



Veterans Affairs
Canada

Anciens Combattants
Canada

January 2020

Audit of Human Resources Staffing and Pay

Audit and Evaluation Division

Canada 

Acknowledgements

The audit team gratefully acknowledges Veterans Affairs Canada staff in the Human Resources Division. Their contributions were essential to the success of this audit.

Table of Contents

Executive summary	1
1.0 Background	3
2.0 About the audit	5
2.1 Audit Scope and Objectives	5
2.2 Methodology	5
3.0 Audit results	5
3.1 HR Planning	5
3.2 Roles, Responsibilities and Guidance Documentation	7
3.3 Establishment of Service Standards	10
3.4 Performance Against Service Standards	13
3.5 Monitoring and Reporting	15
4.0 Conclusion	17
Appendix A – Audit Criteria	A-1
Appendix B – HR Staffing Service Standards	B-1

EXECUTIVE SUMMARY

Veterans Affairs Canada (VAC) conducted an Audit of Human Resources (HR) Staffing and Pay, as part of the 2018-23 Risk-Based Audit and Evaluation Plan that was approved by the Deputy Minister on June 12, 2018. VAC's HR function has undergone major changes over recent years, including the transfer of pay services to Public Services and Procurement Canada (PSPC) and as a result, the reduction of Human Resources Division (HRD) staff complement.

The Division also undertook an HR Excellence initiative which was to place greater emphasis on improving strategic advisory capacity, leveraging self-serve components, and additional monitoring and reporting of workload. More recently, the negative impact of Phoenix implementation has required significant effort in developing mitigation measures to reduce new pay issues, support employees, and to address the PSPC backlog of requests and issues.

Audit Objective and Scope

The objective of the audit was to provide assurance to senior management on the adequacy of Departmental HR staffing and pay processes and the effectiveness of systems in place to deliver HR staffing and pay related services.

Key Findings and Conclusion

The audit team noted good practices throughout the audit of HR staffing and pay, including:

- **HR Planning.** HR plans were developed as part of the integrated business planning (IBP) process. HR strategic advisors were in place and provided advice to managers on HR staffing activities.
- **Roles, Responsibilities, and Guidance:** Guidance on HR staffing and pay processes, including the VAC Compensation Guide, was documented and readily available on the intranet.
- **Service Standards and Monitoring:** Service standards were established for HR staffing and pay. Dashboards and reports were developed to track HR staffing and pay actions.

The audit identified three main areas for improvement, as follows:

1. **HR Planning:** There were opportunities to improve HR planning templates to include the financial costs and timelines for the activities included in the plan.

Additionally, the HR planning process should incorporate regular updates to the plan throughout the year, with staffing updates and changes communicated to HRD in a timely manner.

2. **Roles, Responsibilities and Guidance:** HRD developed the VAC Compensation Guide as a tool for VAC employees and management, however, the guide had not been updated since 2017. Additionally, managers did not consistently understand their respective roles and responsibilities related to the submitting pay requests.
3. **Service Standards and Monitoring:** HRD developed service standards for staffing and pay; however, they are not consistently well-understood by managers. HR file reviews indicated that key dates were not entered consistently in the system by HR staff to accurately track the compliance to service standards and the delays to the staffing processes, impacting the reliability of data that is communicated through the service standard reporting mechanisms.

The audit findings and conclusions contained in this report are based on sufficient and appropriate audit evidence. This audit was conducted in conformance with the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing as supported by the results of the quality assurance and improvement program. The results expressed in this report are based on conditions as they existed at the time of the audit and apply only to the entity examined.

Conclusion: Based on the findings above, the audit found that processes and controls related to HR staffing and pay were generally established and operating as intended with areas of improvement noted with respect to planning, roles and responsibilities, service standards, and monitoring activities.

Chief Audit Executive's Signature

Original signed by: _____
Sheri Ostridge
Chief Audit Executive

January 27, 2020
Date

1.0 BACKGROUND

The mandate of Veterans Affairs Canada (VAC) is set out in the Department of Veterans Affairs Act, which charges the Minister of Veterans Affairs with responsibility for “the care, treatment, or re-establishment in civil life of any person who served in the Canadian Armed Forces or Merchant Navy or in the naval, army, air forces or merchant navies of Her Majesty, of any person who has otherwise engaged in pursuits relating to war, and of any other person designated and the care of the dependents or survivors of any person referred to” (*Department of Veterans Affairs Act*, 1985, s. 4).

