communicated to the appropriate individuals to ensure consistency in operational practices and to reduce the amount of data entry errors. In addition, appropriate and timely financial and non-financial status reporting on requested classification actions should be communicated to all interested parties, beyond just the HR community (i.e. to clients of the HR services).
3. The Director General of Human Resources and Workplace Services Branch should ensure that operational practices are adequately documented and communicated and adequate controls are in place to improve the accuracy and consistency in file management practices among HR Service Centres.
4. The Director General of Human Resources and Workplace Services Branch should ensure the quality assurance approach includes a more efficient risk-based sampling approach, and improve the effectiveness of the QA process through supervisory review of testing results, establish a process for follow up on identified issues, and update work descriptions for those conducting quality assurance activities.
5. The Director General of Human Resources and Workplace Services Branch should ensure there is a certified HR Classification Advisor in each region, provide

organizational design and classification training to requisite employees, and obtain client (i.e. functional managers) feedback on the implementation of generic work descriptions to assess potential implementation challenges.

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

Human Resources Workforce Services Management

The Audit and Assurance Services Branch (AASB) of Aboriginal Affairs and Northern Development Canada identified the Audit of Delegation of Authorities, Organization Design and Classification in the Department's 2013-14 to 2015-16 Risk-Based Audit Plan approved by the Deputy Minister on February 27, 2013. This audit was initiated by AASB in 2013.

Human Resources (HR) are essential for a Department to fulfill its mandate and achieve its objectives. Having the right people, in the right positions, with the right skills supports the Department in delivering its programs and achieving its strategic outcomes and expected results.

In the public service, the authority and responsibility for the management and administration of human resources is shared among the Office of the Chief Human Resources Officer (OCHRO) / Treasury Board Secretariat (TBS), the Public Service Commission (PSC) and Deputy Ministers. The Public Service Commission delegates to Deputy Ministers all the appointment related authorities they require to fully execute their management responsibilities and human resources plans.

Whereas the primary accountability for HR rests with all members of AANDC management, the Human Resources Workplace Services Branch (HRWSB) provides strategic information and advice to the Department. HRWSB is dedicated to providing expert advice on people management and timely services in sustaining a workforce that is efficient and effective now and into the future. The Branch consists of Headquarters-based directorates/divisions, the HQ HR Service Centre, and three Regional HR Services Centres.

AANDC Delegation of Authority for Human Resources

With regards to HR management, AANDC's Deputy Minister has delegated his authority to exercise and perform certain powers, functions or duties under various acts, regulations, directives and collective agreements. Six levels of decision making authorities are in effect. HRWSB is responsible for granting departmental managers their sub-delegated authorities and maintains a database that identifies all AANDC sub-delegated managers as well as those exercising acting authorities. AANDC has recently implemented a revised Sub-Delegation Instrument – Delegation of Authority for Human Resources.

In addition to possessing the appropriate HR sub-delegation of authority to perform any powers, functions, or duties, Managers must act in accordance with operational, budgetary or administrative obligations or restrictions which are imposed by the AANDC Delegation of Financial Signing Authority. A requirement of organizational design and/or classification activities is for Managers to ensure that funds related to these activities are available and that the spending authority is appropriate.

Organizational Design and Classification Process

AANDC Managers and HR Advisors have been delegated the authority to organize and classify positions within AANDC. HR Advisors provide assistance to AANDC management in the creation of required positions within the Department, including Regions, Sectors, and Branches. The organizational structure should also define roles and responsibilities, reporting structures and channels of communication to promote sound governance, appropriate segregation of duties, and clarity. The organizational structure has to be aligned with business requirements and priorities, and should also reflect the Program Alignment Architecture (PAA). Effective and efficient assignment and level of work, accurate description of position duties and responsibilities, and occupational groups have to be defined for all job positions.

The classification process specifies and defines occupational groups, recognizes the relative value of work for the various occupational groups, and provides a framework for establishing the compensation structure. The process ensures fairness, objectivity and equity when creating a new position, changing the duties of an existing position, or making changes to the organization structure.

AANDC Workforce Management Context

Recently, AANDC HR Workforce Management was impacted by both the Deficit Reduction Action Plan (DRAP) and the Common Human Resources Business Process (CHRBP) implementation. These two major initiatives had impacts on both organizational design and classification.

