
Report on the Audit of Staffing

Prepared by:

Government Audit Services
Government of Yukon

Approved by:

Audit Committee
February 20, 2013

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EXECUTIVE SUMMARY

BACKGROUND

When Government Audit Services undertook its risk assessment of potential audit topics in 2009-10, we considered a number of factors, including senior management's perception of risk; financial and operational significance; internal and external audit coverage; and public exposure. In this context, Government Audit Services assessed the staffing function as a relatively high-risk activity.

An *Audit of Staffing* was subsequently approved by the Audit Committee in April 2011 as part of the *Annual Internal Audit and Two Year Forward Plan*. Notwithstanding some limited historical review of the staffing function by the Public Service Commission of the Government of Yukon, this represents the first time a comprehensive internal audit of the function has been performed.

WHAT WE EXAMINED

The audit focussed on the adequacy of governance, risk management, and control processes designed to ensure the quality of staffing activities carried out under the *Public Service Act*. The audit had two objectives:

- first, to determine whether the Public Service Commission had an appropriate accountability framework, systems, policies and practices to manage and monitor the Yukon government's staffing activities; and
- second, to determine whether staffing activities in departments were being carried out in compliance with applicable legislation, policies, and other governing authorities.

More details on the scope and objectives of this audit can be found in the Introduction section of this report under the heading "Focus of the audit" and in the "Conclusion" section of the report.

In order to conclude against these objectives, the audit team employed a variety of evidence-gathering techniques, notably document review and structured interviews. We reviewed materials on management processes as well as numerous staffing files, and met with representatives within the Public Service Commission and human resource units across the Yukon government.

Conducted on the basis of the *International Standards for the Professional Practice of Internal Auditing*, audit work commenced in December 2011 and was substantively completed in July 2012.

WHY IT'S IMPORTANT

With amongst the highest average weekly earnings and competitive benefits packages available in the territory, the Government of Yukon is widely recognized as an employer of choice. It is also one of the largest, totalling about 4,800 employees.

In addition to playing an integral role in the territory's economy, the government is also a key player in the delivery of vital public services. Ranging from health care to highway maintenance, many of these activities directly support the well-being of Yukoners. Indeed, the nature of government business in the territory underscores one of the government's most important obligations to the taxpayer: namely, getting the right people in the right jobs at the right time in support of the public good.

As a public sector employer, the Yukon government also has a responsibility to uphold the principles of accountability, transparency, and representativeness in the staffing process. Failure to achieve this balance exposes the organization to a number of risks, including perceptions of favouritism and unfairness, as well as potential productivity losses resulting from the recruitment of unsuitable individuals.

In this era of profound economic and demographic change, the government's ability to attract and recruit qualified personnel has become increasingly important. Over the course of the audit, the Public Service Commission informed us that it was in the process of adopting a client service model to help turn this commitment into reality.

WHAT WE FOUND

In keeping with the objectives of this audit, we identified a number of gaps in the systems, policies and practices for staffing activities in the Yukon government, as well as some related compliance issues. Specifically, we found:

- gaps in the accountability framework, including weaknesses in the monitoring and review regime;
- the need for greater alignment in human resource planning processes;
- capacity and co-ordination issues within the Corporate Human Resources Staffing branch;
- lack of mandate clarity for key human resource committees; and
- the need for enhanced consistency within the legislative and policy framework for staffing.

Detailed throughout this report and flowing from these governance-related matters, our file review revealed a number of compliance issues. These included challenges in the administration of competition files and weaknesses in documentation for other staffing actions like direct hires and temporary and acting assignments. In our opinion, these weaknesses can create conditions that may be conducive to favouritism or perceptions thereof. We have summarized these challenges for ease of reference in the “Conclusion” section of this report.

THE WAY FORWARD

To assist the Yukon government in addressing these challenges, Government Audit Services made 15 recommendations. In consultation with its service delivery partners in human resource units across the government, the Commission has agreed to all recommendations. It has also committed to taking a series of corrective actions, which are outlined in the “Management Action Plan” section of this report.

Government Audit Services would like to thank the Public Service Commission and the government’s human resource units for their co-operation in this project. We intend to follow-up on the implementation status of our recommendations in accordance with the requirements and timelines of our risk-based planning processes, and look forward to assessing the nature and extent of improvement at that time.

INTRODUCTION

The role of the Yukon government's Public Service Commission is evolving

The Public Service Commission (the *Commission*) has been undergoing a number of changes in the past couple of years, including the appointment of a new Commissioner in summer 2010, the launch and development of initiatives like e-Recruitment and the Youth Strategy, and some internal reorganization. Meanwhile, the Commission has found itself operating against an evolving backdrop in Canadian public sector staffing, whereby broad shifts have been occurring in the division of labour between central agencies responsible for public sector recruitment and the human resource units that support them.

As part of this trend toward increasing decentralization, the Commission has been shifting its focus from transactional activities to client-centred ones: that is to say, from carrying out staffing activities to supporting their successful execution in departments. Partly as a result of this transformation, many of the Yukon government's human resource practitioners find themselves managing workloads of increasing volume and complexity. At the same time, they continue to perform much of their work within a legislative and policy framework that has remained largely unchanged for the past couple of decades.

In this context, successful staffing outcomes require a broad range of players to coordinate their activities in new and flexible ways. One of the Commission's ongoing challenges is therefore to provide the necessary support, while exerting the level of control needed to ensure that quality and consistency are achieved. We have outlined the nature of some of these relationships and interdependencies below.

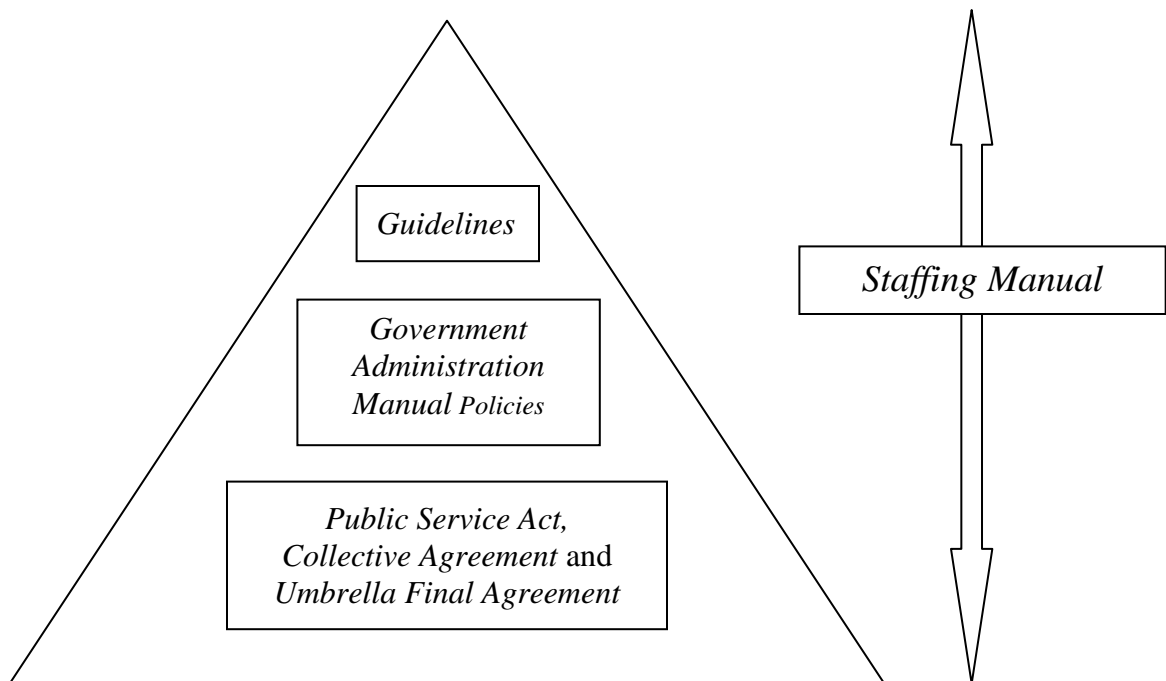
Roles and responsibilities for staffing in the Yukon government are shared

Under the *Public Service Act*, the Public Service Commissioner has the power to appoint qualified individuals to positions within the public service. The Commissioner may delegate any of these powers, duties, or functions to the deputy ministers of departments, who may sub-delegate them as they wish. In practice, this means that departmental human resource practitioners, totalling about 80 individuals across government, in consultation with those managers who sit on hiring boards, administer the bulk of staffing activities in the Yukon government.

Intended to serve as the primary point of contact for departmental human resource (HR) units on staffing-related matters, the Public Service Commission's Corporate Human Resource Staffing branch (CHRS) is mandated to assist HR practitioners in administering staffing activities on an as-needed basis. Other branches within the Commission are available to provide advice on related matters.