VAC conducted an audit of Human Resources (HR) Staffing Services, as part of the 2018-23 Risk-Based Audit and Evaluation Plan that was approved by the Deputy Minister on June 12, 2018. Furthermore, a second phase of the audit was conducted to include HR pay considerations.

HR Staffing

Within VAC, HR planning and staffing activities are a shared responsibility between management and HR strategic advisors. Management is responsible for recruitment and staffing decisions, while HR strategic advisors are responsible to support management in identifying hiring strategies, in compliance with federal policies and legislation.

The Human Resources Division (HRD) implemented the HR Excellence initiative to improve its service delivery, including staffing processes and accessibility of information. The initiative was launched in 2016 and implemented in November 2017, within the scope of resource levels. The result of this initiative was an updated HR model that includes the following four main tiers:

1. The HR Toolbox, which provides guidance and tools to all VAC staff, and is available on the VAC intranet;
2. The Client Service Centre, where dedicated HR staff process HR requests and transactions and respond to questions via the generic email inbox;
3. HR strategic advisors, who work with assigned client divisions on staffing processes by providing advice, developing tools, and working on HR requests; and,
4. The Strategy and Service Design at the corporate level, where HR policies, programs, strategies, standards and tools were developed.

Further in April 2017, the HR management system was updated to a new model, My GCHR 9.1, which includes the Human Resources Staffing Request (HRSR) module. This system change allows managers and their administrative support staff to submit their staffing requests electronically to HRD.

HR Pay

In 2009, the Government of Canada initiated the replacement of the pay system moving towards a centralized pay services for many federal departments and agencies. Public Services and Procurement Canada (PSPC) was responsible for the initiative. In 2016, PSPC rolled out the Phoenix Pay System, resulting in the transfer of most of the responsibility for pay from VAC to PSPC. As part of the centralization of compensation services, PSPC established the Pay Centre in Miramichi, New Brunswick.

Negative impacts have resulted from the Phoenix Pay System implementation, and as such, many federal government departments, including VAC, were required to significantly increase efforts in the HR function to support employee pay.

On August 30, 2017, VAC and PSPC entered a Memorandum of Understanding (MOU), which allowed the transfer of VAC personnel, including 20 HR employees, to provide support to PSPC Pay Centre's operations. While the MOU has since ended, VAC continued to collaborate interdepartmentally in a number of initiatives, such as the Pod Pilot, to work towards HR-to-Pay Stabilization in response to the Phoenix implementation. More recently, VAC HRD partnered with PSPC as the first pilot department for Pay Insight, a read-only web application that allows employees to view their pay and benefits information and open cases.

Additionally, VAC HRD staff participated in interdepartmental working groups to identify best practices and solutions for VAC to apply. Examples of working groups included the HR-to-Pay Playbook Working Group, the Leave without Pay and Return from Leave Processes Working Group, the Horizontal HR Systems Readiness Support Working Group, and the HR-to-Pay Data, and the Reporting and Analytics Working Group.

More recently, the Office of the Chief Human Resources Officer, Treasury Board Secretariat (TBS-OCHRO) released standardized timelines for 13 staffing processes. All federal government departments supported by the Phoenix Pay System, including VAC, were required to adhere to these standardized timelines in submitting requests to the PSPC Pay Centre for processing.

2.0 ABOUT THE AUDIT

2.1 Audit Scope and Objectives

The objective of the audit was to provide assurance to senior management on the adequacy of Departmental HR staffing and pay processes and the effectiveness of systems in place to deliver HR staffing and pay related services.

The audit examined VAC's HR staffing and processes for the period of April 1, 2018 to February 28, 2019 for HR staffing transactions and the period of April 1, 2018 to April 30, 2019 for pay transactions.

More specifically, the audit examined the following focus areas with respect to HR staffing and pay business processes: HR planning, roles and responsibilities, service standards, and monitoring and reporting. The audit criteria are provided in Appendix A.

2.2 Methodology

The audit findings and conclusions contained in this report are based on sufficient and appropriate audit evidence. This audit was conducted in conformance with the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing as supported by the results of the quality assurance and improvement program. The results expressed in this report are based on conditions as they existed at the time of the audit and apply only to the entity examined.

The audit approach included interviews with key departmental officials and stakeholders; a review of relevant documentation, processes, service standards, and guidelines as related to HR operations and planning; a detailed analysis of a sample of HR staffing and pay files (approach to not overlap with Public Service Commission (PSC) audit methodology); and, an analysis of findings from interviews, walkthroughs, document reviews and detailed testing.