DRAP measures included the re-alignment of corporate service functions across the Department including consolidation of regional administrative services, a transition to a common model for administrative support to managers, and the streamlining of various business processes within sectors. As a result of the Department's response to DRAP, HR functions from ten regional Human Resources offices were consolidated into three Human Resources (HR) Services 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). An HR Service Centre was already in place for the National Capital Region. Regional HR Service Centre Directors report to the DG, HRWSB whereas they formerly reported to the Regional Director Generals. The HR Service Centres were implemented starting in May 2013.

Governance over organizational design and classification actions is performed primarily by the AANDC Workforce Management Board (WMB). The WMB was established in February 2012 as a temporary measure to manage workforce adjustment created as a result of the Departmental Deficit Reduction Action Plan (DRAP).

AANDC is also an early adopter of the Common HR Business Process (CHRBP). CHRBP is the Government Standard for HR service delivery across the Government of Canada and is

overseen by the Office of the Chief Human Resources Officer (OCHRO). HRWSB is leading the implementation of CHRBP in AANDC.

In alignment with TBS's CHRBP initiative, the HRWSB also identified an opportunity to restructure HR services delivery by separating administrative classification actions from non-administrative classification actions and centralizing the administrative-type classification actions into one National Administrative Unit (NAU) located in Headquarters (HQ). The NAU is responsible for routine HR classification actions, with the objective of relieving HR Advisors of administrative type tasks.

2. AUDIT OBJECTIVE AND SCOPE

2.1. Audit Objective

The objective of the audit was to provide assurance that AANDC management controls in place for organizational design, classification, and associated delegation of authorities are adequate and effective in supporting efficient delivery of programs and services.

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 scope included:

- Risk management, governance and oversight practices for organizational design and classification;
- Controls used to support accuracy, completeness, and validity of organizational design and classification actions, and to ensure compliance to policy requirements and delegation of authorities;
- Training, systems, tools, and support provided to management and staff in order to fulfill their responsibilities; and,
- Practices used in monitoring quality and performance.

The audit scope included testing of controls related to the organizational design and classification process within the Regions, Headquarters and Regional and HR Service Centres. The scope of the audit included both EX and non-EX classification actions.

For sampling purposes, the review and the testing covered the period from April 1, 2012 to August 31, 2013. The audit took into consideration that HR Service Centres were introduced in May 2013. Sample selection included classification files that were processed before and after the introduction of the HR Service Centres and DRAP-related process changes. A sample of Quality Assurance Unit (QAU) monitoring review files were also selected to provide assurance

on QAU monitoring practices. Sample selection was performed in a manner which complemented QAU file monitoring and reviews (i.e. coverage, type of action, risk level).

The audit scope included an examination of information captured in the HR system (PeopleSoft) and its reporting functionalities; however, the audit did not audit the access or system controls of HR systems supporting organizational design and classification.

3. APPROACH AND METHODOLOGY

The audit was 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 audit approach included, but was not limited to:

- Interviews with key regional and HQ management personnel and selected staff;
- Review of relevant documentation such as:
 - Terms of reference and meeting minutes for key oversight committee(s);
 - The Quality Assurance Unit annual terms of reference, testing templates, testing results, and any other supporting documentation;
 - Internal reports;
 - Supporting organizational design documentation;
 - Performance service standards; and,
- Review of a sample of organizational designs and classification actions from Headquarter, Regions, the HQ HR Service Centre and each of the three (3) Regional HR Services Centres.

The audit criteria developed for this audit are included in Appendix A.

4. CONCLUSION

Generally, the audit found that AANDC management controls with respect to classification and associated delegation of authorities are in place to support the delivery of programs and services. The organizational design process is not clearly defined or formally documented. Several opportunities for improvement were noted to strengthen management controls in the following areas: governance, operational procedures and practices, quality assurance approach, performance measurement, and people.

5. FINDINGS AND RECOMMENDATIONS

Based on a combination of the evidence gathered through the examination of documentation and systems, analysis, and interviews, each audit criterion was assessed by the audit team and a conclusion for each audit criterion was determined. Where a 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.