In addition to the *Public Service Act*, a number of other authorities govern the administration of staffing in the YG. For example, the collective agreement between the Government of Yukon and the Yukon Employees' Union contains provisions for filling vacancies within the bargaining unit. As well, the *Umbrella Final Agreement* outlines a variety of equity hiring practices. Meanwhile, policies contained in the third volume of the *Government Administration Manual*, which includes a number of supplemental guidelines compiled for HR practitioners' ease of reference in the Yukon government's *Staffing Manual*, provide further guidance. For a visual representation of how these instruments inform the staffing process, please refer to Exhibit 1 below.

Exhibit 1: Selected instruments governing staffing in the Government of Yukon



A variety of committees function in parallel with this rule structure to help those with human resource-related responsibilities, as well as human resource practitioners, understand and execute their obligations:

- The Deputy Ministers' Human Resources Committee (DMHRC), a sub-committee of the Deputy Ministers' Review Committee (DMRC), is responsible for providing strategic direction on human resource-related matters as a whole.
- Comprised of human resource directors and managers, as well as representatives from the Commission, the Human Resources Management Advisory Committee (HRMAC) is charged with providing advice to the Deputy Ministers' Human Resources Committee on corporate human resource strategies, policies, standards, procedures and guidelines on a periodic basis.
- The Advisory Human Resources Committee (AHRC) serves as an additional forum for human resources operational staff to discuss emerging HR issues with a focus on operational standards and to promote consistency, information sharing, and HR educational opportunities.

HRMAC and AHRC have the power to form ad hoc working groups to address specific staffing-related matters. Both of these committees function primarily as venues for information exchange and dialogue versus decision-making.

An annual report published by the Commission captures many of the activities of these various players. Other publications, notably the *Employee Engagement Survey* and merit audits, which we discuss in greater detail in the "Observations and Recommendations" section of this report, have provided some insights into the quality of the YG's staffing process.

FOCUS OF THE AUDIT

In view of the Government of Yukon's complex staffing environment, characterized by decentralization and a diversity of players, we developed audit objectives and approaches that focussed on identifying any systemic barriers to the achievement of quality staffing outcomes. In this context, the objectives of the audit were two-fold:

- to determine whether the Public Service Commission had an appropriate accountability framework, systems, policies and practices to manage and monitor the Yukon government's staffing activities; and
- to determine whether staffing activities in departments were being carried out in compliance with applicable legislation, policies, and other governing authorities.

Governance can be defined as the combination of processes and structures designed to inform, direct, manage, and monitor the activities of an organization in support of the achievement of its objectives.

The first audit objective focussed broadly on governance, a concept generally thought to encompass both risk management and control activities.

To address this objective, we examined the adequacy of rules and structures governing the overall management of staffing activities in the Yukon government. This primarily involved conducting document review and structured interviews.

The second audit objective focussed more specifically on compliance with selected components of the *Public Service Act*. To address this objective, we examined how the YG gains assurance over the quality of staffing activities. We also conducted a spot check on areas of potential vulnerability in the staffing process to assist the YG in identifying opportunities for corrective action.

Risk management can be defined as a process to identify, assess, manage and control potential events or situations to provide reasonable assurance regarding the achievement of the organization's objectives.

Control can be defined as any action taken by management and others to manage risk and increase the likelihood that established objectives and goals will be achieved.

Early in the audit, the Commission communicated its aim to adopt a more client-centered orientation. We took this into consideration as well when setting the objectives and approach for the audit. To ensure our expectations were fair and reasonable, we also undertook a limited cross-jurisdictional analysis of prevailing views in professional HR communities on the role of risk management and control in public sector staffing activities.

We found that human resource practitioners did not consider risk management and control to be mutually exclusive of client service, regardless of the staffing model selected. On the contrary, we learned that these practitioners tend to regard risk management and control activities as complementary to both client-centred approaches and quality outcomes. In this context, the challenge for the Public Service Commission lies in its ability to develop oversight and monitoring mechanisms that respect client needs, but that also address important quality and compliance considerations.

It should be noted that the audit team did not examine the timeliness of the recruitment process or the implementation of the e-Recruitment system, which ran concurrent with this audit. We also did not examine work experience programs, contract employees or the recruitment of teachers under the *Education Act*. Finally, we did not look at the effectiveness and efficiency of classification processes. Because our work focussed on the government's internal processes, Government Audit Services did not engage any unions or third parties.

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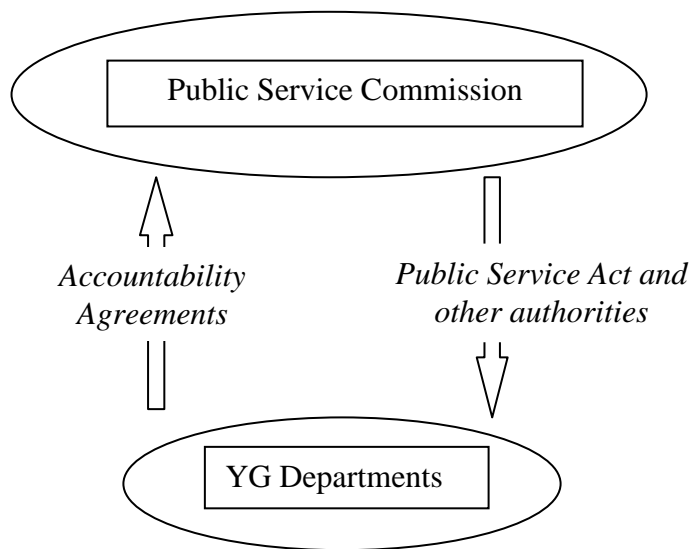
OBSERVATIONS AND RECOMMENDATIONS

OBJECTIVE #1: GOVERNANCE

Monitoring and review of staffing activities have been relatively limited

As discussed in the “Introduction” section of this report, the accountability framework for staffing in the Government of Yukon is highly decentralized. Under the *Public Service Act*, the Commissioner may delegate a variety of powers, duties, or functions to the deputy minister of a department, who may sub-delegate those responsibilities to other officials within the department. For a visual representation of this relationship at the organizational-level, please refer to Exhibit 2 below.

Exhibit 2: Delegation under the Public Service Act



Under this model, the Public Service Commission remains accountable for staffing activities, while the various departments remain responsible for administering those staffing activities. Where authority has been delegated, there is a corresponding obligation on the part of deputies or authorized representatives to ensure that the authority has been properly exercised.

In this context, active monitoring and periodic review serve as important mechanisms to close the accountability loop envisaged by these agreements. Despite these provisions, however, we found that departments were not conducting systematic monitoring, nor had they received any guidance from the Commission on what that monitoring might entail. Over the course of the audit, CHRS informed us that it did perform some spot checking when complaints and appeals were received, but that it generally worked from the assumption that authorized representatives were abiding by the conditions of their respective agreements.

In our opinion, this approach of delegating accountability, as well as responsibility, has led to some erosion of the control environment for staffing. In practice, it has compromised the ability of the Corporate Human Resource Staffing branch to revoke delegations in the event of recurrent non-compliance, which it has the power to do under the act.

Based on this knowledge, we proceeded to inquire into the existence of any compensating controls, including whether the Commission had been conducting other types of review activity. The Commission informed us that it had instituted an in-house program review function in 2005. According to the Commission, the mandate of this function was to assess the quality of staffing activities carried out by departments and to make recommendations for corrective action in the day-to-day administration of the staffing function.

Deemed not to be meeting the organization's needs, the Commission opted to contract out the function. Its mandate was subsequently executed in the form of merit audits for fiscal years 2007/08, 2008/09, and 2009/10. Given the importance of a review function from an accountability perspective, in conjunction with publicly reported merit audit compliance rates of 100 per cent, we undertook an analysis of the merit auditors' approach and methodology.

We found that the merit auditors had not been asked to declare any real or perceived conflicts of interest, despite the fact that both auditors had occupied senior and staffing-related posts in the Government of Yukon. This exposes the YG to claims that the results were neither independent nor objective. With respect to approach and methodology, we found that the merit auditors' conclusions were not always drawn on sufficient evidence.

For example, while the merit auditors noted multiple deficiencies in the files they reviewed, including improper screening practices and lack of reference checks, they chose to categorize these irregularities as administrative errors. In our opinion, these types of errors have impacts on the ability of a third party to determine that merit has indeed been applied. In addition, we found that the merit auditors had omitted some key control points from their analysis; had not identified tolerable levels of error; and had not structured their findings in such a way as to enable commenting on error rates and/or improvements over time.

In our opinion, the merit auditors should have considered itemizing key controls in the staffing process and prioritized them on the basis of risk. This approach would have served to highlight the fact that certain violations, like improper screening and reference checking, arguably carry more weight from a merit perspective than others.

