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Final report

Audit of classification
June 12, 2015

Office of Audit and Evaluation



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Main points

- i. Public Works and Government Services Canada (PWGSC) plays an important role in the daily operations of the Government of Canada serving as its real property manager, principal banker, accountant, central purchasing agent, linguistic authority and enabler of access to government services. PWGSC strives to deliver high-quality services to support federal organizations in providing their programs and services to Canadians. As of December 31, 2013, PWGSC had 16,728 positions for delivering its services to other federal organizations. Given the Department's size and the services provided to other government departments and agencies, the manner in which human resources are managed is critical to its success in meeting its organizational objectives.
- ii. Classification is a cornerstone of human resources disciplines such as compensation, staffing, and labor relations. It establishes the relative value of all work in the Public Service and can have an impact on the cost of operations in an organization. It is a system designed to ensure an equitable, consistent, and effective basis for employee compensation, and is an important link to bargaining unit structure. An effective classification management system assists an organization in attracting competent employees and enhancing staff morale, and may have multiple effects on the rest of the human resources management.
- iii. The Deputy Minister has been delegated the authority and responsibility from the Treasury Board Secretariat (TBS) to classify positions and is accountable for administering and ensuring the integrity of its classification system. Through the PWGSC framework *Instrument of Human Resources Delegation*, authority to classify positions is delegated to Human Resource (HR) advisors who have completed the accreditation in classification and are working in the HR Branch. At PWGSC, operational managers are not delegated authority for classification but play an important role in the classification function by ensuring that their organizational structure and employee duties are designed and allocated efficiently and within budget, and employee work descriptions are current and accurate.
- iv. The audit objective was to determine whether key elements of a management accountability framework are in place for the classification function at PWGSC. It focused on classification activities during the period of April 1, 2010 to December 31, 2013 for non-executive positions.
- v. At PWGSC, the current organizational structure in the HR Branch supports a separation of duties between policy and procedure development (Corporate Classification Directorate) and classification operations (Organizational Design and Operational Classification Directorate). As the Corporate Classification Directorate is also responsible for monitoring, this separation also allows for

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monitoring to be conducted in an impartial and independent manner. We determined that there is a need to improve the communications between the Directorates to enhance the synergy and coordination within the classification function to fully benefit from this separation of duties.

- vi. The shared responsibility for classification between HR advisors and operational managers also presents challenges. At PWGSC, the HR advisor has accountability for the integrity of the departmental classification system, while both the HR advisor and operational manager share responsibilities to support the discharge of this accountability. The accuracy and currency of specific work descriptions are the responsibility of the operational manager that manages the specific positions. However, the integrity of the classification system is influenced by the accuracy and currency of work descriptions. We determined that HR Branch needs to take a stronger lead in managing the relationship with operational managers to support them in discharging their responsibilities.
- vii. It is important that classification decisions respect the policies and guidelines governing the classification system. We concluded that the classification system could be enhanced by improving the design and management of the Accreditation Program for HR advisors and by developing formal operational procedures for classification. The development of action plans to address deficiencies identified in the monitoring process, as well as follow up on the correction of those deficiencies would also contribute to continuous improvement of the classification system.
- viii. Work descriptions are the foundation of the classification systems as they are the basis for classifying a position to a particular level and group. We concluded that management of work descriptions could be improved by enhanced training of operational managers and confirming the ongoing currency and accuracy of work descriptions through regular monitoring and follow up on out of date work descriptions.
- ix. Overall, we identified weaknesses with selected elements of the management accountability framework for the classification function in PWGSC. Improvements are necessary to ensure the classification function adequately supports the achievement of PWGSC's objectives.

Management response

We have had the opportunity to review the Chief Audit and Evaluation Executive's report and agree with the conclusions and recommendations found therein. We have developed a Management Action Plan to address these recommendations, with some corrective actions having been implemented already.

Recommendations and Management Action Plan

Recommendation 1: The Assistant Deputy Minister, Human Resources Branch, should enhance the accountability structure for the classification function.

Management action plan 1.1: Review the mandate and governance framework for the classification function.

Management action plan 1.2: Undertake the review of the instrument of HR delegation to clarify all stakeholders' responsibilities.

Management action plan 1.3: Establish regular meetings for the classification stakeholders to discuss and tackle horizontal issues and high-impact initiatives.

Management action plan 1.4: Hold ad hoc consultation sessions as required.

Recommendation 2: The Assistant Deputy Minister, Human Resources Branch, should enhance the Classification Accreditation Program to ensure its desired objectives are achieved and that all HR advisors are appropriately accredited.