Observations below include both management practices considered to be adequate as well as those requiring improvement. Recommendations for corrective actions accompany areas identified for improvement.

5.1 Governance and Oversight

5.1.1 Workforce Management Board

Effective monitoring of organizational design and classification includes governance bodies with appropriate composition and a clear role and mandate for oversight, including a review of financial implications to ensure planned actions are aligned with Departments objectives. The focus of this audit was on key management and oversight bodies established at the departmental level which receive key information to allow for effective monitoring of organizational design and classification actions.

Governance over organizational design and classification actions is performed primarily by the AANDC Workforce Management Board (WMB), and to a lesser degree, regional executive/management committees. In most cases, Regional executive/management committees are also used to prepare management who are presenting classification actions for WMB approval.

The WMB was established in February 2012 as a temporary measure to manage workforce adjustment created as a result of the Departmental Deficit Reduction Action Plan (DRAP). WMB's purpose is also to provide senior management oversight to control costs related to the departmental workforce and to control workforce growth.

WMB's mandate includes the approval of staffing and classification actions deemed at risk. To assist HR Advisors and management understand when WMB approval is required, staffing and classification actions have been grouped into four risks levels (i.e. actions at the risk 3 or risk 4 level require WMB approval). On a bi-weekly basis, WMB meets to discuss and challenge identified high risk classification actions and proposed organizational designs to ensure that any broader financial impacts have been considered. Timely financial and non-financial status reporting is communicated to the WMB by the HR Services Centre Directors.

In accordance with the TB Policy on Classification System and Delegation of Authority, the Deputy Minister is delegated the authority to classify and organize positions in AANDC. Delegated authorities are documented in the AANDC Sub-Delegation Instrument Delegation of

Authority for Human Resources. Decision-making authorities and responsibilities for classification and organization activities are delegated to operational levels of management. The Deputy Minister also authorizes Human Resources Advisors to exercise classification authority when they have met the requirements outlined in the AANDC Classification Accreditation Program.

The audit found the requirement to obtain WMB approval for classification actions is in addition to powers, functions, and authorities which are delegated in the AANDC Sub-Delegation Instrument Delegation of Authority for Human Resources. While WMB was found to be an effective control, the requirement to obtain WMB approval, in addition to established delegated authorities, does increase the time required to complete classification actions.

Given that WMB was originally established as a temporary measure in 2012, and the departments' priorities and risks may have change, it will be important to reassess the long term role of the WMB now that it has been decided it will be a permanent governance structure within AANDC. There is a risk that the continued use of the WMB, with respect to staffing and classification activities, will make it unclear to management how the mandate of WMB relates to the AANDC Sub-Delegation Instrument Delegation of Authority for Human Resources.

Recommendation:

1. The Director General of Human Resources and Workplace Services Branch should ensure that risk levels for staffing and classification activities requiring WMB approval are reviewed and updated periodically and given that the Workforce Management Board (WMB) is now a permanent governance structure within AANDC, articulate how the mandate of WMB relates to the Sub-Delegation Instrument Delegation of Authority for Human Resources.

5.2 Stewardship

5.2.1 Operational Procedures

Organizational designs and classifications actions must comply with a number of Treasury Board policies. As such, it is critical that AANDC operational practices for organization design and classification are appropriately designed, clearly understood, and consistently applied to ensure effectiveness in accuracy, validity, completeness, and compliance to policy.

Information regarding classification, including roles and responsibilities, policies, procedures, directives, and generic work descriptions are made available to AANDC employees on the intranet site HR Online. Process documentation and flowcharts are available for several types of classification actions on the intranet website "User Productivity Kit".

For administrative type classification actions, the National Administrative Unit (NAU) conducts regular reviews of workload to ensure even distribution of work to NAU Officers.