While we found no evidence that the Commission had formally articulated its risk appetite with respect to non-compliance in staffing activities, we note that the Commission did participate in corporate risk management exercises. We encourage the Commission's ongoing involvement in these types of activities. In applying a risk lens not only to the organization, but also to lines of business themselves, including staffing, the Commission will be better positioned to develop a monitoring program that focuses on areas of greatest significance versus one that may unduly penalize HR practitioners for administrative errors.

Whereas we found weaknesses in the regime to monitor quality in competition files, we found no such regime for monitoring quality in non-competitive staffing actions, like direct hires, exemptions, and temporary and acting assignments. According to 2009/10 data, over 60 per cent of approximately 1,900 staffing actions could fall into these other categories. While the Commission informed us that many staffing activities carried out under these categories arguably pose limited risks to the organization due to their theoretically limited duration, we have some concerns.

First, there are indications that these staffing types have been used for periods other than short duration. Second, individuals who obtain employment through exemptions and auxiliaries-on-call can be employed on a permanent or ongoing basis. Given that these types of transactions far outnumber competitive ones, and are subject to significantly fewer rules by their very nature, we maintain that the absence of a monitoring regime for non-competitive staffing activities is potentially problematic, and warrants further consideration from the employer.

Whereas good management practice supports the importance of validating performance under the well-known “Plan, Do, Check, Act” cycle, as per Exhibit 3 below, we would suggest that the Commission could improve the quality of staffing outcomes by developing mechanisms to ensure some form of “checking” takes place.

Exhibit 3: The 'Plan, Do, Check, Act' Cycle



Recommendation #1:

The Public Service Commission, in consultation with departments, should develop guidance on how departments should be carrying out active monitoring; processes for assessing quality across the full range of staffing activities, including, but not limited to, competition files; and mechanisms for corrective action, particularly in areas identified as higher risk.

Management Response:

Agreed.

Better alignment in human resource planning processes is needed

Another important component of the accountability framework for staffing in the Government of Yukon is the human resource planning process. Like other forms of planning, human resource planning is a process that involves setting goals, developing strategies, and outlining tasks and schedules to accomplish those goals. Planning should serve as the link between human resource management and the overall strategic plan of an organization.

From a governance perspective, human resource planning should underpin those staffing-related activities an organization intends to undertake to achieve its business objectives. In the absence of a human resource planning framework, organizations may find themselves having to react to difficult situations like vacancies and capacity issues versus proactively managing them. This can lead organizations to adopt short-term HR solutions, where more strategic approaches may in fact be desirable.

In this context, we expected to find that the Yukon government had a human resources planning process in place. We found that the YG had made important progress in working to establish a culture of planning. For example, we found that YG departments were required to develop strategic and annual plans detailing activities down to the branch level, including HR units.

While not all HR units had plans, the majority of HR units recognized the importance of planning as a means to anticipate and better respond to changing circumstances and environments. We found evidence that some human resource units were taking the time to consult other units and branches in their departments, as well as to develop strategic human resources plans to supplement their more basic branch plans.

As well, we learned that the Commission had taken steps to more actively involve deputy heads, line managers, and human resource practitioners in the development of the *Corporate Human Resource Strategy*. We also found that the Commission had developed mechanisms to track performance against deliverables contained within it. For example, the latest strategy assigns responsibility for implementation and references the importance of performance measurement. In our opinion, these inclusions represent important steps in the right direction.

At the same time, we found that linkages between the strategy and branch plans for human resource units were not always clear. The Commission informed us that timing was likely an issue, as human resource branch plans would have been finalized prior to the roll-out of this year's *Corporate Human Resource Strategy*, and that alignment could therefore not reasonably be expected. That said, we learned that linkages between past strategies and branch plans, to the extent that they have existed, have also been somewhat weak. The Commission informed us that it works from the assumption that human resource units are fully committed to implementing the strategy, given their direct involvement in its formulation.

While we do not question the HR community's broad commitment to the strategy and efforts to appropriately reference it in their annual work plans, a difficult reality remains. Because departmental HR units effectively serve two masters—their deputy heads, to whom they are accountable operationally, and the Public Service Commission, to whom they are accountable functionally—there is a risk that departmental and corporate priorities may not be in the desired alignment.

To increase the likelihood that corporate strategies receive the attention and resources required, the Commission should consider providing more detailed instructions to departments on how they plan to integrated government-wide HR initiatives into their departmental planning processes. Government Audit Services encourages the work of the Commission and departmental HR units in the area of planning. Indeed, ongoing corporate emphasis on the value of integrated human resource planning as a tool for continuous improvement will be key to advancing the culture of strategic planning in the YG. It is also one in which the HR community can play a very important role.

Recommendation #2:

The Public Service Commission, in consultation with departments, should take steps to ensure the desired alignment between corporate human resource strategies and human resource planning activities across the Government of Yukon, and develop mechanisms to ensure appropriate reporting against the implementation of those strategies.

Management Response:

Agreed.

The Corporate Human Resource Staffing Branch faces challenges in providing consistent advice to practitioners

Just as monitoring and planning constitute important components of the accountability framework for staffing, so too does the availability of corporate support. Given that departments are responsible for administering the vast majority of staffing activities, and are encouraged to contact the Commission with specific questions and concerns, we expected to find that sufficient capacity existed within the Commission to adequately address these needs.

We found that the Commission's own *Strategic Plan* (2011-16) supported this key assumption. According to the plan, the Commission's primary goal is to serve as a valued and welcomed partner in the provision of human resource services. In this context, the Commission endeavours to build effective working relationships with departments based on credibility and trust; to model strong client service attitudes, supported by systems, training, coaching and feedback; and to further develop internal collaboration in support of leadership in service delivery.

Notwithstanding these commitments, we found that CHRS faces a couple of key challenges in ensuring the delivery of consistent staffing-related advice. First, the branch has a relatively small staff complement. While existing personnel do their best to resolve issues and respond to queries, there is evidence that the need for specialized support currently outstrips the branch's ability to provide it. Second, there are no mechanisms within the Commission to ensure that all advice on staffing-related matters is channelled through the branch.

These conditions can produce a number of adverse outcomes. For example, we were informed that human resource practitioners sometimes call other branches within the Commission for staffing-related advice. They informed us that they do this because response time may be faster and guidance may be more specialized. To the extent other branches may be providing advice that either supports or contradicts guidance offered by CHRS, it remains largely unaware.

We inquired into what types of activities the Corporate Human Resource Staffing branch does perform in support of the staffing function and found that they included acting as a point of contact for appeals; dealing with complaints and enquiries; and administering the approval of requests for exemptions from competition, which we discuss in greater detail later under the “Compliance” heading of this section. However, we found that CHRS was not logging or analyzing appeals, complaints, or enquiries to systematically determine where human resource units required additional assistance or support in certain areas.

Branch representatives informed us that each appeal, complaint, and enquiry was different, so they tended to deal with them on a case-by-case basis. While we recognize that logging and analyzing this type of information takes time, we believe that these types of value-added activities are critical to the Commission's ability to deliver on its strategic objectives.

Similarly, we found that there was limited documentation justifying how the branch arrived at decisions to approve or deny exemption requests. We also found that the exemption request form itself does not specifically prompt the sponsoring HR unit to identify those “best interest” considerations intended to serve as the basis for approving a request, nor does it compel the sponsoring HR unit to identify how the applicant meets the requirements of the position.

Meanwhile, if the branch was to track this type of information, as well as the reasons for appeals, complaints, and enquiries, discussed above, it would be in a better position to identify areas of common concern, build expertise in those fields, and encourage corrective action in support of continuous improvement. Based on our interviews with human resources units in departments, it is precisely this “centre of excellence” model that would be most welcomed by the HR community. The fact that this is the model envisaged by the Commission’s strategic plan further supports our rationale for improvements in the organization’s subject matter expertise and streamlined channels for internal communication.

In the absence of such support, human resource practitioners end up diverting time and resources from their day-to-day staffing duties to devising solutions of their own. This leads not only to inconsistency in the application of the rules, but also to mounting workload pressures as HR units take on both operational and strategic tasks in growing numbers.

While we recognize that staffing is not a strictly rules-bound proposition, but a field that involves a tremendous amount of judgment and know-how, we maintain that CHRS needs to consider formalizing how it tracks and analyzes issues brought to its attention by the HR community. We maintain that this information will serve as the foundation for the issuance of clear and consistent advice, and will therefore be critical to the branch's transformation into a client service organization.

We would also suggest that if the Corporate Human Resource Staffing branch is to be regarded as a source of trusted and credible advice, it has a responsibility to broaden its capacity for analysis of government-wide HR issues, including the fairness of resource allocation across human resource units and the efficiency of the staffing process. In keeping with its own strategic objectives, it also needs to serve as a starting point for information on human resource planning and the interpretation of rules governing the recruitment process.