3.0 AUDIT RESULTS

This section of the reporting is organized by key business process and includes context for each business process, a summary of each observation, and the risk associated to each observation.

3.1 HR Planning

Integrated HR planning is a critical tool used to align the HR planning with operational needs and departmental objectives. As such, it was expected that an integrated HR planning process for staffing was in place to ensure sufficiency in VAC's HR capacity, to

allow the Department to anticipate future staffing needs and to proactively support its objectives.

The internal audit team reviewed the alignment of the current HR planning processes within VAC against the Integrated Planning Handbook for Deputy Ministers and Senior Managers issued by TBS-OCHRO in 2008. The TBS-OCHRO guidance prescribed five steps for HR planning, which included:

1. Determining the organization's business goals;
2. Scanning the environment;
3. Identifying any gaps;
4. Setting HR priorities to help achieve business goals; and,
5. Measuring, monitoring and reporting against progress.

The TBS-OCHRO guidance further elaborates that the development of the HR plan should include linking budgetary considerations and communicating the HR plan to all employees and stakeholders.

The audit found that the HR plan template was completed at the divisional, branch and departmental level as part of the annual Integrated Business Planning (IBP) process. This initiative was led by the Integrated Planning and Performance (IPP) team with the support of HR and finance team leads. The audit reviewed the design and operating effectiveness of the HR plans.

Design Effectiveness

It was noted that HR plans were not required to be reviewed throughout the year and that progress against the HR plan was not formally tracked. Operational managers noted that the HR plans were typically used for annual planning, but not for regular tracking and monitoring of HR staffing needs.

The HR plan template included three sections requiring input; 1) hiring/staffing, 2) training and 3) succession planning. However, within each topic area, the template did not include the planned financial cost of the activity (i.e. staffing salaries, costs of training) or the anticipated start date of the activity (i.e. staffing start dates, training dates). Including this information would further assist HR staff and operational management in proactively planning and costing of the anticipated resources.

Operating Effectiveness

Operating effectiveness included an assessment of the completeness of information and its usefulness to operational managers. It was noted that all seven divisional HR plans randomly-selected for testing adhered to the designated template; however, the

audit noted that the template was not completed in a consistent manner (i.e. incomplete information, differences in level of detail included in the plan).

Interviews with operational managers confirmed that HR plans were not updated as staffing needs changed throughout the year and, as a result, the plans were not utilized beyond the initial planning session and submission of the plan.

Recommendation 1 – HR Planning

It is recommended that the Director General, Strategic Planning, Results and Cabinet Business, the Director General of Finance Division, and the Director General of Human Resources Division work collaboratively to revise the human resources planning process to:

- incorporate regular updates to the plan;
- include the financial cost and timelines (i.e. start dates); and
- work with operational areas to ensure that relevant information for hiring/staffing, training, and succession planning is completed by all divisions.

Management Response

The Director General, Strategic Planning, Results and Cabinet Business, the Director General of Finance Division, and the Director General of Human Resources Division agree with the recommendation and will work together to further refine and strengthen the Human Resource Planning component of the Integrated Business Plan. Efforts will also be made to support management in the regular monitoring and updating of HR plans. Work is currently underway to review and update the Integrated Business Planning manual.

Target Completion Date: September 30, 2020

3.2 Roles, Responsibilities and Guidance Documentation

Documented roles, responsibilities and guidance are mechanisms to communicate expectations to staff and provide clarity and alignment to business processes and operations. As such, for HR staff completing staffing and pay transactions, key responsibilities and guidance documentation were expected to be clearly documented, readily available and formally communicated. Similarly, appropriate guidance was expected to be available to operational managers and staff in order for them to fulfill their roles and responsibilities related to HR staffing and pay.

HR Staffing

HRD has established the four-tiered HR model, which included access to a generic email account managed by the Client Service Centre (e.g. HR staff) where managers and staff can submit questions as well as designated HR strategic advisors who provide advice and guidance on more complex staffing activities.

Interviews found that operational managers and support staff were aware of the Client Service Centre's generic email address for general staffing enquiries. Additionally, the audit found that HR strategic advisors were assigned to divisions for staffing. They provided advice to ensure staffing actions met operational needs, legal requirements, and PSC statutory requirements and guidance. Interviews with operational managers further confirmed that management had access to and were generally aware of the role of HR strategic advisors within the organization.