While process documentation and flowcharts are available for several types of classification actions, the audit found areas where improvements could be made to increase the clarity and understanding of procedure expectations for the classification process:

- Expectations on how much information to document when processing certain activities of the classification action is not always clear or consistently followed among HR Service Centres (e.g. retention of relativity report, depth/length of on-site report and/or Classification Committee report);
- Some HR Services Centres prioritize work based on the requestor and the urgency of the classification request; however, the prioritization for the administration of classification requests is not based on published pre-established priority criteria. Formal direction has not been provided to HR Services Centres on which actions should receive processing priority;
- A few errors and discrepancies were found between file documentation reviewed and information contained in PeopleSoft indicating that data entry requirements were not fully understood or well defined (e.g. “UPD – Update a Position” code was used to reflect a change in reporting relationship instead of the correct action code which is “R – Rev decision/chg rptg and “UPD – Update a Position” coding was used for succession planning purposes and should not have been coded as a classification action);
- Interviewees noted that some PeopleSoft fields are used differently by staff and may not be used in the most effective manner (e.g. “Applied By” field may contain the accredited officer or the person who entered the action); and,
- Expectations have not been made clear on how the status of requested classification actions are to be shared with initiating or inquiring managers or clients (i.e. functional managers) and reports on classification volume and performance ratios are not shared outside of the HR community (i.e. non-HR staff) and with regional offices.

With respect to organizational design, the audit did not find procedural documentation available to HR Advisors or management. Sectors, Branches and Regional Offices were found to have received limited direction on how much information to document with respect to organizational designs and the only control found to be used in organizational design is the WMB approval of proposed organizational designs.

Without clearly defined process expectations, there is increased risk that activities or procedures are incorrectly or inconsistently applied by staff, or staff may not complete organizational designs or classification actions as efficiently as designed. The incorrect use of PeopleSoft fields increases the risk of reporting results which are incorrect or not reliable. Lastly, there is increased risk that management cannot take timely or necessary actions when they are unaware of the status of their classification request.

Recommendation:

2. The Director General of Human Resources and Workplace Services Branch should ensure that process expectations, including those used in organizational design, are clear, formally documented, and communicated to the appropriate individuals to ensure consistency in

operational practices and to reduce the amount of data entry errors. In addition, ensure that appropriate and timely financial and non-financial status reporting on requested classification actions is communicated to all interested parties, beyond just the HR community (i.e. to clients of the HR services).

5.2.2 Operational Practices

To help ensure quality in the classification process, AANDC has implemented the Staffing and Classification Action Request Form (SCARF) and the Expanded Position Action Report (EPAR) to capture key information, document approval by delegated authorities, and confirm the accuracy of data entered into AANDC's HR system, PeopleSoft. In addition, organizational charts are reviewed quarterly by management to ensure all positions that require classification action are captured and processed.

The audit examined a sample of 91 classification actions (e.g. update a position, new position, change of duties, etc.) of which 19 actions were processed after the introduction of the HR Service Centres and DRAP-related process changes. In all samples reviewed, the audit expected to find that operational practices and controls were applied appropriately to ensure accuracy, validity, and completeness of classification actions and compliance to policy. While almost all 91 classification files reviewed included appropriate approvals, a few exceptions were noted where files reviewed were either missing key control documents (i.e. EPAR, SCARF), key control documents (i.e. EPAR) were not signed by the appropriate person, or documents were incomplete (i.e. not signed or dated properly). A few instances were also noted where the classification action files could not be located and therefore were not reviewed.

The audit found similar control deficiencies in files processed prior to the introduction of HR Service Centres (in May 2013).

When key documentation is not properly maintained or controls are not applied as intended there is increased risk of not being able to sufficiently demonstrate evidence of management due diligence, review and approval, or compliance to policy.

Recommendation:

3. The Director General of Human Resources and Workplace Services Branch should ensure that operational practices are adequately documented and communicated and adequate controls are in place to improve the accuracy and consistency in file management practices among HR Service Centres.

5.2.3 Quality Assurance Approach

Within the context of the *Public Service Modernization Act* and the people component of the Management Accountability Framework (MAF), the Deputy Minister is required to actively monitor the application of legislation, regulations, policies, directives and guidelines related to human resources (HR) management in order to ensure compliance, identify management priorities and challenges, take corrective actions and promote best practices. Monitoring should

include activities concerning Staffing, Classification, Labour Relations, Employment Equity, Official Languages, Human Resources Management Systems (HRMS) and HR Planning.