Consistent with these expectations, we found that the Public Service Commission had taken steps to conduct satisfaction surveys across the HR community, particularly with respect to commitments outlined in the strategic plan. We commend the Commission's renewed commitment to client service and encourage it to continue to canvass its users to expand on its service delivery model.

Recommendation #3:

The Public Service Commission should develop mechanisms to ensure branches within the Commission as well as the human resource units across government are working from the common understanding that the Corporate Human Resource Staffing Branch is to serve as the primary point of contact on staffing-related matters.

Management Response:

Agreed.

The roles and responsibilities of committees responsible for human resource-related activities have not been clearly defined

As discussed in the report's Introduction, a number of committees exercise responsibilities over the management of the staffing function in the YG. Three committees, namely the Deputy Ministers' Human Resource Committee, the Human Resources Management Advisory Committee, and the Advisory Human Resource Committee, serve as the primary vehicles by which YG senior management and human resource practitioners discuss matters of mutual interest and concern.

In this context, we expected to find that each of these committees had clearly defined terms of reference, and that mechanisms existed to ensure that issues were addressed and/or resolved in a timely manner. In our review of documentation, we found that roles, responsibilities, and reporting relationships were not clear. Human resource practitioners informed us that these committees have historically functioned as venues for information-sharing versus decision-making. Over the course of the audit, the terms of reference for HRMAC were updated.

On a related note, we found that the Commission had taken steps through its Staff Development Branch to initiate think tank-style workshops on staffing-related matters. We learned that these workshops, not unlike the YG's HR committees, were intended to serve as a forum for human resource practitioners to discuss topics of interest, as well as to serve as a vehicle for disseminating the latest information on human resource trends and issues.

To the extent that information-sharing and constructive professional dialogue are critical to ensuring excellence in HR practices, we encourage committee chairs, with the support of the Commission and departmental HR units, to take the time to clarify their mandates and ways of work. Equipped with this information, committee members will be better prepared to make meaningful contributions to group discussion and see how their input can lead to positive change.

Recommendation #4:

Mechanisms for revisiting the terms of reference for key human resource committees should be developed to ensure that roles and responsibilities are clearly understood, and the needs of human resource practitioners are being met.

Management Response:

Agreed.

The current legislative and policy framework for staffing may be compromising quality outcomes

Governing authorities are central to the staffing process. To the extent that these rules may be flawed or incompatible, the Public Service Commission runs the risk of presenting information to the human resource community that is confusing or incorrect or both. In this context, we expected to find that the authorities governing the staffing process, outlined in Exhibit 1, were not only internally consistent but also consistent with one another.

In our review of relevant selected legislation and policies, we identified a number of points of potential confusion for senior management and practitioners, mainly pertaining to:

- the level of authority exercised by deputy heads over staffing activities across government;
- the applicability of conflict of interest and other considerations across staffing types;
- definitions and applications of the merit principle;
- how job advertisements are assembled; and
- guidance on when and how to obtain clearances.

What follows is a more detailed treatment of these issues, addressed in the order that they appear in the above list.

The level of authority exercised by deputy heads with respect to staffing activities varies across government

As discussed in the “Introduction” section of this report, staffing is decentralized in the YG in accordance with the provisions of the *Public Service Act*. The act makes multiple references to duties the deputy head shall perform, but at the same time allows for deputy ministers to delegate their powers to authorized representatives. In practice, the deputy head works with his or her HR unit to determine how sub-delegation will be granted and to whom.

While we recognize the deputy head’s right to exercise discretion in sub-delegation, we note that the level of sub-delegation varies across departments. For example, whereas some deputies sign-off on exemption requests, others do not. In practice, this means that staffing activities are neither authorized nor overseen on a consistent basis. Over the course of the audit, we were informed the Commission was committed to taking steps to review the levels of authority assigned to human resource practitioners in departments.

Conflict of interest and other considerations vary by staffing type

A board usually consisting of three members is established whenever a competition takes place. One of the first steps in the screening process for a competition involves requiring board members to sign a conflict of interest declaration. Signatures are again requested at the rating and assessment stage, as board composition sometimes changes throughout the process. Given the importance of this control against real and/or perceived conflicts of interest, we expected to find that conflict of interest considerations were appropriately addressed across the full range of staffing types.

However, we found that this requirement only applied to competitions and not to non-competitive staffing actions. From a process perspective, this may send the message to HR practitioners that real and/or perceived conflicts of interest are not as problematic in a non-competitive staffing context when this is not necessarily true.

In our review, we also identified instances where conflict of interest declarations were signed after the fact. Human resource practitioners informed us that the primary consideration should be whether board members were adequately informed of the need to declare any conflicts of interest, and not necessarily whether a form was signed. While we agree that the primary consideration is indeed whether or not individuals are aware of conflict of interest considerations, we note that confirmation is the only way for third-party observers to determine that a conversation has taken place.

To the extent that real and/or perceived conflicts of interest are deemed significant, both in the Yukon government's *Conflict of Interest* policy and the *Conditions of Employment for Excluded Groups*, commonly referred to as "Section M", then there is a corresponding need to ensure the control environment for non-competitive staffing actions mirrors broader expectations in this regard. Insofar as Section M indicates that deputy ministers have an obligation not simply to obey the law but to act in a manner so scrupulous that it will bear the closest public scrutiny, we would suggest some work needs to be undertaken in this area.

The fact that other critical control points like advertising and interviewing candidates are not required when engaging auxiliaries-on-call and casuals (although there are requirements for reference checks) is also worthy of note. So too, is the fact that there is no systematic requirement for HR practitioners to justify their use of direct hires, when the same does not hold true for exemptions from competition. We would encourage senior management to examine the extent to which these realities are consistent with the organization's risk appetite, detailed at the beginning of this section of this report.

Competing definitions and interpretations of the merit principle and its components may be undermining its application

According to the *Public Service Act* merit applies to appointments and is based on the three pillars of knowledge, skills, and suitability. However, the *Staffing Manual* reminds human resources practitioners that if candidates do not possess the desired level of knowledge or experience, training can be provided. It adds that attitude and behaviour are not so easily changed. This interpretation suggests that suitability has the capacity to override the other pillars.

Just as the *Staffing Manual* contains potentially confusing remarks on the merit principle and how to treat its sub-components of knowledge, skills, and suitability, so too, does the *Corporate Human Resource Strategy*, which has as one of its goals to “improve the ability to assess potential, as well as experience and fit, in hiring decisions.” Similarly, the *Representative Public Service Plan* suggests changing recruitment processes to be more effective in hiring Aboriginal people, including informal interviews and greater reliance on references.

These statements may send the message that it is less important for candidates to be able to demonstrate that they currently possess the required knowledge, skills, and suitability, than it is for them to demonstrate an ability to obtain them in the future. In fact, other recruitment vehicles, like the First Nations Training Corps, which we did not audit and the underfill option, which we discuss in greater detail later in this section, may be better suited to the achievement of these objectives.

Meanwhile, we found that the efforts the Commission had made to provide guidance on the concept of “best fit” in the *Candidate Assessment Rating Guide* enabled suitability to override the other pillars of merit, and did not provide any significant practical guidance on how HR practitioners in the YG are expected to apply the concept. Given the emphasis that the YG has placed on suitability in the hiring process, and its power to trump other factors, the Government of Yukon would be well-served to specify suitability in greater detail.

There are inconsistencies with respect to how job advertisements are assembled

The foundation of any professional public service is qualified personnel. In this context, mechanisms for ensuring that individuals possess the knowledge, skills, and suitability required to perform their duties is critical. As a starting point, we found that the *Staffing Manual* identified the process of developing the job advertisement, in close consultation with the job description, as one of the most important steps in any competitive staffing process. This was echoed in our interviews with HR practitioners across the YG.

Yet, after inquiring into the steps human resource practitioners were expected to take to ensure proper alignment between job descriptions and job advertisements, we found conflicting information. For example, in the definitions section of the Commission's website, we found that references continued to be made to the statement of qualifications, described as a document that outlines the knowledge, skills, and suitability requirements against which candidates are supposed to be screened. However, we found that this document was not mentioned in the *Staffing Manual* itself as it was no longer in use.

In our opinion, the statement of qualifications form itemized knowledge, skills, and suitability in a way that served to enhance congruence between the job description and the job advertisement. Meanwhile, the human resource practitioners we interviewed informed us that job requirements tend to be set on a case-by-case basis in the YG. In practice, candidate “fit” for particular jobs tend to be regarded as a function of how their knowledge, skills, and abilities will complement existing skills in the work unit.