HR Pay

The audit found that HRD developed the VAC Compensation Guide in 2017 to assist employees and managers in understanding and performing pay-related duties. The guide defined roles and responsibilities, specifically prescribing the function of the VAC Pay Team versus the function and responsibilities of the PSC Pay Centre. It also outlines responsibilities for section 34 managers in submitting actions that impact pay.

Further, the audit noted that HRD has developed a generic "Pay Transformation" email inbox, which is available to all VAC staff and management. This email was available as a resource for VAC staff and management to ask HR pay-related questions and/or to escalate priority HR pay actions to the PSC Pay Centre. The HR Pay Transformation team oversees and responds to inquiries made to this inbox.

Other resources noted, available to all Government of Canada employees, included GCPedia links on Phoenix for managers and employees, PSC links on pay-action requests (PARs), and Office of the Chief Human Resource Officer HR-to-Pay stabilization training.

Additionally, there was evidence that HRD communicated roles and responsibilities to operational managers through various mechanisms, including biweekly calendar reminders, teleconferences with the Senior Director of HR Services Management and managers, and all-staff email updates from Corporate Compensation.

HRD monitored the departmental completion rates for the mandatory HR-to-Pay stabilization training and reported the results on the biweekly HR pay dashboards. The

Learning unit in HRD also sent emails on January 2019 and March 2019 communicating the requirement to complete HR-to-Pay Stabilization training. As of March 2019, the email indicated that new staff were required to complete the four modules of training within the first month of being hired. Three modules were required for staff and a fourth module is required for managers.

Although documentation was found to be developed and available, interviews noted that the Pay Action Request (PAR) process is not consistently clear to operational managers, including the required timelines to submit PARs. Operational managers and support staff were aware that training, documentation and online guidance exist, but due to the volume of information available on multiple sites and resources, they were not always clear on where to find the specific information they required in various circumstances.

Specifically, managers and administrative staff noted they did not clearly understand the nuances related to HR pay, such as which transactions require a PAR form, when approvals are required from a trusted source, and/or in when employees send information or PARs directly to PSPC. Additionally, managers and administrative staff indicated that they were not consistently using the VAC Compensation Guide as a reference tool. For specific questions and issues, they sought out direct support from their HR strategic advisor, an administrative staff member or the pay transformation team.

Finally, documentation review found that the VAC Compensation Guide had not been updated since 2017. There was no evidence to suggest that a process is in place to ensure the guide is updated at regular intervals to ensure it is providing the Department with up to date guidance and advice.

Recommendation 2 – Documentation Updates (HR Pay)

It is recommended that the Director General, Human Resources Division implement a process to review and update the VAC Compensation Guide at regular intervals (e.g. annually), as well as on an as needed basis, should material changes be made to processes and/or requirements.

Management Response

Management agrees with the recommendation. The Pay Transformation Team will take the lead to update and revise the VAC Compensation Guide, and will implement a process to review and update it annually or as needed.

Target Completion Date: September 30, 2020

Recommendation 3 – Communication Strategy

It is recommended that the Director General, Human Resources Division develop a streamlined approach of existing materials accompanied by a supporting communication strategy to improve awareness of and adherence to the key roles and responsibilities within the department in completing HR transactions.

Management Response

Management agrees with this recommendation. Work is currently underway to develop a comprehensive and streamlined communication strategy to improve awareness and adherence to key roles and responsibilities in completing human resources transactions.

Target Completion Date: September 30, 2020

3.3 Establishment of Service Standards

Service standards are integral to providing strong client service and to effectively manage performance. With respect to HR staffing and pay transactions, it was expected that service standards were established, communicated and adhered to. Adherence to service standards is reviewed in section 3.4.

VAC internal service standards were established on August 2, 2017 as part of the HR Excellence initiative to improve service delivery. Service standards were established for all HR staffing actions. These internal standards are integrated as a functionality in the HR system (My GCHR) to facilitate tracking and monitoring against the standards. (Refer to Appendix B for HR service standards in the system).

As part of HR pay processes, VAC is responsible for submitting complete, accurate and timely documentation to the PSPC Pay Centre to support effective staffing and pay practices and reduce the number of new pay issues. Effective April 1, 2019, it was expected that service standards established by TBS-OCHRO were adopted by the Department, communicated and adhered to. The service standards indicated the number of days in advance that departments are required to submit documentation to PSPC. The audit reviewed the alignment of current VAC service standards against the TBS-OCHRO expectations. Additionally, it was expected that for HR pay transactions, PARs were entered accurately and in a timely manner for HR pay transactions.