Within AANDC, HRWSB is accountable for the conduct of monitoring and investigation activities. HRWSB, through the Quality Assurance Unit (QAU), established at the request of the Deputy Minister in 2010, ensures that monitoring activities take place. The QAU has the mandate to carry out HR monitoring activities and is responsible to develop the monitoring infrastructure to meet its mandate, to plan activities accordingly, and to report back to the Deputy Minister.

The QAU monitors a number of activities in the areas of human resources; at a minimum, QAU monitors staffing and classification. A three-year QAU Monitoring and Investigation Plan has been developed which, is based on risks, trends and specific organizational requirements. As per the Plan, QAU monitoring activities include active monitoring, thematic monitoring, follow up monitoring, and special reviews.

QAU monitoring activities are determined based on a risk management approach that takes into account the quality and integrity of information contained in files, the Human Resources Management System (PeopleSoft), and various documents to support the organizational direction and/or decisions. The level of risk and its impact on the organization's performance determine the nature of monitoring activities to be conducted. QAU monitoring activities were conducted for the periods April 1, 2012 to March 31, 2013 and April 1, 2013 to September 30, 2013.

While QAU monitoring mechanisms are in place to ensure compliance with policies and authorities, the audit found areas for improvement in the approach used for quality assurance monitoring:

- The risk criteria and factors used in the sample selection approach could be modified to allow for efficient testing in order to meet QAU's mandate. The current approach focuses on financial risks and includes 100% sample coverage of reclassifications. There is a risk that the sample selection does not provide adequate coverage of different types of classification actions, or places too much emphasis reviewing certain actions;
- The sampling methodology used in 2013-14 differed from the approach used in 2012-13 making it more difficult to conduct trend analysis. There is a risk that QAU will not be able to determine whether the HR Service Centers have adequately addressed the QAU's prior year recommendations;
- The Classification Monitoring Report was reviewed by the QAU Director prior to being submitted to senior management; however, supervisory review was not performed on the testing results which were the basis for the report. Limited supervisory review on the testing results increases the risk that reported results are misleading;
- There are differing views between HR Service Centers and QAU on how tests should be applied/interpreted, making it difficult to measure compliance with policies and authorities.

For example, QAU believes internal and external relativity analysis of similar positions must be kept on file, whereas the HR Service Centers believe this is an optional requirement;

- A process for follow-up on QAU findings has not been established and follow-up activities on identified issues/observations have not been conducted. QAU does not plan to conduct follow up activities within the next three years which increases the risk that management will not take adequate corrective action; and,
- Work descriptions for those in the QAU are outdated and do not reflect QAU roles and responsibilities. Outdated work descriptions increases the risk that audit/review skills and expertise required to conduct quality assurance may not be reflected in position competencies.

Recommendation:

4. The Director General of Human Resources and Workplace Services Branch should ensure that the quality assurance approach includes a more efficient risk-based sampling approach, and improve the effectiveness of the QA process through supervisory review of testing results, establish a process for follow up on identified issues, and update work descriptions for those conducting quality assurance activities.

5.3 People

As part of the Government of Canada's commitment to balance its budget, departments have identified opportunities to implement change and transform the way they do business to be more efficient. Operational efficiencies and effectiveness are being gained through standardization and centralization of business processes.

The Public Service classification system is position-based; employees are appointed to a specific position. The work assigned to individual positions is described in a work description and evaluated by applying the occupational group and sub-group definitions and the appropriate classification standard. Managers are responsible for ensuring that work descriptions accurately reflect the work assigned and performed. A generic work description records the work assigned to a number of similar or identical positions at the same occupational group and level. A generic work description can describe similar or identical work across organizational boundaries.

As part of this transformation, some HR management responsibilities, such as understanding the classification system and making use of generic work descriptions, are being transferred from HR Advisors to management. During this important initiative, it is critical that AANDC employees, HR Advisors, and management, are provided the necessary training, tools, resources and information to support them in the discharge of their responsibilities.

The AANDC Organizational Design and Classification Accreditation program helps to ensure HR Advisors receive training and although completing the program takes several years,

interviewees felt this is necessary to gain the required experience. Developmental positions are in place in HR Service Centres which enables junior HR Advisors to gain experience in classification and organizational design complexities. A monthly HR Classification Advisor conference call also provides an opportunity for HR Advisors to share issues they are facing and obtain suggestions on possible solutions.