Management action plan 2.1: Improve the design and management of the Accreditation Program so that classification accreditation requirements, roles and responsibilities are clearly defined and aligned with PE generic work descriptions and competencies.

Management action plan 2.2: Ensure trainees have coaching and a personal development plan in line with the Accreditation Program to ensure accreditation within expected timeframes.

Management action plan 2.3: Establish regular meetings for the classification stakeholders to discuss Program requirements and trainees' development

Recommendation 3: The Assistant Deputy Minister, Human Resources Branch, should enhance support for operational managers to ensure they are capable of discharging their classification responsibility.

Management action plan 3.1: Review the training strategy for operational managers including the learning curriculum, approach, calendar, and communication plan.

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Management action plan 3.2: Actively participate in OCHRO's-CSPS working group regarding the implementation of a free, lean, online, self-paced, just-in-time, mandatory classification course for managers.

Management action plan 3.3: A new module and exam from OCHRO-CSPS will be added to the Authority Delegation Training to support operational managers in effectively exercising their classification responsibilities.

Management action plan 3.4: Develop a mechanism to track attendance level and measure satisfaction/value of classification training.

Recommendation 4: The Assistant Deputy Minister, Human Resources Branch, should develop and implement formal procedures to ensure classification decisions are compliant with relevant policies and are supported by appropriate documentation.

Management action plan 4.1: Adopt the interdepartmental Common Human Resources Business Process (CHRBP) related to Job and Position Management to standardize classification service delivery.

Management action plan 4.2: Work collaboratively with OCHRO to review the CHRBP following My GCHR implementation.

Management action plan 4.3: Develop operating procedures pertaining to classification such as templates (e.g. notes to file), guides (e.g. organizational design, work description repository administration) and directives (e.g. impasses resolution).

Management action plan 4.4: Review classification service standards and adopt tracking tools.

Management action plan 4.5: Issue classification bulletins, best practices, and news bulletins to communicate information and ensure the provision of consistent advice and services.

Management action plan 4.6: Develop a framework and tools to ensure quality assurance activities including file sampling and applying lessons learned to enhance the quality of decisions and improve classification files documentation.

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Recommendation 5: The Assistant Deputy Minister, Human Resources Branch, should establish a control framework to ensure the accuracy, currency and quality of departmental work descriptions.

Management action plan 5.1: Establish indicators to measure the percentage of outdated WD.

Management action plan 5.2: Develop automated reports to flag outdated WD, to notify stakeholders to review and update the WD accordingly, and to find efficiency opportunities.

Management action plan 5.3: Schedule WD review according to Resourcing Action Plans which identify positions to be staffed in the upcoming fiscal year.

Management action plan 5.4: Establish a protocol to maintain quality, accuracy and currency of WDs in the WD Repository.

Management action plan 5.5: Develop a mechanism for the consolidation of classification decisions and control of unique work descriptions.

Recommendation 6: The Assistant Deputy Minister, Human Resources Branch, should establish a mechanism to ensure the issues identified in Classification Performance Reports are addressed.

Management action plan 6.1: Establish a formal monitoring framework to be shared by all stakeholders.

Management action plan 6.2: Document and share findings and provide an opportunity to validate the results.

Management action plan 6.3: Develop specific action plans to address deficiencies identified in the monitoring process and follow-up on their implementation.

Management action plan 6.4: Include a mandatory objective with respect to the resolution of anomalies identified in the monitoring process in the performance appraisals of the Classification Operations staff.

Introduction

1. This engagement was included in the Public Works and Government Services Canada (PWGSC) 2013-2018 Risk-Based Audit and Evaluation Plan.
2. PWGSC plays an important role in the daily operations of the Government of Canada serving as its real property manager, principal banker, accountant, central purchasing agent, linguistic authority and enabler of access to government services. As of December 31, 2013, PWGSC had 16,728 positions. The Department is mainly made up of positions classified in the Administrative Services (AS), Clerical and Regulatory (CR), Purchasing and Supply (PG), and Translation groups (TR). Given the Department's size and the services provided to government organizations, the manner in which human resources are managed is critical to its success in meeting its organizational objectives.
3. Classification is a cornerstone of human resources disciplines such as compensation, staffing, and labor relations. It establishes the relative value of all work in the Public Service and can have an impact on the cost of operations in an organization. It is a system designed to ensure an equitable, consistent, and effective basis for employee compensation, and is an important link to bargaining unit structure. An effective classification management system assists an organization in attracting competent employees and enhancing staff morale, and may have multiple effects, such as recruitment, promotion, and performance management, on the rest of the human resources management.
4. To this end, the Treasury Board Secretariat (TBS) has designed a classification framework and developed related policies and directives that define the various occupational groups within the public service. Each occupational group has its own classification standard to recognize the relative value of work done by the positions within the group. Furthermore, the TBS has established an oversight agency, the Office of the Chief Human Resources (OCHRO), to oversee and monitor classification performance across the public service and ensure accountability for results.
5. At PWGSC, the Deputy Minister has been delegated the authority and responsibility to classify positions from TB and is accountable for administering and ensuring the integrity of its classification system. Through the PWGSC framework *Instrument of Human Resources Delegation*, authority to classify positions is delegated to Human Resource (HR) advisors who have completed the accreditation in classification and are working in the HR Branch. The only exception to this is for executive positions, whereby the authority to classify positions resides exclusively with the Deputy Minister.
6. Operational managers at PWGSC currently do not have delegated authority for classification. They do, however, play an integral role in the classification function by