HR Staffing

Interviews and documentation reviewed noted that service standards were communicated and understood by HR staff. However, certain operational managers interviewed were not aware that HR service standards existed for staffing transactions.

Further, the audit reviewed department-wide email communications from HRD to all staff and noted that there was no evidence demonstrating that service standards were communicated during the fiscal year. As such, operational managers may not have a clear understanding of when their HR requests would be fulfilled, which, in turn could have an impact on planning and day-to-day operations.

HR Pay

In March 2019, the TBS-OCHRO released standardized timelines (service standards) for 13 staffing processes for implementation by April 1, 2019. All federal government departments supported by the Phoenix Pay System, including VAC, are required to adhere to these standardized timelines in submitting requests to the PSPC Pay Centre for processing.

The timelines require that departments submit requests to the PSPC Pay Centre a minimum of five or ten business days prior to the effective date, depending on the type of request. Meeting these timelines for HR pay is key to reducing impacts to employee pay, especially given the backlog of pay issues since the roll-out of Phoenix.

While the audit noted that the service standard requirement by TBS-OCHRO was not in place for the entire scope of the audit, this service standard was reviewed for compliance. The review of the service standard allowed the audit team to provide a baseline of how VAC met the TBS-OCHRO standards from April 1, 2018 to April 30, 2019.

Internally, HRD requires seven weeks to process HRSR requests, and as such, has established the service standard uniformly. This service standard was established by HRD in order to meet the TBS-OCHRO service standards and ultimately, to help prevent impacts to employee pay. Additionally, the service standard communicates to VAC's operational managers their responsibility to submit HR documentation for processing by HRD.

During interviews, operational managers expressed awareness of the internal seven week service standard for submitting request documentation to VAC HRD. Managers noted that the seven week timeline is not always achievable or reasonable, from a business operations perspective given that some transactions are less complex or do not consistently allow for advanced notice to a manager (e.g. sick leave).

Dashboards for HR pay were shared at departmental governance committees to communicate the timeliness of HR pay transactions. A review of the VAC dashboard noted that compliance was assessed against a four week standard, instead of the established seven week standard.

It was noted that inconsistency between the documented service standards in the Compensation Guide (seven weeks) and the service standards used for reporting (four weeks) may negatively impact the managers' understanding of their roles and responsibilities for HR pay, and thus, HRD's efforts in stabilizing HR-to-pay.

Recommendation 4 – Communication

It is recommended that the Director General, Human Resources Division develop a streamlined approach of existing materials accompanied by a supporting communication strategy to improve awareness of and adherence to service standards for HR staffing and pay to managers and staff to facilitate a common understanding of expectations and roles and responsibilities.

Management Response

Management agrees with the recommendation. Human Resources will develop a comprehensive communication strategy to improve awareness and adherence to key roles and responsibilities in completing human resources transactions. Compensation and HR Management Systems will contribute toward the development of a communication strategy with regard to improving the awareness of service standards for pay and to facilitate a common understanding of roles and responsibilities for managers and staff.

Target Completion Date: September 30, 2020

Recommendation 5 – Alignment of Service Standards (HR Pay)

It is recommended that the Director General, Human Resources Division reassess the internal service standard for HR pay to ensure alignment between the established service standards and those used for monitoring and reporting.

Management Response

Management agrees with this recommendation. Work is currently underway to reassess our standards with the others to ensure they do not conflict in any way and align to tell a cohesive story.

Target Completion Date: March 30, 2020

3.4 Performance Against Service Standards

HR Staffing

The audit team reviewed a judgemental sample of 20 HR staffing transactions during the scope period of April 1, 2018 to February 28, 2019. Within the selected sample, the audit selected a targeted sample of 15 staffing requests that did not meet the service standard to facilitate the identification of root causes for the delays.

Through the file review, it was found that the following factors affected the adherence to the defined service standard timelines:

1. *Selection of the Appropriate Staffing Activity.* The audit team noted that the incorrect staffing activity was selected in the HR system for 3 of 20 samples (15%). As a result, the incorrect service standard auto-populated in the system. Notably, service standards for external appointments (service standard of 20 or 25 days) and external advertised inventories (service standard of 140 or 160 days) were interchanged.
2. *Data Input Errors in the HR System.* Through the review of files selected for testing, the audit noted data integrity issues in 11 of 20 files (55%), where the manual entry of dates was incorrect or missing.