Although procedural documentation, information and tools are made available through the HR-Online intranet website, the audit found training on organizational design and classification has not been provided in several years. In today's environment of HR common business process, there is an ever increasing reliance being placed on managers with respect to organizational design and classification. Without some amount of targeted training, there is increased risk that management will not be able to fulfill their new HR management responsibilities.

The audit found that for a period of time there was no certified HR Classification Advisor in the Eastern region and the current HR Classification Advisor in the Eastern HR Service Centre is only a temporary position (an HR Advisor has been transferred from another department on a temporary basis). If the HR Classification Advisor in the Eastern HR Service Centre position does not become permanent, classification requests will be processed by HQ, increasing the risk of lost documentation or added delay in review and approval.

Lastly, the audit found that client satisfaction on generic work descriptions has not been assessed – the focus of feedback has been primarily from the HR community and not hiring managers. Interviewees noted that HQ has not sufficiently consulted with Sectors and Regional Offices to receive feedback or comments on the generic work descriptions and HQ has provided limited support and guidance on the application of the generic work descriptions. Without broader change management activities such as training sessions or formal communications to address roadblocks and challenges, there is increased risk that generic work descriptions will not be successfully implemented, resulting in inefficiencies and less standardization.

Recommendation:

5. The Director General of Human Resources and Workplace Services Branch should ensure that there is a certified HR Classification Advisor in each region, provide classification and organizational design training to required employees, and obtain client (i.e. functional managers) feedback on the implementation of generic work descriptions to assess potential implementation challenges.

5.4 Results and Performance

Effective performance measurement is enabled by implementing, monitoring, and managing performance measures which are linked to planned results. Performance measures identified and examined by this audit focused on client service standards.

Client service standards should be documented, communicated to all stakeholders, tracked and reported. Client service standards should accurately reflect service that clients are receiving,

and client feedback should be solicited as part of a process to periodically review and update existing service standards.

Services offered and delivery standards for HR Service Centres are documented in a Service Level Agreement (SLA). The SLA sets out the terms and conditions between HRWSB's HR Service Centres and their respective clients for provision of specified HR Services. A work breakdown structure, which includes a listing of all relevant classification actions steps, was developed to establish the initial service standards. Environmental scans were also performed to determine service standards used by other government departments.

While service standard performance measures have been established, the audit found areas where the performance measurement approach could be improved:

- The initial performance measures included in the SLA are not considered by management to be appropriate or realistic because the initial service standards established are felt to be missing key steps or do not provide sufficient time for each step;
- While management has started to monitor actual performance against planned results, service level performance cannot always accurately be measured since key performance data required in PeopleSoft is missing or not complete (e.g. entering the "Begin Date" in Job Opening, which is required to correctly calculate the service time, is not performed properly, even though this has been a requirement since 2011). The availability of quality data for performance measurement was found to worsen during the audit period (after the introduction of HR Service Centres);
- Service standards are currently being reviewed; however, there is disagreement among HR management with regards to the steps that should be included in the service standards and when the service standards should start/stop (e.g. does service standard considers the complete end-to-end process, or just the HR-controlled aspects of the process). Limited benchmarking or comparisons have been performed to assess the usefulness and performance of service standards; and,
- Lastly, reports on service standard performance have not been widely communicated;

Without realistic or measurable client service standards, there is increased risk AANDC will not be able to measure progress and demonstrate how the department has implemented change and transformation in the way in which the department conducts business.

The Management Practices Audit of the Human Resources and Workplace Services Branch (Nov 2013) reported similar observations and made a recommendation for improvement in this area which sufficiently addresses the opportunities for improvement identified in this audit.

Recommendation:

No recommendations in this area.