Of course, this approach has both strengths and weaknesses. On the one hand, it affords human resource practitioners and hiring managers’ significant flexibility in establishing the knowledge, skills, and suitability for a given position. On the other hand, it exposes the Yukon government to the risk of requiring too much or too little from candidates. This lack of consistency can fuel perceptions of bias in the hiring process.

Both extremes come at a cost: the former arguably discourages potentially qualified candidates from applying in the first place; the latter has the potential effect of setting up successful candidates to fail. To the extent that the YG is committed to developing a professional public service, it needs to consider the implications of its current approach and might consider exploring what is required of similar positions in other jurisdictions. In this regard, we support the Commission’s ongoing work to develop competency models for broader use in the Yukon government.

Guidance on when to obtain security clearances is not clear

Security clearances serve as an important mechanism for the YG to establish the reliability of personnel occupying key positions. In this context, we expected to find that guidance on when to obtain clearances was concise and understandable. However, we found some points of inconsistency in the guidance. According to *General Administration Manual* (GAM) policy 3.25, departments are responsible for designating positions that require security clearances. The policy also indicates that it is permissible for individuals to commence work before security clearances are obtained, provided the individuals are appropriately supervised and do not work in vulnerable areas. The *Staffing Manual*, on the other hand, states that letters of offer cannot be issued before security clearances have been obtained. We heard that some departments follow the former interpretation, whereas others follow the latter.

Indeed, clearance procedures constitute a fundamental level of control over business operations. They let the whole organization know that management is concerned with security and is devoting time and money to seeing that its security objectives are being met. To the extent that guidance may be misunderstood, the Commission would be well-advised to address the issue on the administration of clearances, which is discussed in greater detail in this section of the report under the “Control” sub-heading. Over the course of the audit, the Commission informed us that it would be dedicating a resource to do just that.

Recommendation #5:

The Public Service Commission should take steps to ensure alignment in the legislative and policy framework for staffing. Future updates to the Staffing Manual should be guided by a systematic review of supporting legislation and policies, so that gaps and inconsistencies can be readily identified.

Management Response:

Agreed.

There are indications that the Temporary Assignment Guidelines are regarded as non-binding

According to the *Staffing Manual*, a temporary assignment is an assignment in the employee's department, where the duties are outside of, or in addition to, the substantive position. The term is expected to be equal to or greater than six months. Temporary assignments have a number of benefits. For example, they can be used to meet an operational need; to address employer obligations; to increase employee engagement and retention by creating opportunities for professional development; and/or to allow supervisors to access specialized knowledge and skills for special projects and succession planning.

At the same time, temporary assignments should be used with caution. The manual reminds human resource practitioners to beware of lengthy acting or temporary assignments which can compromise an eventual competition. The guidelines specifically note that temporary assignments should not be used to avoid, influence or manipulate the competitive, classification or promotional processes. In this context, we expected to find that departments were adhering to the rules and guidelines governing the use of temporary assignments.

We found that there was some confusion amongst human resource practitioners regarding the guidelines. For example, the guidelines indicate that temporary assignments will normally be posted on the Commission's jobs website and that temporary assignments posted to meet employer obligations like workplace accommodation will not be posted. During the audit, the Public Service Commission indicated that it was the practice not to post temporary assignments for training purposes. Given that temporary assignments are developmental by nature, we question this practice from an accountability perspective. We also question the extent to which this practice is in keeping with the Commission's own guidelines.

In addition, we heard that the guidelines are not regarded as binding, because they are "guidelines" and not housed in a GAM policy. On a related but slightly different note, we also found instances where individuals who held "acting" positions under their job titles for periods exceeding six months were not classified as temporary assignments in the system.

Over the course of the audit, we raised these points with the Public Service Commission. The Commission acknowledged that it had opted to communicate updates like this one through informal channels due to the time it takes to update policies through formal routes. While we acknowledge that some mechanisms for amending guidance and direction are more expeditious than others, it nonetheless remains important for the Commission to formally communicate its expectations regarding the administration of temporary assignments to ensure that the principles of accountability and transparency are upheld.

Indeed, because the guidelines were developed in response to lower-than-desired ratings on merit and fairness-related questions in the 2008 *Employee Engagement Survey*, it stands to reason that the Commission should take a keen interest in tracking improvements against these questions over time. To the extent that improvements are within a desirable range, or not, the Commission needs to consider reviewing the effective administration of temporary assignments on a periodic basis.

Recommendation #6:

The Public Service Commission, in consultation with departments, should review the use of temporary assignments including other types of non-competitive staffing actions to ensure appropriate and desired levels of usage consistent with the human resource objectives of the Government of Yukon.

Management Response:

Agreed.

Verification of candidates' credentials takes place on a narrow and potentially inconsistent basis

Just as clearances serve as essential tools for HR practitioners to assess whether a candidate is right for a position, so too does the process of verifying credentials. Given the dire consequences for falsifying credentials under the *Public Service Act*, we expected to find that guidance on how to effectively execute this very important series of steps was outlined in sufficient detail in the *Staffing Manual*.

We found some references to credentials in the manual. One reference cautioned human resource practitioners against credentialism, which it defined as placing primary reliance on a candidate's formal credentials versus other skills and experiences. While we agree that knowledge and skills can be legitimately obtained through channels other than post-secondary education, this warning may leave practitioners with the impression that credentials, such as a university degree or professional designation which is considered essential to the job, and processes for verifying them, do not warrant special consideration. Indeed, the manual states that practitioners are only required to verify credentials for licensed professions.

While we question the specificity of this requirement, particularly in relation to the *Public Service Act* which carries strict penalties for the falsification of credentials, our audit proceeded to inquire into what mechanisms are in place to ensure that HR practitioners verify these types of credentials as required. We found that there was no standardized list of licensed professions designed for use by HR practitioners. In the absence of a list and appropriate substitutions, there is a risk of inconsistency in application.

Further, we found that there was no indication in selected letters of offer that candidates would be required to supply documentation with respect to their ongoing affiliation with appropriate licensing bodies. In the absence of such a statement in the letter of offer, the Yukon government runs the risk of offering positions to individuals, and retaining employees, who may not have the credentials required to perform the job.

Recommendation #7:

The Public Service Commission, in consultation with departments, should develop mechanisms to ensure that human resource practitioners are kept informed of licensed professions requiring verification of credentials so that they can verify those credentials, accordingly. The Commission should also revisit the requirement to verify credentials only for licensed professionals.

Management Response:

Agreed.

Training for staffing has improved, but some challenges remain

Just as the Public Service Commission has begun to revisit how the human resource community organizes itself, it has also begun to examine some of its core practices, including how human resource practitioners are trained to recruit the right people, for the right jobs, at the right time. Specific training is mandated under the collective agreement, which indicates that the chairperson of the screening board must have taken and successfully completed the selection skills course conducted by the Public Service Commission.

In this context, we inquired into whether departments and/or the Commission had been maintaining mechanisms to keep track of who needed to take this training, as well as who had actually taken this training. Over the course of the audit, we were informed that departments had been responsible for developing and delivering their own training until fall 2011, at which time the Commission reassumed responsibility for course design and delivery.

This effectively means that until relatively recently, most human resources personnel would have been granted their delegations based on non-standardized course content. Some of our file review results, discussed in this section of the report under the “Compliance” sub-heading, indicate that some skills upgrading may be required. For example, we found indications that non-Yukon residents had been screened out of competitions on account of their out-of-territory residency, which suggests that some human resource practitioners have been continuing to apply elements of the *Yukon Hire* policy, despite the fact that it was repealed in 2009.

Based on our document review, we found no evidence that those who had taken the training when it was offered on an ad hoc departmental basis were going to be slated for refresher training. Meanwhile, in our interviews, human resource practitioners indicated it would be highly beneficial for the Public Service Commission not only to develop mechanisms to ensure that human resource practitioners’ skills were kept up-to-date, but also to consider expanding course offerings to non-human resource personnel, given their fairly routine involvement in screening boards.

Indeed, in a complex environment like public sector staffing, it is important for HR practitioners in the Government of Yukon to keep their skills up-to-date. We encourage the Commission to continue its important work in this area, and to modify its curriculum in keeping with identified needs, as well as the results of its monitoring and review activities, as per Recommendation #1.

Recommendation #8:

The Public Service Commission should take steps to ensure that delegation training offers adequate guidance and course offerings for human resource as well as non-human resource practitioners, and develop mechanisms to ensure appropriate refresher training is provided.

Management Response:

Agreed.

OBJECTIVE #2: COMPLIANCE

As discussed at length under the preceding sub-heading of “Governance” in this report, the staffing process in the YG is complex and varies in accordance with the type of staffing action being undertaken. For example, competitions involve a number of stages, including developing a job advertisement from the job description, as well as screening and assessing candidates. Meanwhile, non-competitive staffing actions like exemptions, direct hires, and temporary and acting assignments, involve a relatively limited number of steps.

