Internal Audit Division

AUDIT OF HUMAN RESOURCE MANAGEMENT – PHASE 1

MAY 1 2017

Canada

TABLE OF CONTENTS

1.0   EXECUTIVE SUMMARY

1.1 OBJECTIVES AND SCOPE

The overall objective of this audit was to assess the adequacy and effectiveness of the management control framework that supports human resource management (HRM) at the Public Prosecution Service of Canada (PPSC).

The audit was national in scope and focused on compliance with relevant policies, directives and guidance pertaining to HRM, as well as the controls in place to ensure that HRM activities were adequately supported, monitored and reported. The audit did not include an assessment of Learning, Training and Professional Development since this area was covered in a January 2014 audit.

Given the significance and size of the audit entity, the conduct phase will be carried out in two phases. The first phase covered the first five lines of enquiry that address the management control framework as the first line of defense. It also examined how effectively the Human Resource Directorate (HRD) guided and supported managers within the organization to perform that function in the area of HRM. The second phase will cover the monitoring and compliance function.

The audit methodology included:
- interviews with:
    - the HRD managers and staff
    - Directors, Headquarters (HQ)
    - Chief Federal Prosecutors (CFP), Regions
    - Business Coordinators/Administrative Support and staff, Regions

- a review and analysis of documented policies, practices and procedures, and related corporate documents; and

- an analysis of financial and human resource systems data.

The planning and conduct phases of the audit were carried out between July 2016 and January 2017.

1.2   AUDIT CONCLUSION

The Internal Audit Division (IAD) assessed the adequacy and effectiveness of the HRM control framework against predetermined audit criteria based on the Office of the Comptroller General of Canada's Core Management Controls. Overall the HRM control framework is appropriate, however there are areas for improvement in governance (transactions and strategic direction), monitoring for compliance and process improvement, and communicating HRD roles and responsibilities.

1.3 SUMMARY OF RECOMMENDATIONS

The report includes the following recommendations addressed to the chair of the Executive Council (EC), the co-chairs of the Resource Management Committee (RMC) and the Director General (DG) of the HRD:

The Chair of EC and Co-chair of RMC: ensure a clear delineation of roles & responsibilities of the two oversight bodies and coverage of all HRM areas.

The RMC co-chairs: track, monitor and report on RMC HRM activities to ensure it meets its mandated obligations.

The DG of the HRD: ensures roles and responsibilities are clear and communicated, and tracking, monitoring and reporting on HRM activities for compliance and process improvement is conducted.

1.4 STATEMENT OF ASSURANCE

In my professional judgment as the PPSC's Chief Audit Executive, sufficient and appropriate audit procedures have been conducted and evidence gathered to support the accuracy of the conclusion provided and contained in this report. The audit findings and conclusion are based on a comparison of the conditions, as they existed at the time of the audit, against pre-established and approved audit criteria that were agreed upon with the PPSC's management. The findings and conclusion are applicable only to the entity examined. The audit was conducted in accordance with the *Internal Auditing Standards for the Government of Canada*.

I appreciate the cooperation and assistance provided to the audit team by PPSC staff in HQ and regional offices.

Julie Betts
Chief Audit Executive

2.0. INTRODUCTION

2.1. BACKGROUND

2015-2016 HRD Overview[1]

Salary ($)	O&M ($)	Total ($)	FTEs
3,268,466	405,480	3,673,946	39

The HRD is responsible for providing HRM services to the PPSC.

In 2013–2014, the HRD repatriated the majority of HRM services previously provided to the PPSC by the Corporate Service Provider (CSP). The PPSC was one of the first organizations to implement "PE Generics" which were designed to develop generic work descriptions and competency profiles for the federal PE community, the principal classification group in human resources.

As of March 31, 2016, the HRD consisted of 39 FTEs led by the DG who reports to the Deputy Director of Public Prosecutions (DDPP), Regulatory and Economic Prosecutions and Management Branch (REPMB). All employees are located at the PPSC HQ in Ottawa with the exception of three employees who make up the Operational Resourcing and Labour Relations team in Whitehorse.

The IAD conducted this audit of HRM in accordance with the PPSC's 2016-2019 Risk-Based Audit Plan, which was approved by the Director of Public Prosecutions (DPP) on March 29, 2016.