Key errors included selection of the wrong dates, the application of one date to all sub-activities for a hiring process, dates that did not align with the My GCHR system notes, and dates of sub-activities prior to HRSR received date, and dates that were missing.

3. *Factors outside of HRD control.* It was noted through interviews and in file reviews that the following factors affected HRD's ability to meet the service standards: receiving supporting documentation required, priority clearances from PSC, receiving signed letters and forms from candidates, security

clearances, PSPC Pay Centre transfers-out, and second language evaluation scheduling and testing with the PSC.

Recommendation 6 – Data Integrity (HR Staffing)

It is recommended that Director General, Human Resources Division implement a quality assurance review processes to improve integrity of the data used to track compliance to service standards.

Management Response

Management agrees with this recommendation. Since the time of the audit, HRSR notes have been modified to make service request types clearer to the user. This has provided a clearer distinction as to when to use appointment and when to use process. HR Staff are continually reminded to double check data before submitting, to take the time to ensure entry is correct the first time. Quality checks are in place to review data entry completed by new employees. Training sessions have been delivered on HRSR, in both official languages and a SKYPE assistance line has been activated to provide real time support.

HR Pay

A proportionally representative sample of 25 HR pay transactions was randomly selected for three pay request types and was tested for accuracy and timeliness (in alignment with service standards) as well as evidence that the request was accompanied by appropriate approvals and evidence that the trusted source reviewed the request.

Within VAC, the “trusted source” function resides in HRD. The trusted source is responsible for the review and submission of pay request documentation to the PSPC Pay Centre. Approvals for three key request types, including leave without pay, return from leave without pay, and terminations were repatriated from PSPC back to departments and agencies. As a result, an employee in the Pay Transformation team processes PAR forms for these transactions and submits the completed PAR and supporting documentation to the PSPC Pay Centre.

The trusted source has been established by PSPC as a control measure in place to support the accuracy and completeness of pay documented submitted to the Pay Centre. As the trusted source, the Pay Transformation team is responsible for verifying that the manager had the delegated authority, per section 34 of *the Financial Administration Act*, to approve the transaction.

HR Pay Testing Results

The testing of HR pay transactions reviewed four areas including accuracy, timeliness, approvals, and authority of the trusted source. Through testing, it was found that all PAR forms reviewed were accurately inputted and aligned with the data inputted into the My GCHR system. Additionally, all PAR forms reviewed were approved by the trusted source, who was included on the trusted source list. The audit team was unable to assess 3 of 25 samples given that the completed PAR forms were not on file.

With regards to the timeliness of the submission of PAR forms¹, it was found that 18 of 23 samples (78%) met the VAC performance standard of four weeks. 16 of 23 samples (70%) of samples met the TBS-OCHRO standard for timeliness.²

3.5 Monitoring and Reporting

HR staffing

In October 2018, the data analytics unit was established under HRD. The unit has been responsible for the preparation of weekly reports. These reports are distributed at the weekly HR management team meeting to facilitate monitoring of timeliness and opportunities for improvement.

In February 2019, the HR Workforce Update was produced, reporting on compliance to service standards, broken down by HR staffing transaction type. This report was shared with the Corporate Branch Committee.

While reports and dashboards are produced and communicated, results on HRD's ability to meet service standards was summarized such that it was difficult to identify trends. Through data analysis, there were three key types of staffing transactions that were significantly impacting the compliance rate to service standards: external and internal deployments, appointment from processes for term and indeterminate hires, and external non-advertised hires.

More detailed reporting for these areas, that could be used to drive change and improvement, was not included in the reports. Examples identified by audit team included (1) the volume of transactions non-compliant and compliant by transaction type and (2) the average number of days over the service standard by transaction type.

¹ As aforementioned in section 3.3 Establishment of Service Standards, HR Pay: "While the audit noted that the service standard requirement by TBS-OCHRO was not in place for the entire scope of the audit, this service standard was reviewed for compliance. The review of the service standard allowed the audit team to provide a baseline of how VAC met the TBS-OCHRO standard from April 1, 2018 to April 30, 2019.