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ensuring that their organizational structure and employee duties are designed and allocated efficiently and within their operating budget, and that employee work descriptions are current and accurate, reflecting a high level of coincidence with the actual duties of the position.

7. PWGSC has established three directorates within the HR Branch to manage and administer organizational design and classification responsibilities. The Organizational Design and Operational Classification Directorate (hereinafter referred to as Operations), reporting to the Director General of Human Resources Operations, provides advice to managers and employees, classifies positions and advises on the format and content of work descriptions. The Corporate Classification Directorate, reporting to the Director General of Corporate Human Resources Policies and Programs, is responsible for policies, procedures and tools, classification training, classification grievances, monitoring and reporting, and, the proper functioning of systems related to classification. The Executive Services Directorate, reporting to the Assistant Deputy Minister (ADM) of HR Branch, carries out executive classification and staffing and manages the Leadership Program.
8. Prior to April 2012, the delivery of operational classification services was coordinated by ten directors in the HR Branch. The intent of the current classification operational service arrangement was to allow subject matter experts to work together towards achieving greater efficiency and to better respond to client's demands.
9. To assist the Deputy Minister in fulfilling his/her responsibility for the management of PWGSC's classification function, the Corporate Classification Directorate has, since 2008, annually prepared a Departmental Classification Performance Report. The Report provides information on the status of the classification function and the results of the monitoring exercise, identifies areas requiring improvement and the risks associated with classification at PWGSC. The next Report will cover a two calendar year period (2013-2014) and will be released in 2015. The Department is an early adopter of the new direction from OCHRO as reflected in the updated *Policy on Classification System and Delegation of Authority* (not formally approved yet).

Focus of the Audit

10. The objective of this internal audit was to determine whether key elements of a management accountability framework were in place for the classification function at PWGSC.
11. Treasury Board sets out 10 elements of a management accountability framework that collectively defines "management" and establishes the expectations for effective management in a department. This audit focused on key elements of this framework that related to the classification function within PWGSC based on our risk assessment. Specifically, the Audit examined:

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- Accountability: organizational accountability structure and delegated authority;
 - Classification Operations: processes and procedures, and work descriptions;
 - Training Programs: classification training; and
 - Monitoring and Reporting: monitoring and reporting on the classification function.
12. The Audit assessed management practices related to classification activities from April 1, 2010 to December 31, 2013. The Audit also reviewed relevant documents prior to April 1, 2010 for background and supplementary information purposes. The Audit focused on two of the three Directorates involved in the Department's classification function; namely, the Operations and the Corporate Classification Directorates. The delivery of operational service was co-ordinated by ten directors in the HR Branch prior to April 2012. The audit did not examine and compare the effect on this organizational structure change.
13. The Audit excluded any review of executive classification activities that is managed by the Executive Service Directorate, given that only 2.3% of Departmental employees fall within the executive category; only the Deputy Minister can classify executive positions; and, that different policies and directives are applied to classify these positions.
14. The Audit did not undertake a review to assess the level of compliance with the current classification standards, and the accuracy of classification decisions that have taken place. The classification standards are documents that describe the factors, elements, and other criteria utilized to determine the relative value of each job performed in the Public Service. Since 2009, the OCHRO has been undertaking an occupational group structure review. The review is intended to update the current classification system which will provide for improved quality and consistency of classification decisions, a reduced number of distinct classification standards, and an effective means for establishing work of equal value.
15. The Audit reviewed and referenced the findings of the monitoring exercise conducted by the Corporate Classification Directorate which are reported annually in the Departmental Classification Performance Report.
16. More information on the audit objective, scope, approach and criteria can be found in the section "About the Audit".