2.2. OBJECTIVES, SCOPE AND METHODOLOGY

The overall objective of this audit was to assess the adequacy and effectiveness of the management control framework that supports HRM at the PPSC.

The audit was national in scope and focused on compliance with relevant policies, directives and guidance pertaining to HRM, as well as, the controls in place to ensure that HRM activities were adequately supported, monitored and reported. The audit did not include an assessment of Learning, Training and Professional Development since this area was covered in a January 2014 audit.

Given the significance and size of the audit entity, the conduct phase will be carried out in two phases. The first phase covered the first five lines of enquiry that address the management control framework as the first line of defense. It also examined how effectively the HRD guided and supported managers within the organization to perform that function in the area of human resource management. The second phase will cover the monitoring and compliance functions.

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[1] Public Prosecution Service of Canada's Financial Situation Summary Report as of March 31, 2016.

The audit methodology included:
- interviews with:
  - the HRD managers and staff
  - Directors, Headquarters (HQ)
  - Chief Federal Prosecutors (CFP), Regions
  - Business Coordinators/Administrative Support and staff, Regions

- a review and analysis of documented policies, practices and procedures, and related corporate documents; and

- an analysis of financial and human resource systems data.

The planning and conduct phases of the audit were carried out between July 2016 and January 2017.

3.0   OBSERVATIONS AND RECOMMENDATIONS

3.1   GOVERNANCE

Overall, the PPSC has the appropriate structures in place to provide oversight of HRM. However, there are areas of improvement in terms of clearly delineating committees' roles, providing oversight over all HRM areas and ensuring that responsible committees meet their mandates.

Governance is the combination of processes and structures implemented by the PPSC to inform, direct, manage and monitor the activities of the organization toward the achievement of its objectives. The audit expected the PPSC to have appropriate structures in place to provide effective oversight of HRM, and that roles and responsibilities related to oversight of HRM to be clearly defined, coordinated and communicated. An effective HRM is a combination of the services provided by the HRD along with the use of HRM as part of strategic decision-making by the PPSC management.

The PPSC HRM-related oversight bodies include the Executive Council (EC) and the Resource Management Committee (RMC). Their mandates clearly indicate what HRM-related areas they are responsible for.

The EC is chaired by the DPP, meets once a month, discusses and approves HRM-related items when such items are brought forth. The RMC reports to EC - the main oversight body. EC mandated HRM responsibilities include approving:

- The PPSC's Annual business plans and Review on Official Languages;
- Direction and strategic plans for human resources management; and
- Nominations for departmental awards and to special programs and assignments recommended by the National People Management Committee.

Review of EC minutes and interviews with members indicated that EC has not sufficiently demonstrated how it meets the mandate with regards to approving HRM direction and strategic planning.

The RMC is the result of the merger of three Committees (Finance and Acquisition Committee, National People Management Committee, and Organizational and Operational Review Committee). It is co-chaired by the Chief Financial Officer and the DG of the HRD and meets four times a year or at the call of either or both of the two co-chairs. RMC-mandated HR responsibilities include:

- Assisting the DPP in fulfilling his prosecution mandate by ensuring the workforce is managed effectively and efficiently and compliance with legislative authorities, relevant laws, regulations and policies governing the management of resources and the safeguarding of assets;
- Reviewing and recommending to EC resource requirements, including HR, and an optimal organizational structure;
- Approving HRM directives and standards; requests for classification actions that have a national impact on the organization with the exception of the generic work descriptions;

- Approving requests for education leave and education assistance for career development purposes; full-time non-statutory language training; and human resources management services standards; and
- Monitoring the progress of key government-wide and PPSC initiatives and priorities related to resource management.

The review of the RMC 2016 agendas and minutes as well as interviews indicated that the committee has not discussed mandated HRM-related items such as service standards, HR resource requirements, optimal organizational structure, classification actions that have a national impact on the organization, performance measures, and monitoring and tracking to ensure effectiveness and efficiency.

Interviewees feel that RMC is finance-oriented because there is a lack of discussion around HRM items.