² Two samples were deemed unable to assess given the lack of availability of supporting documentation. No confirmations were available indicating the date when the PAR was received in the PSPC Pay Centre's system. As a result, the audit team reviewed screenshots of when PSPC received the information in their system for the sample selected.

Recommendation 7 – Monitoring and Reporting (HR Staffing)

It is recommended that the Director General, Human Resources Division enhance monitoring and reporting against non-compliant HR staffing transactions to identify trends regarding timeliness and to drive improvements to HR staffing processes.

Further, it is recommended that this information is shared regularly with senior management.

Management Response

Management agrees with this recommendation. The HR Management Systems Team is supporting the HR Client Service Centre to explore reporting on compliance with HR staffing service standards. HR will use continuous improvement loops to identify areas within the staffing process to gain efficiencies. Formal reports by area will be ready for distribution by April 1, 2020. Human Resources will be reporting on timeliness and improvements to HR staffing processes on a quarterly basis through an HR Update to CPPMC and SMC. Quarterly reporting to begin in January, 2020.

Target Completion Date: April 1, 2020

HR Pay

VAC's HR team has implemented monitoring and reporting mechanisms to track the progress of the HR “critical to pay” transactions, which includes the creation of pay dashboards and the review of PAR rejections.

Dashboards

VAC had implemented a biweekly HR pay dashboards as of November 2018, prepared by the data analytics team. The pay dashboards were found to be detailed, including manager compliance to the four week submission service standard, the number of pay enquiries submitted, the percentage of staff who have completed HR pay training, the PAR rejection rate, and an update of the HR pay initiatives. It was noted that HR pay updates were communicated to the HRD Director General (DG), the Corporate Branch Committee, and the Senior Management Committee.

Rejected PARs

Accurate and timely submission and reporting of PARs helps prevent new pay issues from occurring. As such accuracy and timeliness in submitting PARs to the PSPC Pay

Centre is very important. If there are errors in the completed PAR forms and/or corresponding documentation the PAR submission will be rejected by the PSPC Pay Centre. On a monthly basis, PSPC submits a report to VAC detailing the number of PARs that were rejected for the month, and the source of the rejected PAR (i.e. was the PAR submitted by the Pay Transformation team, an employee, or other).

It was noted that the PAR acceptance rate³ increased from 90.7% to 94.5% from April 2018 to April 2019 (see Appendix C). The VAC acceptance rate was in line with the average federal department acceptance rate of 94.6% in April 2019.

4.0 CONCLUSION

Based on the findings above, the audit found that processes and controls related to HR staffing and pay were generally established and operating as intended with areas of improvement noted with respect to planning, roles and responsibilities, service standards, and monitoring activities.

³ The PAR acceptance rate is measured by the total PARs accepted without error by the PSPC Pay Centre over the total PAR forms submitted.

Appendix A – Audit Criteria

The following audit criteria were derived from the OCG’s Audit Criteria Related to the Management Accountability Framework: A Tool for Internal Auditors and the Committee of Sponsoring Organizations (COSO) Enterprise Risk Management Framework (2017):

Lines of Enquiry	Criteria
Planning	1.0 An integrated HR planning process is in place that supports the objectives of the organization.
Business Processes	2.0 Efficient and effective processes are established, and tools are in place to support HR planning and processing of staffing and pay requests.
	2.1 PARs are processed accurately in accordance with established HR pay processes.
Roles and Responsibilities	3.0 Roles and responsibilities for HR staffing and pay requests are documented, defined and communicated to internal stakeholders.
Service Standards	4.0 Service standards are in place and are being adhered to for HR staffing and other pay-impacting requests.
Monitoring and Reporting	5.0 Effective monitoring of and reporting on HR staffing and pay requests are established and effective.

Appendix B – HR Staffing Service Standards

Below are the HR service standards for HR staffing transactions applied in the system:

HR Staffing Transaction	Service Standard
Acting < 4 months	5
Extensions – Student	5
Extensions – Casual	10
Extensions – Terms	10
Part-time Worker	10
Deployment (Non-advertised)	10
Hire Casual Worker	10
Extend-Secondment/Assignment	15
External - Appointment from Fully Assessed Pool	20
Interchange Canada	20
Assignment/Secondment	25
Internal - Appointment from Fully Assessed Pool	25
External Non-advertised	25
Hire Student	25
Non-advertised Acting >= 4 Months	25
Internal Non-advertised	40
Advertised-Deployment	60
Advertised Acting >= 4 Months	120
Internal Advertised	140
External Advertised	160