Statement of conformance

17. The audit was conducted in accordance with the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*.
18. Sufficient and appropriate audit procedures have been conducted and evidence gathered to support the accuracy of the findings and conclusions in this report and to

provide an audit level of assurance. The findings and conclusions are based on a comparison of the conditions, as they existed at the time, against pre-established audit criteria that were agreed on with management. The findings and conclusion are only applicable to the entities examined and for the scope and time period covered by the Audit.

Observations

Accountability structure

Communication between Operations and the Corporate Classification Directorates within the HR Branch needs improvement

19. An effective organizational accountability structure allows for authorities, responsibilities and accountabilities to be clearly established and is essential to increasing the prospects of an organization achieving its desired objectives.
20. We expected the Department to have a functioning organizational accountability structure for the classification function which provides for clear responsibilities and accountabilities and permits effective lines of communication, coordination and reporting.
21. PWGSC's organizational structure to manage its classification function involves three Directorates in the HR Branch: Operations; Corporate Classification; and, Executive Services. Both Operations and the Corporate Classification Directorates report to different Directors General while Executive Services reports directly to the ADM HR Branch.
22. An organizational structure that divides responsibilities allows each directorate to function in an independent, yet complementary manner. Operations Directorate provides services in organizational design and classification, classifies positions and provides advice on work descriptions. It was created in April 2012 to centralize the classification operations and services function which were formerly coordinated by 10 directors in the HR Branch. The Corporate Classification Directorate is responsible for developing policy, monitoring and reporting, systems and procedures, and managing grievances. The current organizational structure allows a separation of responsibility between development of policies and procedures (Corporate Classification), the implementation of those policies and procedures (Operations), and independent and objective monitoring of that implementation (Corporate Classification).
23. To fully benefit from this structure, it is important that Operations and the Corporate Classification Directorates work well together and that there is good synergy, coordination and communications since each plays a unique and independent, yet complementary role, in managing the Classification function.

24. As noted, Corporate Classification monitors and reports on Operations' activities to ensure compliance with classification policies, standards and guidelines. In reviewing the results of the monitoring activities (as reported in the Annual Departmental Classification Performance Reports), we found a similarity of findings from one year to the next, which suggests there are breakdowns preventing correction of identified issues. We identified weaknesses in communication between the two groups on the scope covered by the monitoring activities, as well as the criteria that were used to establish expectations. We were also informed of concerns related to the communication of the findings.
25. We also identified a need for improvement in communications and coordination between the two Directorates related to the coaching of those employees who are pursuing their accreditation in classification. HR advisors in Operations provide tutoring to these trainees while the Corporate Classification advisors critique the work samples of the trainees and mark case binders to provide the final decision on whether competencies have been met for accreditation. We were informed the results of the critique of work samples and marking of case binders are passed on to the tutors in Operations without direct communication with the trainee. Certain trainees indicated they felt it would be beneficial if both directorates, along with the trainee, meet collectively to discuss the results of this review and point out areas on which improvement is needed.
26. The current organizational structure allows for a division of responsibilities and accountabilities. Effective communications is essential in building trust and creating an effective working relationship between the Directorates. Enhancement of communication between both directorates would help realize the full benefits associated with the centralization of classification activities and separation of responsibilities.

Shared responsibility for classification between Human Resource Branch and operational managers creates challenges

27. Authority is the right to direct and exact performance, responsibility is the obligation to perform, and accountability is the duty to report on the fulfillment of one's responsibility and the liability created for the use of authority. In an organization, authority is formally delegated and this authority is aligned with individual's responsibilities.
28. We expected to find, in the case of classification, that the authority for classification decisions would be aligned with an individual's delegated authorities and departmental responsibilities, and that accountability for decision would be clearly defined.