A recent RMC meeting included a self-assessment against the committee's mandate indicating that HRM-related activities had not been discussed. The committee plans on addressing the gaps during the 2017-2018 fiscal year.

The PPSC also has a Staffing Exceptions Committee that was never formalized but was convened to approve exceptional staffing requests.

The audit found that dimensions of oversight are not well coordinated between the committees to allow a clear delineation of roles and responsibilities between what is strategic (EC) and operational (RMC). Strategic items would include approval of HR strategic initiatives such the organizational structure review, HR strategy and policies. On the other hand, operational items would include review of the performance assessment process, staffing plans, education leave, etc.

The audit found that EC discussed items such the new pay system and training regarding the new system which are operational in nature, and would fall more appropriately under RMC's mandate; yet, they were discussed at EC without a prior discussion at RMC.

Moreover, mandates of the above-mentioned committees do not address areas of HRM such as staffing (exceptional staffing requests are dealt with by the Staffing Exceptions Committee), policy approval, classification and compensation. Additionally, there is no evidence that these items, with the exception of exceptional staffing requests, are the responsibility of another oversight body.

Recommendations

1. The Chair of EC should review Committees mandates to ensure a clear delineation of roles and responsibilities and coverage of all HRM areas.

2. The Co-chairs of the RMC should review their mandate to ensure coverage of all HRM areas.

3.2   PLANNING

An HR planning process is in place; however, the absence of a PPSC strategic business planning may not fully support the achievement of the PPSC organizational objectives.

Planning is used by successful organizations to identify initiatives and activities to address issues and contribute to the achievement of stated objectives. It is also the process by which managers identify priorities and allocate resources accordingly – an important aspect of managerial responsibilities, especially in situations where resources are scarce.

Strategic planning focuses on the development of a long-term, forward-looking plan. This is articulated through a series of direction-setting statements (strategic priorities) establishing a future desired state. Business planning focuses on the alignment of operational and project plans with the strategic plan, and demonstrates how the strategic priorities are to be achieved.

The audit expected that HRM is integral to the strategic and business plans, and that they are linked through the alignment of corporate objectives with overall capacities.

At the time of the audit, the HRD had developed the *PPSC Strategic Workforce and Workplace Plan* (SWWP) 2016-2019, a draft *PSWW Implementation Plan,* as well as supporting templates and tools such as *The Human Capital Strategy and Priority Worksheet,* the *PPSC Human Resources Detailed Work Planning Activities* and *The Integrated Planning Calendar.* HR advisors from all areas of HR work together during the planning process to make sure that every aspect of HR is taken into consideration within the HR plan.

The SWWP document contains a list of high-level strategic objectives. It articulates HRM priorities. It also mentions PPSC's organizational priorities, however there are no linkages made between these organizational priorities and the SWWP strategic objectives.

The draft annual Implementation Plan lists strategic HRM objectives, strategies, initiatives, offices of primary interest (OPI) and milestones. Initiatives are sometimes vague and do not explain the application or process with either tasks or specific actions. These include for example: 'leverage the flexibilities of the New Direction in Staffing', 'participate in outreach', 'establish national curricula as necessary' etc. In addition, initiatives are not assigned to OPIs and there have been no monitoring or reporting of results associated with these activities.

3.3   ACCOUNTABILITY

Overall, the HRD roles and responsibilities are clear and support the achievement of objectives. Areas of improvement include clarifying the HRAU roles and clearly communicating roles and responsibilities of the HRD sections.

Accountability is the obligation of an individual or organization to account for its activities, accept responsibility for them, and to disclose and report on the results in a transparent manner. As such, a key control/enabler of accountability is an appropriate organization structure that clarifies authorities, responsibilities, and the duty to report on these. The clear delineation of responsibilities, delegated authorities, segregation of duties, and lines of communication, support the effective coordination between all parts of the organization and ensure that all parties within the organization are aware of, and comply with, their responsibilities.

Interviewees from regional offices indicated that roles and responsibilities within the HRD with regards to each of the HRM process areas are not clear to them. They mentioned that they would contact the staffing/labour relations advisor, the Director of the Human Capital Strategy, the Director of Resourcing directly, and then be referred further if necessary. Interviewees indicated also that if they needed to know the HRD's roles and responsibilities they could probably find these on the intranet. Interviewed HQ managers indicated that they know who does what within the HRD because they are located in the same building. A few interviewees said they believed the HRD's roles and responsibilities were listed on the intranet, but no one we spoke with had ever checked.