In this context, we requested a risk-based cross-section of files for competitions, exemptions, direct hires, and temporary and acting assignments. Where files were more readily available (*i.e., competitions*), we identified higher-risk areas for review, and have summarized the results below. Where standardized files were not as readily available (*i.e., direct hires and temporary and acting assignments*), we developed an overarching recommendation on the importance of record keeping.

In keeping with the two-pronged objectives of this engagement, that is to say, governance and compliance, we opted to wrap up the report with a recommendation on performance reporting in support of continuous improvement. As well, for ease of reference and understanding, the reader should consider all challenges identified under this “Compliance” sub-section of this report to constitute areas for potential review under Recommendation #1, which states “The Public Service Commission, in consultation with departments, should develop guidance on how departments should be carrying out active monitoring; processes for assessing quality across the full range of staffing activities, including, but not limited to, competition files; and mechanisms for corrective action, particularly in areas identified as higher risk”.

There are weaknesses in the management of security and medical clearances

According to GAM policy 3.25 on security clearances, the purpose of requiring a security clearance for designated positions is to minimize the likelihood of risk, damage, and injury to the public interest in general and specifically to clients. Further to this, the security clearance module in the selection skills course highlights the need to safeguard the Yukon government against potential liabilities.

Specifically, GAM 3.25 states that departments are responsible for designating positions that require security clearances; maintaining a log book of all security clearances so that an annual report of security clearance activity can be provided to the Commission; and preparing procedures for the administration of clearances. In this context, we expected to find that departments had designated positions, accordingly, and had instituted mechanisms to ensure that clearances were obtained and maintained, as required.

We found that departments were not taking steps to designate positions requiring security clearances. Instead, human resource practitioners informed us that requirements for clearances were contained in the respective job descriptions. However, in relying on job descriptions for references to security clearance requirements, versus taking proactive steps to update job descriptions, the Government of Yukon exposes itself to the risk of recruiting individuals to positions that may require clearances, but are not designated as requiring clearances.

In addition, we found that departments were not maintaining logs of their security clearance activity. We learned that security clearance activity was largely focused on positions involving vulnerable populations, to the exclusion of positions involving the handling of money, for example. This suggests awareness among practitioners on the many and varied jobs that require clearance. Meanwhile, HR practitioners informed us that the cost and lengthy turnaround times associated with obtaining security clearances sometimes factored into their decisions to require them or not. Some HR practitioners also indicated that changes to security clearance practices were not always communicated through the Commission, but were discovered in the field. Over the course of the audit, one department indicated that it was taking steps to ensure that individuals filling positions in this regard had obtained those clearances, or were notified of the need to obtain those clearances.

We found that similar problems persist in the maintenance of medical clearances. According to GAM 3.20 on occupational health evaluations and physical abilities testing, certain positions require medical clearances as bona fide occupational requirements. These clearances are necessary to ensure the safety and well-being of employees, clients, and the general public. In this context, we expected to find that positions had been designated accordingly, and that systems were in place to maintain those clearances.

Similar to our findings pertaining to security clearances, we found limited systems for the management of medical clearances. We also determined that there was some confusion on the part of departments and the Commission as to where clearance documentation is to be stored. For example, whereas GAM 3.20 indicates that the Public Service Commission is responsible for retaining records pertaining to occupational health evaluations and physical abilities tests, we found that these records were not always available.

Because gaps in the administration of security and medical clearances have clear and direct impacts on the suitability of candidates, we encourage departments and the Public Service Commission to take action on this recommendation as soon as possible.

Recommendation #9:

Departments should undertake a systematic analysis of which positions should be designated as requiring clearances and work with the Public Service Commission to ensure that job descriptions are updated, accordingly.

Management Response:

Agreed.

There are weaknesses in the administration of psychological testing

Similar to security and medical clearance requirements, the *Staffing Manual* indicates that there are certain positions within the Yukon government that require psychological testing as a bona fide occupational requirement. The manual also advises HR practitioners to contact CHRS for information about criteria, as well as specific practices and procedures relating to psychological testing. In this context, we expected to find positions had been designated, accordingly, and that testing had been appropriately administered.

After contacting the branch for this information, we were informed that the Public Service Commission was in the process of developing an *Occupational Health and Evaluation Guide* (OHEG), which has been in draft form since 2008. In our review of selected files, we also found limited evidence of a systematic process to ensure that departments were taking steps to appropriately designate positions requiring psychological testing.

In the absence of a regime to ensure that psychological testing is done, the YG is exposed to similar risk as those detailed above. Over the course of the audit, we were informed that a “fit for duty” policy was being drafted to provide further guidance on psychological testing to human resource personnel. We encourage this activity, and would suggest that work in this area warrants prioritization.

Recommendation #10:

The Public Service Commission should prioritize completion of the Occupational Health and Evaluation Guide to ensure that departments have access to the guidance they need to comply with appropriate regulations and policies.

Management Response:

Agreed.

There are indications that usage of the underfill option is not being maximized

When the Yukon government has difficulty recruiting individuals who possess all of the essential qualifications for a given position as per the job advertisement, it has the opportunity to use what is called an underfill. According to the *Staffing Manual*, an underfill refers to the appointment of an individual who is not fully qualified, and who therefore is to be compensated at an approved rate of pay below the minimum scheduled rate for the position. If a competition is unsuccessful, an underfill appointment may be considered. In this context, we expected to find the underfill option where the situation warranted it.

In our review of the staffing database maintained by the Corporate Human Resource Staffing branch, we found a relatively small number of staffing actions categorized as underfills and no indication that unsuccessful competitions had given way to underfill assignments.

To the extent that underfills are considered to serve as important learning and development opportunities, as well as vehicles designed to increase participation of underrepresented groups in the workforce, we encourage the Commission and departments to explore ways to optimize their usage.

Recommendation #11:

The Public Service Commission, in consultation with departments, needs to take steps to determine desired levels of underfill usage, including whether or not the underfill option has been explored where competitions have been unsuccessful.

Management Response:

Agreed.

Eligibility lists are sometimes used within departments, but tend not to be used across departments

Eligibility lists are designed to save departments time and money in the recruitment process by shortlisting candidates for other positions who did not come first in the competitions to which they originally applied. In this context, we expected to find that departments were using eligibility lists as intended, and that the Public Service Commission had been taking steps to maximize their usage.

We found that while human resource practitioners were maintaining lists in accordance with specifications, they had reservations with respect to their usage. For example, we heard that eligibility lists tended to be used within departments, but not across departments, although sharing did sometimes occur. HR practitioners informed us that they were reluctant to hand over the names of candidates on their eligibility lists because of the time and effort that goes running a competition—costs that are borne largely by individual departments and HR units.

There was also the perception that because hiring efforts are tailored to assess suitability on a case-by-case basis, eligibility lists are not particularly useful in the current YG context. Notwithstanding these barriers, Government Audit Services encourages the Commission and departments to explore how this potentially useful tool could be better leveraged to save time and money in the recruitment process.

Recommendation #12:

To the extent that eligibility lists are considered to be useful and potentially cost and time-saving tools, the Public Service Commission, in consultation with departments, should explore ways to maximize their usage.

Management Response:

Agreed.

There are weaknesses in how reference checks are conducted

Reference checking is critical to ensuring that candidates have the knowledge and skills they claim to have. According to the *Staffing Manual*, human resource practitioners are expected to indicate whether candidates have passed or failed the reference check. As well, reference checks are to be completed prior to the issuance of a letter of offer. In this context, we expected to find records of successful reference checks on file, and that these checks predated the issuance of the letters of offer.

We found that it was difficult to determine whether reference checks had been conducted prior to the issuance of letters of offer, because reference checks were often not dated or not available in several of the files we reviewed. We also reviewed files where only one reference check was conducted instead of two, with no corresponding explanation as to why. Further, we learned that it was not consistent practice, when hiring an existing or past government employee, to insist on getting a reference from the previous supervisor.

In addition, we noted a number of cases where the individual conducting the reference check did not seek out additional information, even when the responses provided suggested discrepancies. We also found limited evidence that the individual providing the reference was given background information on what the candidate's respective job would entail, and therefore what attributes ought to be considered relevant or important. As well, we noted instances where reference checks obtained in the context of certain competitions were reused for a subsequent hiring.

Contrary to the manual, we also observed that reference checks did not routinely receive pass or fail ratings. When we inquired into why this might be, HR practitioners informed us that it was common practice to assume that candidates had passed the reference checking phase unless otherwise noted. To the extent that this practice does not align with stated expectations, we encourage the Public Service Commission to revisit the practice. Given the critical role of reference checks as means to validate candidates' skills and abilities, we encourage departments to abide by good practice and requirements outlined in the *Staffing Manual*.