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29. At PWGSC, the Deputy Minister has been delegated the authority and responsibility to classify positions from TB and is accountable for administering and ensuring the integrity of its classification system. The TB *Policy on Classification System and Delegation Authority* provides for the Deputy Minister to authorize both HR advisors and/or operational managers to exercise classification authority. Through the PWGSC framework *Instrument of Human Resources Delegation*, authority to classify positions is formally delegated to HR advisors who have completed their accreditation in classification and are working in the HR Branch. The only exception is for executive positions, whereby the authority to classify positions resides exclusively with the Deputy Minister.
30. At PWGSC, a decision has been made to exclude operational managers from classification authority. As such, only HR advisors who have completed the accreditation in classification and are working in the HR Branch have this authority.
31. Operational Managers currently initiate and influence classification decisions to the extent of ensuring their organizational structure and employee duties are designed and allocated efficiently. They also ensure that work descriptions, a basis for classification evaluation, are current and accurate. HR advisors ensure that the classification decisions are in line with TB and departmental policies, standards and guidelines, and are ultimately accountable for the classification decision. Thus, at PWGSC, the HR advisor has accountability for the integrity of the departmental classification system, while both the HR advisor and operational manager share responsibilities to support the discharge of this accountability. To have an effective departmental classification system, a collaborative approach between the HR advisor and the operational manager is important.
32. We found the shared responsibility between HR advisors and operational managers for classification has created challenges. More specifically, a review of work descriptions found 46% of work descriptions had reached the five year review date as of December 2013 without update. Further, coincidence between the work descriptions and the actual duties of the position was not high. As noted, responsibility for job descriptions at the individual job level rests with operational managers, but the integrity of the classification system, which could be compromised by out of date and inaccurate job descriptions, is the accountability of HR Branch.
33. The delegated authority for classification decisions is aligned with an individual's departmental responsibilities, and accountability is clearly defined. Stronger leadership by the HR Branch would help ensure work descriptions are current and accurate, and support the Department's accountability for integrity in the classification system.

Training program

The current Classification Accreditation Program has had few trainees complete the Program as expected

34. The TB *Policy on Classification System and Delegation of Authority* requires that the Deputy Minister “ensure that managers and HR advisors understand and apply the classification system”; as well the Deputy Minister is required “to promote classification competence in their managers”. To assist HR advisors in appropriately exercising their delegated classification authority, the Department has developed an Accreditation Program to help them to effectively discharge their responsibilities.
35. We expected HR advisors engaged in the classification process to have the requisite knowledge and skills to support them in discharging their classification responsibilities.
36. The Department has an Accreditation Program for HR advisors that was created in May 2010. The Program sets out the Department’s requirements for obtaining organization and classification accreditation as well as for having delegated authority to classify positions. These requirements are consistent with the TB’s *Training/Learning Competency Profile for Organization and Classification Advisors*. Upon graduation from the Program, the employee will obtain the delegated authority for classification from the Deputy Minister. The Program is aimed at increasing the number of accredited HR Advisors in the Department.
37. We found there were not as many trainees completing the Program as expected. At the end of 2013, there were only four trainees who had completed the Program since its inception. Currently, only nine of 19 (47%) HR advisors have their accreditation in Operations. This has created significant challenges for Operations since non-accredited Advisors can only perform work up to the classification decision-making point. Therefore, their work has to be reviewed by an accredited HR advisor in order to take a classification decision. This results not only in a duplication of effort but precludes the accredited HR advisor from attending to his or her own caseload.
38. While the Accreditation Program was designed to generally take 18 to 24 months to complete, we found that it was taking on average 31 months to complete. Each year, the Branch anticipates a certain number of employees will receive their accreditation. In 2012, only one trainee met the accreditation requirements instead of the five who were expected to graduate. There were no trainee graduates from the Program in 2013. Currently, there are nine trainees in the Accreditation Program and six of them have been in the Program for more than four years.
39. The current situation has been caused by several factors. The Accreditation Program functions without any set timeframes for fulfilling all the applicable steps and there is no specific progression plan for the trainee to complete. Moreover, the Program does

not specify the consequences should a trainee be unsuccessful in completing one or more of the Program's assessments. Nor does it address the issue of removing the trainee should he/she continue to be unsuccessful within a given period. Further, we found that there were five individuals promoted to the PE3 level without having the recommended accreditation and the authority to make classification decisions.

40. Tutoring is expected to come from an accredited HR advisor who plays an important role in the success of the trainee. The tutor's role ranges from developing a learning plan, supporting the trainee and allocating time for learning, commenting on their work, critiquing work samples and acting as an evaluator during the trainee's presentation. Management in classification indicated that there has been limited time for tutors to dedicate to these responsibilities. In addition, some of the trainees expressed concern that feedback and comments offered by the Corporate Classification Directorate on the case binders submitted for evaluation were not provided and explained directly to the trainees. Thus, the areas that needed to be improved to obtain an accreditation were not always clear to the trainees.
41. Given the limited success rate of the Accreditation Program, the Corporate Classification Directorate drafted a new Accreditation Program in 2013, which was not formally approved at the time of the Audit. The new proposed Program provides specific requirements for the roles and responsibilities of trainees, tutors, and the Directors from Operations and the Corporate Classification Directorate. It calls for the Director of Operations to assign an accredited HR advisor as a tutor to each trainee to develop a learning plan for the individual. There is also a mandatory requirement for on-the-job training that deals specifically with each competency level relating to work descriptions, classification evaluations, chairing of evaluation committees, organizational design, and classification grievances. Similar to the current Accreditation Program, the proposed Program does not specify any timelines or consequences for unsuccessful assessments.
42. Addressing the weaknesses in the design and management of the Accreditation Program will help improve the success of the Program, which will help to address capacity issues within the HR Advisor group.