The audit found that the HRD's intranet still makes reference to the partnership with the CSP in providing HRM services and operations (Organizational Design and Classification, Career and Leadership Development, and Recruitment and Labour Relations). The service delivery program as described on the intranet is not consistent with the actual service delivery described by the HRD employees.

The HRD intranet indicates that Managers and Supervisors may find a list of their HR Support on the Managers SharePoint Site, which is still under development; however when opening SharePoint there is no indication of who to contact, and it only provides a form to be submitted to the Human Resource Administration Unit (HRAU). Some interviewees expressed their frustrations with regards to the roles and responsibilities of the HRAU. They indicated, that after a request was approved, submitted and processed, they continued to receive emails from the HRAU asking confirmation of approval. The DG of the HRD indicated that the upcoming appointment of an HRAU manager would help solve this unit communication issues.

The PPSC was among the first organizations to implement generic job descriptions for the PE category (HR advisors). Interviews with both HR advisors and other staff from the HRD indicated that, in general, their job descriptions are up-to-date and accurately reflect their work.

A review of the HRD organization chart, through Nakisa –the organization chart solution- and interviews with the HRD management and staff indicated that it is current.

The span of control is appropriate. Nakisa shows that three directors, the HRAU manager, and an executive assistant report to the DG of the HRD. Directors have eight to ten employees reporting to them. Seven positions report to the manager of the HRAU.

The DPP delegated level 3 authorities to the DG of the HRD, and functional authorities to HR specialists through the HR delegation of authorities effective April 1st, 2016.

Recommendation

3.   The DG of the HRD should ensure that roles and responsibilities of the HRD, including the HRAU, are clearly communicated.

3.4   CLIENT SERVICE

Overall, the HRD services are being provided in a timely and effective manner, except in the areas of Staffing and Classification. Service standards could help improve processes' efficiencies.

Services standards on establishing and monitoring, and acting to improve service performance are key as outlined in the 2010 Office of the Auditor General report quoted below:

"To objectively assess whether an organization is meeting its commitments to high-quality service […], it should set service standards that reflect its clients' needs and service targets to measure the degree to which it expects to meet the standards. An organization should also communicate its service standards to clients, so they know what level of service they can expect, and to employees who deliver the service, so they know what the organization expects of them.

To identify service quality issues, an organization needs to monitor its performance by comparing actual with expected performance against the service targets it has set. An organization also needs to gather information on how satisfied clients are with the service— through means such as feedback from surveys and from compliments and complaints received.

By analyzing the results of monitoring service performance, an organization should check whether its service is achieving targets and, if not, determine the reason(s). The organization then needs to identify the steps required to improve its service, set priorities for action, and implement the necessary changes"[2].

The audit expected the HRD to recognize the importance of service standards as part of a fully developed service model.

HR advisors provide advice to their assigned portfolios consisting of regional offices and HQ divisions in their areas of expertise. Senior advisors are responsible for corporate files (government-wide initiatives and projects) as well as policy interpretation and advice to operational advisors. Operational advisors from various areas within HRD, who are in charge of portfolios, meet on a regular basis to discuss issues and exchange information regarding their files.

Interviews with the Labour Relations Section noted that the section does not have access to administrative support, and, therefore, advisors spend time on administrative tasks rather than focusing on providing strategic advice. During the audit examination phase, the Director of the

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[2] 2010 Fall Report of the Auditor General of Canada, Chapter 3.

Section noted the issue and instructed staff to track time spent on administrative work in order to build a business case for administrative support.

The HRD clients mentioned that services in general are effective, but the services offered by the Staffing Section can suffer from high turnover (which may result in delayed or inconsistent advice). Also, interviewees were dissatisfied with the classification review, citing lack of communication, inconsistency of advice, delays in getting responses, reversing initial decisions. In addition, they mentioned that the HRD makes classification decisions without consideration of their business needs. This dissatisfaction shows a lack of awareness by managers of the classification standards and HRD's role in the process. The HRD recognized the importance of communication and included it as part of its 2017-2018 working documents.