6. MANAGEMENT ACTION PLAN

Recommendations	Management Response / Actions	Responsible Manager (Title)	Planned Implementation Date
<p>1. The Director General of Human Resources and Workplace Services Branch (HRWSB) should ensure that risk levels for staffing and classification activities requiring Workforce Management Board (WMB) approval are reviewed and given that the WMB is now a permanent governance structure within AANDC, articulate how the mandate of WMB relates to the Sub-Delegation Instrument Delegation of Authority for Human Resources.</p>	<p>The risk levels will be reviewed periodically to adjust according to the level of change management and evolution of practices in the department. Given that the WMB is now a permanent fixture of the Department, the Sub-Delegation instrument will be reviewed to ensure alignment. In the interim, a reference to WMB will be added to the instrument.</p>	<p>Director General, HRWSB</p>	<p>Q1, 2014/2015</p>
<p>2. The Director General of Human Resources and Workplace Services Branch should ensure that process expectations, including those used in organizational design, are clear, formally documented, and communicated to the appropriate individuals to ensure consistency in operational practices and to reduce the amount of data entry errors. In addition, appropriate and timely financial and non-financial status reporting on requested classification actions should be communicated to all interested parties, beyond just the HR community (i.e. to clients of the HR services).</p>	<p>As part of the HR Service Centres' review, existing process, procedures and responsibilities will be looked at to ensure they are clear. Communications with clients will be enhanced to reflect not only process expectations from an AANDC perspective, but also to ensure continuous alignment with Common HR Business Process which is a government-wide initiative effective as of April 1, 2014.</p>	<p>Director General, HRWSB</p>	<p>Q1, 2014/2015 and on-going</p>

<p>3. The Director General of Human Resources and Workplace Services Branch should ensure that operational practices are adequately documented and communicated and adequate controls are in place to improve the accuracy and consistency in file management practices among HR Service Centres.</p>	<p>Check list will be put in place and continuous feedback will be provided to HR advisors and managers during processes, and following QA reviews.</p>	<p>Director General, HRWSB</p>	<p>Ongoing</p>
<p>4. The Director General of Human Resources and Workplace Services Branch should ensure the quality assurance approach includes a more efficient risk-based sampling approach, and improve the effectiveness of the QA process through supervisory review of testing results, establish a process for follow up on identified issues, and update work descriptions for those conducting quality assurance activities.</p>	<p>As part of the Branch reorganisation, the Quality Assurance services are under review. Adjustments to QA methodology and job descriptions will be done as a result of this review as required.</p>	<p>Director General, HRWSB</p>	<p>Q1 & Q2, 2014/2015</p>
<p>5. The Director General of Human Resources and Workplace Services Branch should ensure there is a certified HR Classification Advisor in each region, provide organizational design and classification training to requisite employees, and obtain client (i.e. functional managers) feedback on the implementation of generic work descriptions to assess potential implementation challenges.</p>	<p>All HR service Centres now have Classification advisors. As part of its reorganization, the Branch is putting in place a Centre of Expertise in Classification. The regional Classification advisors, while located in the Services Centres, will report to the Centre of Expertise. Training plans for classification advisors will be reviewed and adjusted as required.</p> <p>Feedback on implementation of generic work description will be sought from functional managers as part of regular processes.</p>	<p>Director General, HRWSB</p>	<p>Q1, 2014/2015</p> <p>Ongoing</p>

Appendix A: Audit Criteria

The audit objective was linked to audit criteria developed in alignment with Audit Criteria related to the Management Accountability Framework.

Audit Criteria	
Governance and Oversight	
1.1	Effective oversight bodies are established to receive key information to allow for effective monitoring of organizational design and classification actions.
1.2	Monitoring mechanisms are in place to ensure compliance with policies and authorities.
Stewardship	
2.1	Operational practices are appropriately designed and effective to ensure accuracy, validity, consistency, completeness, of organizational design and classification actions and compliance to policy.
2.2	Appropriate and timely financial and non-financial reporting is communicated internally and externally.
2.3	Reviews are conducted to analyze, compare and explain variances and reallocate resources to facilitate achievement of objectives.
People	
3.1	Employees are provided necessary training, tools, resources and information to support the discharge of their responsibilities.
Results and Performance	
4.1	Management has identified appropriate performance measures linked to planned results.
4.2	Management monitors actual performance against planned results and adjusts course as needed.

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)*.

Delegation of Authorities, Classification and Organizational Design

- AANDC Sub-Delegation Instrument Delegation of Authority for Human Resources
- Treasury Board of Canada Secretariat Policy on Classification System and Delegation of Authority Policy
- Treasury Board of Canada Secretariat Directive on Executive (EX) Group Organization and Classification