Classification training courses offered to operational managers have low participation rates

43. According to the requirements described in the Department's framework *People Management Philosophy and Our Commitments*, operational managers have a responsibility to ensure the classification system is consistently applied, ensure their organizational structure and employee duties are designed and allocated efficiently, and that work descriptions are current and accurate. They also are required to participate in classification committees as appropriate. It is important, therefore, that operational managers receive adequate training and have knowledge of classification.

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44. We expected operational managers would have the training necessary to discharge their classification responsibilities.
45. The Corporate Classification Directorate offers three courses to managers and employees: Managers and Classification; Work Description Writing; and Organizational Design and Human Resources Planning. Since April 2011, these courses have been offered to departmental employees and managers free of charge. The course material is targeted towards persons who hold supervisory responsibilities. The duration of the courses, on average, is approximately two hours.
46. We found that the participation rate for the training courses offered to operational managers is low. Despite the fact that courses are promoted and advertised on the Department's e-mail communiqué "In the Know" and on the Department's TeleSource two or three times a year, the rate of participation and attendance at classification learning activities, particularly in the National Capital Region, continues to be low. In 2013, 20 out of 38 planned sessions (53%) were cancelled due to low registration. On average, if there are four registrants, a course will be offered.
47. As of December 31, 2013, there were 2,485 encumbered supervisory positions in the Department. Of this total, 220 people participated in the course "7700-Manager and Classification"- a session that informs operational managers about their roles and responsibilities with respect to classification. The "Work Description Writing" course -a session for managers aimed to simplify the work description writing process, had 85 participants and 190 attended the "Organizational Design and Human Resource Planning" course -a session explaining the steps of the integrated HR plan and organizational design processes.
48. Given the potential impact job classification has on the operating costs of the Department and the importance of sound human resource management, it is important that operational managers better understand their role in the classification process. The Corporate Classification Directorate had recommended to HR Branch management that learning activities in classification and organizational design be added to the list of mandatory training for managers. This suggestion, however, was not approved due to a concern that many courses were already on the mandatory training list. As a result, the HR Branch needs to refine its strategy to better encourage and promote management training to enable managers to fully understand the importance of accurate work descriptions and their role in classification.
49. Sound knowledge of the classification system by operational managers will help limit the impact that inaccurate work descriptions have on the classification system and human resource management.

Classification operations

No formal procedures for classification have been established

50. Effective procedures are part of a management control framework. Standard operating procedures serve as the basis for actions to be carried out in a consistent and structured manner. Procedures must be well developed and comply with the relevant policies and directives.
51. With regards to classification, it is important that standardized procedures exist. These procedures should be followed as the relative value of all work in the Public Service must be established in an equitable and consistent manner since it provides the basis for compensating all employees.
52. We expected to find standardized operating procedures were developed and applied relative to each of the various classification activities, and that classification decisions were supported by appropriate documentation.
53. Following centralization of the classification function in 2012, efforts to standardize operating procedures were made within the Operations' Administration Centre but these procedures were not formally approved and communicated to staff. These procedures were posted to a common shared drive in the HR Branch for employees to use. We were informed that some HR advisors and staff were unaware of their existence; others used them on an ad-hoc basis.
54. The lack of formalized standardized operating procedures accounted for some of the deficiencies identified through the Corporate Classification Directorate's monitoring exercise. In particular, the lack of supporting documentation within classification files was observed.
55. Relativity analysis, an essential and mandatory component of any classification decision to ensure similar jobs have similar ratings, was not always factored into the classification decision. Their reviews indicated that 47%, 51% and 60% of the sample files in 2011, 2012 and the first six months of 2013 respectively contained a relativity report.
56. Classification rationale, which includes details on how an assessment of a particular occupational group is performed; the criteria used to measure the value of a position; the justification for utilizing the classification standard; and comparisons with benchmark positions, was missing or incomplete, on average, in 22% of the files reviewed.
57. To better understand and gain insight into the classification process and quality of file documentation, the Audit Team conducted a review of classification files. We reviewed the creation of new positions and the review/update of positions for the

period of July to December 2013. Our review identified similar documentation issues to those identified by the Corporate Classification Directorate. In addition, the Audit Team also noted that the Position File Checklist, used by Operations to ensure that all required paperwork was present within a classification file, was not always consistent from one file to the next. Nor was there evidence in all files that the requirements on the checklist were included. This contributes to the lack of documentation on classification files in support of the appropriateness of classification decisions.