The audit found that the HRD has no service standards or performance measures with the exception of the HRAU which has a 48-hour response time. The HRD cannot know if services are timely or effective without any service standards or performance measures.

Furthermore, the audit found that there are no formal or pre-set follow-up procedures – the HRD reacts on a case-by-case basis when an issue is raised by a client.

Interviewees mentioned that the HRD requests feedback for staffing services when they do their performance reviews. Occasionally, HRD clients offer their comments when they feel it is necessary.

3.5   PEOPLE

The PPSC's HRM policies, directives and guidelines are available to support people management; however, the information is not necessarily up-to-date.

Policies, directives and procedures are key in defining an organization's guiding principles, providing detailed task instructions and forming the basic structure of a policy framework. Policies explain what an organization is expected to achieve and directives explain how deputy heads must meet the policy objectives. Procedures provide more detailed information on how managers and functional specialists are expected to conduct certain aspects of their duties. Guidelines are documents providing guidance, advice or explanation to managers or functional area specialists. Tools include recognized best practices, handbooks, forms, templates, spreadsheets, applications, etc. Training is an important factor in achieving organizational objectives. It is a contributing element in terms of ensuring consistency, compliance, minimizing errors, maximizing productivity, independence, job satisfaction, development, etc.

The PPSC has developed its own HRM policies, directives and guidelines for certain areas of HRM and makes reference to central agencies' policy instruments (Treasury Board [TB], Public Service Commission [PSC] …) where there is no need to relevant PPSC directives. The HRD intranet page lists these policy instruments and have a hyperlink to access them online. However, there is a lack of directives, procedures and guidelines in support of the policies.

The HRD policy instruments posted on the intranet are in compliance with TB and PSC policy requirements and include the following:

- Policy on Area of Selection and Area of Recourse
- Term Employment Policy
- Policy on Corrective Action and Revocation

- Directive on Attendance at Weekend and Designated Paid Holiday Bail Courts
- Directive on Management Leave for Represented and Excluded Lawyers

- Guidelines for Essential Services Designations
- Strategic Decision Making in the Staffing Process

Although the PPSC repatriated HR services from the CSP, the HRD's intranet still makes reference to the CSP policies, directives and guidelines (ten in total). The PPSC is adding a resource to assist with updating intranet pages.

Managers have access to HRM training either through PPSC (online, one-on-one...) or the Canada School of Public Service. They also have access to tools including templates, questions and answers, forms, and systems –PeopleSoft, SharePoint, Nakisa, and performance review systems. A variety of standard reports can be generated from PeopleSoft covering Compensation, Classification, Staffing, Labour Relations and Professional Development from which managers could benefit.

The HRD uses monthly communiques and bulletins (HR Info) to keep the PPSC staff informed of HRM topics and processes (such as areas of selection, performance reviews as an assessment tool, etc.).

During the October 18 to 20, 2016 Senior Advisory Board (SAB) meeting, attendees discussed several HRM topics such as People management challenges, Branding as a recruitment strategy, Considerations in promotional appointments- Employment Equity considerations, New Direction in staffing, Performance management, Retention strategies, Mental Health and Wellness, etc.

The HRD staff mentioned that they had taken mandatory training in their areas of expertise through the CSPS and non-mandatory training. They also indicated that their managers encourage training and development. Furthermore, some interviewees mentioned that their manager is open to providing them with on-the-job training and acting opportunities. In addition, the HRD staff mentioned that they have access to tools such as PeopleSoft (and accompanying reports), SharePoint, forms and templates; however, some of the HRD interviewees indicated a he lack of documented procedures.

3.6   COMPLIANCE

Compliance with policy requirements is monitored on a regular basis and corrective actions are taken in a timely manner in some HRM areas only.

In order to achieve policy objectives set by the TB, the PSC and the PPSC, the latter should ensure through monitoring that these policies are complied with. Monitoring frameworks establish what to monitor, at what frequency, when, how, by whom, and what to do with monitoring results. In order to reinforce the importance of compliance with policies and directives, these contain provisions requiring the HRD to monitor compliance and assess their effectiveness.