Recommendation #13:

The Public Service Commission, in consultation with departments, should undertake an analysis of adherence to reference check procedures to mitigate associated risks.

Management Response:

Agreed.

There are weaknesses in record keeping processes for staffing activities

Effective record keeping assists an organization in knowing what it has done, as well as effectively planning what it will do in the future. As a key resource in the operation of any organization, records should be created, organized, secured, maintained and used in a way that effectively supports the activity of that organization, including:

- facilitating and sustaining day-to-day operations;
- supporting predictive activities such as budgeting and planning;
- assisting in answering questions about past decisions and activities; and
- demonstrating and documenting compliance with applicable laws, regulations, and standards.

To this end, we found that the *Staffing Manual* advised human resource practitioners to consider all recruitment initiatives as projects. It also indicated that each recruitment activity should have a framework outlining the purpose, resources, process, time lines and costs. The manual also offered some guidance on how to maintain competition files, including a checklist designed to ensure file completeness. As well, we noted that the selection skills training course devoted some attention to the need for documentation, albeit with a focus on competition files.

In this context, we expected to find that records were created, organized, secured and maintained for the full range of the Yukon government's staffing activities. We found significant weaknesses in documentation pertaining to screening, rating and assessment of candidates in the competition files we reviewed, and a relatively limited amount of paperwork for non-competitive staffing actions.

For the majority of competition files we reviewed, for example, it was difficult to determine whether the screening board had reached consensus, as there is no requirement for members to sign off on their decisions. Some files contained multiple screening board reports, so it was difficult to determine what constituted the official record.

We also observed weaknesses with respect to the clarification of equivalencies, which are considered key to assisting human resource practitioners in screening candidates appropriately. In those job advertisements that indicated equivalencies would be considered, we found limited documentation indicating what those equivalencies actually were. This is problematic, because failure to clarify equivalencies can create the perception—and equally, the reality—that candidates are being screened in or out of the competition on an inconsistent basis.

The majority of competition files we reviewed did not contain a rating guide or key that was specific to the questions being posed, which prevented us from determining how scores were ascribed to each question. In a couple of competitions, we noted a more serious deficiency where successful candidates were selected in the absence of any scoring on a question-by-question basis. While many of the files we reviewed contained indications of what expected answers might look like, they did not go so far as to articulate what strong and weak answers should have looked like in relation to particular questions.

As well, most of the competition files we reviewed did not contain completion checklists. In those instances where the files contained the checklist, it was often incomplete indicating that those who partially filled it out—but did not subsequently use it to track down missing paperwork—may not have fully understood its underlying purpose and value as a quality control measure. Further, we found that the checklist did not incorporate all control points outlined in the *Staffing Manual*.

Over the course of the audit, the Commission informed us that it had never intended to require that these checklists be appended to all competition files. Meanwhile, it would seem that such a requirement would only serve to boost the likelihood of compliance. In addition, we found that there was very limited guidance on how to maintain files for staffing activities that are not competition-related, including direct hires and temporary assignments. We noted that many government departments did not maintain files per se on these activities, but that they were able to gather some supporting documentation on request.

While we recognize that the option to hire directly was designed to provide departments with a certain degree of flexibility, we note that the control environment governing the use and administration of direct hires is not particularly robust. Because there is no agreed-upon standard for what constitutes a direct hire file, Government Audit Service received a wide variety of documentation in response to our requests. In the majority of cases, there was no documented analysis of how the candidate met the requirements for the position, or why the direct hire option was deemed to be preferable to the competitive route.

When we inquired into why files were not being maintained for these types of staffing activities, the Corporate Human Resource Staffing branch indicated it had never been a requirement to maintain staffing files for direct hires or temporary assignments. Indeed, we discovered that our audit requests marked the first time departments had been asked to produce this type of documentation on a systematic basis.

As discussed earlier in this report under the “Governance” sub-heading, we found that exemption files also have weaknesses, including missing rationale forms, information that was not pertinent to “best interest” considerations, and limited explanations as to whether candidates possess the basic essential qualifications of the job. In the absence of a paper trail that explains how and why staffing decisions are made, the Yukon government risks being unable to provide defensible answers when individuals pose process-related questions, even if those decisions were indeed made on a sound basis.

While direct hire and temporary assignment decisions cannot be formally appealed, which may explain gaps in record keeping, this does not negate the Yukon government’s responsibility to exercise due diligence across the full range of staffing actions it performs. Failure to do so can fuel negative perceptions regarding the extent to which the YG is applying the principles of fairness and transparency in the staffing process, and should therefore be avoided.

Recommendation #14:

The Public Service Commission should develop mechanisms to systematically demonstrate how exemption requests are approved in the best interest of the public service in support of enhanced transparency in decision-making.

Management Response:

Agreed.

Recommendation #15:

The Public Service Commission, in consultation with departments, needs to clarify record keeping requirements for non-competitive as well as competitive staffing actions to ensure the principles of accountability and transparency are upheld.

Management Response:

Agreed.

Work is underway to improve results-based performance measurement of staffing activities

Performance measurement is a general process for collecting and reporting information on the performance of an individual, group or organizations. It can involve looking at processes and strategies, as well as whether outcomes are in line with what was intended or should have been achieved. Typically, good performance measures offer a way to see if strategies are working; focus employees' attention on what matters most to success; allow measurement of accomplishments, provide a common language for communication; and ensure the right things are being recorded, measured and reported on.

Performance measurement and reporting have remained a challenge for the Government of Yukon. This holds true with respect to staffing activities as well, where performance measurement and reporting have traditionally been limited to the *Annual Activity Report*. As its title suggests, this report has a transactional versus results-based focus. The report contains information on performance against some indicators where there are requirements in legislation and agreements, but has not been structured to provide its audience with a snapshot of compliance.

For example, we found that while there are requirements to report on performance under the *Umbrella Final Agreement*, there was limited reporting on these indicators in the *Activity Report*. While departments are regularly provided with snapshots on key HR metrics to keep them updated on where they stand with respect to key demographic trends, they do not contain targets. This makes it difficult for the YG as a whole to assess what constitutes acceptable progress.

Over the course of the audit, the Public Service Commission indicated that it was revisiting its reporting processes to ensure better tracking of performance over time. Given the importance of reconciling results with targets in support of continuous improvement, we actively encourage the Commission to continue its work in this area.

To conclude this section of the report, we therefore refer the organization to Recommendation #1, which states "The Public Service Commission, in consultation with departments, should develop guidance on how departments should be carrying out active monitoring; processes for assessing quality across the full range of staffing activities, including, but not limited to, competition files; and mechanisms for corrective action, particularly in areas identified as higher risk".

CONCLUSION

In order to ensure quality staffing outcomes, departmental HR units must work co-operatively with the Public Service Commission to make recruitment decisions that not only meet the needs of their respective departments, but that also respect relevant legislation and policies. At the same time, HR practitioners must do their part to uphold core public sector values like accountability, transparency, and representativeness, as they face workloads of increasing volume and complexity. Taken together, these factors render staffing in the Government of Yukon as a complex undertaking that requires a tremendous amount of co-operation between all parties involved.

With respect to the first audit objective (to determine whether the Public Service Commission had an appropriate accountability framework, systems, policies and practices to manage and monitor the Government of Yukon's staffing activities), we found some key issues, notably:

- gaps in the accountability framework, including weaknesses in the monitoring and review regime;
- the need for greater alignment in HR planning processes;
- capacity issues at the Corporate Human Resources Staffing branch;
- lack of mandate clarity for key human resource committees; and
- the need for enhanced consistency within the legislative and policy framework for staffing.

We determined that while important progress had been made in the area of training, the aforementioned conditions significantly inhibited the ability of the Yukon government to appropriately inform, direct, manage, and monitor staffing activities in support of quality recruitment outcomes.

Meanwhile, our findings on weaknesses in the monitoring and review regime for staffing activities, specifically led us to conduct a spot check on areas of potential vulnerability across a range of staffing types. Conducted in support of the second audit objective (to determine whether staffing activities in departments were being carried out in compliance with applicable legislation, policies, and other governing authorities), this work raised a number of concerns warranting management's attention.

With respect to competitions, we found there was no process in place for developing basic minimum requirements for positions on a systematic basis. In addition, we found weaknesses in the screening, rating and assessment processes. Primary weaknesses for non-competitive staffing actions revolved around the absence of standardized documentation as a means to determine how decisions were made. In our opinion, these weaknesses can create conditions that may be conducive to favouritism or perceptions thereof, and this should be avoided.

In consultation with HR units, the Public Service Commission has agreed to all recommendations we have made, and will be implementing them in accordance with its “Management Action Plan”, which is included in the next section of this report. Government Audit Services is confident that these commitments, once fulfilled, will significantly strengthen the control environment for staffing in the Government of Yukon and therefore serve to improve the quality of staffing outcomes over time.