58. Formalizing standard procedures and clarifying requirements for documentation will help to ensure classification decisions are consistent and appropriately documented.

There are limited systems and controls in place to ensure the accuracy, currency and quality of the Department's work descriptions

59. A work description is a document that describes the work requirements of a position. A generic work description is a document that records the work assigned to a number of similar or identical positions at the same occupational group and level and across organizational boundaries. Generic and non-generic work descriptions should contain the necessary information needed to evaluate the work using the appropriate classification standard.
60. An accurate and up-to-date, generic or non-generic work description provides a basis for the compensation of employees in the Public Service. Work descriptions are essential building blocks for most human resources management functions, such as recruitment, promotion, performance management, career management, learning, labor relations and human resources planning. Most collective agreements entitle employees to a complete and current statement of duties. Due to the importance of work descriptions in human resource management, the TB "*Guideline on Work Description Writing*" states that "The Deputy Head is responsible for ensuring there are effective systems and controls in place to ensure the accuracy, currency and quality of work descriptions."
61. We expected to find that Departmental work descriptions were accurate and that there were systems and controls in place to conduct periodic reviews to ensure their accuracy, currency and quality.
62. We found that there were only limited systems and controls in place to ensure work descriptions were periodically reviewed for currency and accuracy. The HR Branch employs the Human Resources Management System (HRMS) to record employees' classification information. The HRMS records the latest date in which a work description is reviewed. The system can also generate a report showing that the work description has reached its five year anniversary date for re-review but there is no automated control to flag when this particular date has been reached. Moreover, HR advisors are not producing this report to act on the outdated work descriptions. Operational managers, consequently, are not being notified when their work

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descriptions require review and update. Often managers become aware of the need to update the work description when there is an operational requirement to do so, such as initiating staffing of a position. This approach further delays the actual staffing process since managers must update the work description before they can begin staffing a vacant position. The Annual Departmental Classification Performance Report for 2012 indicated that 7,015 classified positions, or 43% of the total positions in the Department, had reached their cyclical review date of five years. By December 2013, the number of positions reaching their cyclical review date had increased to 7,659 or 46% of all departmental positions.

63. We also found that there were no controls in place to ensure that the generic work descriptions were kept up-to-date and used appropriately. In the 2012 Classification Performance Report, 40% of classified positions were linked to one of the 276 generic work descriptions (GWD). An increase in the application of GWDs is encouraged by OCHRO since they are considered more efficient and provide fairness in establishing relativity for position classifications. However, there are risks associated with their use, for instance when utilizing a GWD from other organizations, one has to be careful to ensure that they are appropriate in the new organizational context. A GWD inappropriately classified may extend misclassification across many positions. Currently, one of HR Branch's priorities is to increase the usage of GWDs, thus it is important that GWDs are reviewed and updated periodically.
64. Limited effort had been directed toward the review of coincidence between the actual duties of a position and the work description. In 2008, the Corporate Classification Directorate examined a sample of 75 positions to verify that the work actually being performed was coincident with the work description. The results indicated that 55% of work descriptions were not coincident. No further reviews have been conducted. The Corporate Classification Directorate indicated that there was limited value in conducting additional reviews until there was a regularized periodic review system in place, as the result would be similar.
65. Currently, the Corporate Classification Directorate and Operations are working together to populate a work description repository. The repository will contain pre-classified work descriptions that will assist managers in updating their work descriptions. Although a framework for the entire update process has yet to be completed and approved, the framework will stipulate that once a work description reaches its review date, a notice will be sent to the manager to validate its content, hence updating the work description in the repository. However, there is no plan to manage the volume of additional work that will be required from operational managers as well as in the HR Branch to update work descriptions, which is likely to be significant given that approximately 50% of work descriptions are outdated or inaccurate.

66. The development of systems and controls relating to the update of work descriptions will help ensure they are current and up to date.