The audit did not find evidence of monitoring and reporting as indicated in these policies and directives with the exception of Staffing, Performance Management and Classification.

The HRD developed a staffing monitoring framework as a foundation for monitoring and reporting on staffing activities. It tracks staffing numbers and appointments and reports on them. Although the lack of tracking of staffing timelines is not a compliance issue, their monitoring could improve processes by identifying and addressing any inefficiencies. In this regards, the HRD is implementing a staffing project form with timelines and Roles and Responsibilities; however, this project has not yet been implemented. The Director of Labour Relations and Classification indicated that they report on classifications to TB through the Position and Classification Information System and reclassifications are published on a quarterly basis.

Recommendation

4. The HRD should develop a compliance approach to tracking, monitoring and reporting on PPSC HRM activities.

4.0 CONCLUSION

The IAD assessed the adequacy and effectiveness of the HRM control framework against predetermined audit criteria based on the Office of the Comptroller General of Canada's Core Management Controls. Overall the HRM control framework is appropriate; however, there are areas for improvement in governance (transactions and strategic direction), monitoring for compliance and process improvement, and communicating HRD roles and responsibilities.

5.0 MANAGEMENT ACTION PLAN

RECOMMENDATIONS	MANAGEMENT RESPONSE AND ACTION PLAN	OFFICE OF PRIMARY INTEREST	TARGET DATE
1. The Chair of EC should review committees' mandates to ensure a clear delineation of roles and responsibilities and coverage of all HRM areas. *Risk: Medium*	The mandate of RMC and EC will be reviewed to provide clarity in terms of responsibilities of the two committees.	DPP	Q 1 2017-18
2. The Co-chairs of the RMC should review their mandate to ensure coverage of all HRM areas. *Risk: Medium*	The co-chairs of the RCM will review the committee's mandate to ensure that the committee is briefed on issues from all human resource functional areas.	DG HR and CFO	Q 1 2017-18
3. The DG of the HRD should ensure that roles and responsibilities of the HRD including the HRAU are clearly communicated. *Risk: Medium*	A communications piece will be prepared for the SAB to outline the different roles and responsibilities in the HRD. The HR components of iNet will be updated with relevant contacts.	DG HR	Q 1 2017-18 Q 4 2017-18
4. The DG of HRD should develop a compliance approach to tracking, monitoring and reporting on PPSC HRM activities. *Risk: Medium*	The DG HR will develop and communicate an approach to tracking, monitoring and reporting on human resource activities within HRD.	DG HR	Q 1 2018-19

APPENDIX A – AUDIT CRITERIA

Lines of Enquiry	Audit Criteria
1.Governance	1.1 The organization has appropriate structures in place to provide effective oversight of HR.
	1.2 Roles and responsibilities related to oversight of HR are clearly defined, coordinated and communicated.
2. Planning	2.1 An integrated HR planning process is in place that supports the objectives of the organization.
3. Accountability	3.1 HRD roles and responsibilities are clear and support the achievement of objectives.
4. Client Service	4.1 HRD services are being provided in a timely and effective manner.
5. People	5.1 HR policies/directives have been developed that comply with TB and PSC policies.
	5.2 HR guidelines, tools and reports exist to support the management of human resources.
6. Compliance	6.1 Compliance with HR policy requirements is monitored on a regular basis and corrective actions are taken in a timely manner.

APPENDIX B – LIST OF ABBREVIATIONS

CFP	Chief Federal Prosecutor
CSP	Corporate Service Provider
DDPP	Deputy Director of Public Prosecutions
DG	Director General
DPP	Director of Public Prosecutions
EC	Executive Council
HQ	Headquarters
HR	Human Resource
HRAU	Human Resource Administration Unit
HRD	Human Resource Directorate
HRM	Human Resource Management
IAD	Internal Audit Division
OPI	Office of Primary Interest
PPSC	Public Prosecution Service of Canada
REPMB	Regulatory and Economic Prosecutions and Management Branch
RMC	Resource Management Committee
SAB	Senior Advisory Board
SWWP	Strategic Workforce and Workplace Plan
TB	Treasury Board