In closing, we would like to thank the Public Service Commission and government departments for their co-operation throughout the audit process. We look forward to following-up on the implementation status of these important recommendations, in accordance with our risk-based planning processes, and in support of the internal audit activity’s broader objectives of adding-value and supporting continuous improvement in YG operations.

MANAGEMENT ACTION PLAN

The Public Service Commissioner has overall accountability for the implementation of the Management Action Plan, though components of the Management Action Plan will be implemented by other parties.

Recommendations	Actions	Target Date
<p>Recommendation#1: <i>The Public Service Commission, in consultation with departments, should develop guidance on how departments should be carrying out active monitoring; processes for assessing quality across the full range of staffing activities, including, but not limited to, competition files; and mechanisms for corrective action, particularly in areas identified as higher risk.</i></p>	<p>-CHRS will establish a Staffing Audit Review Committee to address recommendations in this report, including developing and communicating guidance for HR staff on how to monitor and spot check staffing transactions to ensure quality and adherence to requirements.</p> <p>-Through the Staffing Audit Review Committee and other working groups, CHRS will co-ordinate periodic checks to obtain assurance that departments are adhering to staffing requirements and addressing the full range of this report's recommendations.</p>	<p>Fall 2013/14 and ongoing</p>
<p>Recommendation#2: <i>The Public Service Commission, in consultation with departments, should take steps to ensure the desired alignment between corporate human resource strategies and human resource planning activities across the Government of Yukon, and develop mechanisms to ensure appropriate reporting against the implementation of those strategies.</i></p>	<p>-In consultation with DMHRC, the Commission will develop mechanisms to ensure that the <i>Corporate Human Resource Strategy</i> appropriately informs departmental and branch plans.</p> <p>-The Commission will report on implementation of the <i>Corporate Human Resource Strategy</i> in its annual report.</p>	<p>Fall 2013/14</p>

Recommendations	Actions	Target Date
<p>Recommendation#3: <i>The Public Service Commission should develop mechanisms to ensure branches within the Commission as well as the human resource units across government are working from the common understanding that the Corporate Human Resource Staffing Branch is to serve as the primary point of contact on staffing-related matters.</i></p>	<p>-CHRS will present information on its work plan and mandate to the Commission’s senior management team (SMT).</p> <p>-CHRS will develop a strategy on how it plans to communicate its role as the primary point of contact on staffing-related matters to members of the HR community and incorporate that material in training and information sessions.</p> <p>-CHRS will develop mechanisms to determine the extent to which members of the HR community may be bypassing the branch on staffing-related matters and take appropriate corrective action to address identified gaps.</p>	<p>Winter 2013/14 and ongoing</p>
<p>Recommendation#4: <i>Mechanisms for revisiting the terms of reference for key human resource committees should be developed to ensure that roles and responsibilities are clearly understood, and the needs of human resource practitioners are being met.</i></p>	<p>-Committee chairs will institute a bi-annual review of the terms of reference for DMHRC, HRMAC and AHRC and ensure the documents are made available online.</p> <p>-Committee chairs will take steps to ensure new members receive appropriate orientation.</p> <p>-Committee chairs for HRMAC and AHRC will survey members on a periodic basis to confirm that the needs of human resource practitioners are being met, and ensure appropriate action is taken to maximize committee participation and effectiveness.</p>	<p>Spring 2013/14 and ongoing</p>

Recommendations	Actions	Target Date
<p>Recommendation#5: <i>The Public Service Commission should take steps to ensure alignment in the legislative and policy framework for staffing. Future updates to the Staffing Manual should be guided by a systematic review of supporting legislation and policies, so that gaps and inconsistencies can be readily identified.</i></p>	<p>-CHRS will review and update the <i>Staffing Manual</i> to ensure alignment with current legislation and policy framework, and address areas where updates to the legislative and policy framework may also be required.</p> <p>-CHRS will develop mechanisms to ensure appropriate updates to HR staff are appropriately communicated.</p>	<p>Summer 2013/14 and ongoing</p>
<p>Recommendation#6: <i>The Public Service Commission, in consultation with departments, should review the use of temporary assignments including other types of non-competitive staffing actions to ensure appropriate and desired levels of usage consistent with the human resource objectives of the Government of Yukon.</i></p>	<p>-CHRS will work with departments to review current usage levels for non-competitive staffing actions, including temporary and acting assignments.</p> <p>-CHRS will perform a periodic review of non-competitive staffing actions to establish trends and affirm alignment with the strategic human resource objectives of the Government of Yukon.</p>	<p>Winter 2014/15</p>
<p>Recommendation#7: <i>The Public Service Commission, in consultation with departments, should develop mechanisms to ensure that human resource practitioners are kept informed of licensed professions requiring verification of credentials so that they can verify those credentials, accordingly. The Commission should also revisit the requirement to verify credentials only for licensed professionals.</i></p>	<p>-CHRS will work with departments to develop process options for HR staff on how/where/when to verify candidate's credentials and communicate them accordingly.</p>	<p>Winter 2013/14</p>

Recommendations	Actions	Target Date
<p>Recommendation#8: <i>The Public Service Commission should take steps to ensure that delegation training offers adequate guidance and course offerings for human resource as well as non-human resource practitioners, and develop mechanisms to ensure appropriate refresher training is provided.</i></p>	<p>-CHRS will work with the Staff Development Branch and departments to identify training needs of HR staff, as well as take steps to ensure that other capacity gaps identified in this report are addressed.</p> <p>-CHRS will work with departments to provide information and regular delegation training (selections skills training) for human resources and non-HR staff.</p>	<p>Winter 2014/15 and ongoing</p>
<p>Recommendation#9: <i>Departments should undertake a systematic analysis of which positions should be designated as requiring clearances and work with the Public Service Commission to ensure that job descriptions are updated, accordingly.</i></p>	<p>-CHRS will work with departments to review current clearance procedures and identify positions requiring clearances and take steps to address identified gaps.</p> <p>-CHRS will work with departments to draft guidelines (including identifying positions that require security clearance, renewal, etc.) for HRMAC's approval and communicate them to all HR staff.</p>	<p>Spring 2015/16 and ongoing</p>
<p>Recommendation#10: <i>The Public Service Commission should prioritize completion of the Occupational Health and Evaluation Guide to ensure that departments have access to the guidance they need to comply with appropriate regulations and policies.</i></p>	<p>-CHRS will work with departments to complete and distribute the medical clearance guidelines (<i>OHEG Manual</i>) and provide appropriate training.</p>	<p>Spring 2014/15</p>

Recommendations	Actions	Target Date
<p>Recommendation#11: <i>The Public Service Commission, in consultation with departments, needs to take steps to determine desired levels of underfill usage, including whether or not the underfill option has been explored where competitions have been unsuccessful.</i></p>	<p>-CHRS will work with departments to review current underfill procedures and share information on its use.</p> <p>-CHRS will prepare information and statistics on underfill usage for HRMAC’s review on an ongoing basis.</p>	<p>Winter 2013/14 and ongoing</p>
<p>Recommendation#12: <i>To the extent that eligibility lists are considered to be useful and potentially cost and time-saving tools, the Public Service Commission, in consultation with departments, should explore ways to maximize their usage.</i></p>	<p>-CHRS will work with departments to review and update current eligibility list procedures for HRMAC’s approval and update guidance materials accordingly.</p> <p>-CHRS will include statistics on eligibility list appointments in the annual activity report, or alternative performance reports.</p>	<p>-Spring 2014/15</p>
<p>Recommendation#13: <i>The Public Service Commission, in consultation with departments, should undertake an analysis of adherence to reference check procedures to mitigate associated risks.</i></p>	<p>-CHRS will work with departments to develop training for HR staff on references as part of the staffing delegation training sessions.</p> <p>-CHRS will work with departments to review current reference procedures and identify best practices for their standardized application.</p>	<p>-Summer 2014/15</p>

Recommendations	Actions	Target Date
<p>Recommendation#14: <i>The Public Service Commission should develop mechanisms to systematically demonstrate how exemption requests are approved in the best interest of the public service in support of enhanced transparency in decision-making.</i></p>	<p>-CHRS will work with departments to review current exemption criteria/process and develop guidelines for HRMAC's approval and communicate them accordingly.</p> <p>-CHRS will ensure exemption approval/denial rationale and results are included on file.</p>	<p>Winter 2013/14</p>
<p>Recommendation#15: <i>The Public Service Commission, in consultation with departments, needs to clarify recordkeeping requirements for non-competitive as well as competitive staffing actions to ensure the principles of accountability and transparency are upheld.</i></p>	<p>-CHRS will work with departments to review current record keeping practices for the full range of staffing actions and determine appropriate formats.</p>	<p>Spring 2014/15</p>