Monitoring and reporting

There are no mechanisms in place to address the issues identified in classification performance reports

67. Management practices and controls need to be actively monitored to allow early and effective preventive and remedial action to take place. TB's *Classification Monitoring Framework* requires that departments invest resources in classification monitoring with a view to improving the integrity of the classification system.
68. We expected to find that the Department had identified responsibilities related to classification monitoring, that findings were reported to senior management, and that corrective actions were being taken.
69. We found that responsibility for monitoring and reporting of classification activities was clearly defined. The monitoring and reporting function is an on-going exercise that is carried out by classification manager and one advisor from the Corporate Classification Directorate. The areas subject to monitoring include compliance with policies, the quality of documentation of classification decisions, and the application of the instrument for classification delegation.
70. A risk assessment is undertaken by the Corporate Classification Directorate to determine the level of risk and associated vulnerabilities in the classification system every year prior to commencing the monitoring exercise. In certain instances, the monitoring exercise was conducted in response to senior management requests with specific objectives. A sampling of classification transactions serves as a basis for reporting results and the review consists primarily of examining paper files.
71. The annual Departmental Classification Performance Report is tabled at the HR Committee, signed off by the Deputy Minister and subsequently forwarded to OCHRO. The Report is the departmental instrument used to inform the Deputy Minister about the status of the classification function in the Department. For the past five years, the Annual Report has identified similar trends and transactional issues with the classification system. The latest Departmental Performance Report for 2012 was published in April 2013. In accordance with the new direction proposed by OCHRO's draft *Policy on Classification*, the next Report will cover a two year period (January 1, 2013 to December 31, 2014) and will be released in 2015.
72. We determined the method of conducting the monitoring exercise can be strengthened. The scope and criteria of the monitoring exercise had not been discussed and agreed upon by the Corporate Classification and Operations Directorates before the exercise was started. It was also observed that the source of

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the criteria used was not clearly documented. In addition, we were informed that the Operations Directorate was not debriefed on the findings of the monitoring exercise, nor provided an opportunity to validate the results.

73. We also found that there were no formal recommendations or management responses/action plans presented in the annual Classification Performance Reports to support correction of the issues identified. While there was an annual operational plan which dealt with some identified issues, there was no specific action plan developed in response to the Report. Finally, there was no mechanism to monitor the implementation of corrective actions in the operational plan. As such, despite the repetitiveness of the findings reported over the past several years, only marginal improvements were noted.
74. Appropriate follow up on the findings of the monitoring activities will help to support improvements in operations.

Conclusion

75. Classification has a wide ranging impact on all employees within PWGSC and, more particularly, on departmental operation costs and the Department's ability to attract, develop and retain sufficiently qualified human resources. Given the size of the Department, the manner in which the Department manages its human resources is important to its success in meeting organizational objectives.
76. The Audit Team identified certain weaknesses with selected elements of the management accountability framework for the classification function in PWGSC.
77. We noted a need for: enhanced communications between Operations and the Corporate Classification Directorate to help realize the benefits of separation of responsibilities; stronger leadership by HR Branch to ensure currency and accuracy of work descriptions; an improved design and management of the Accreditation Program for HR Advisors; development of formal processes and procedures for classification decisions; and, the development of actions plans to address deficiencies identified in the monitoring process, as well as follow up on the correction of those deficiencies.
78. Work Descriptions are the foundation of the classification systems. Management of work descriptions could be improved by enhanced training of operational managers and confirming the ongoing currency and accuracy of work descriptions through regular monitoring and follow up on out of date work description.
79. Improvements are necessary to ensure the classification function adequately supports the achievement of PWGSC's objectives. A sound management accountability framework for classification within the Department will strengthen the foundation and the integrity of its classification system.

Management response

We have had the opportunity to review the Chief Audit and Evaluation Executive's report and agree with the conclusions and recommendations found therein. We have developed a Management Action Plan to address these recommendations, with some corrective actions having been implemented already.

Recommendations and management action plan

Recommendation 1 (moderate priority): The Assistant Deputy Minister, Human Resources Branch, should enhance the accountability structure for the classification function.

Management action plan 1.1: Review the mandate and governance framework for the classification function.

Management action plan 1.2: Undertake the review of the instrument of HR delegation to clarify all stakeholders' responsibilities.

Management action plan 1.3: Establish regular meetings for the classification stakeholders to discuss and tackle horizontal issues and high-impact initiatives.

Management action plan 1.4: Hold ad hoc consultation sessions as required.

Recommendation 2 (moderate priority): The Assistant Deputy Minister, Human Resources Branch, should enhance the Classification Accreditation Program to ensure its desired objectives are achieved and that all HR advisors are appropriately accredited.

Management action plan 2.1: Improve the design and management of the Accreditation Program so that classification accreditation requirements, roles and responsibilities are clearly defined and aligned with PE generic work descriptions and competencies.

Management action plan 2.2: Ensure trainees have coaching and a personal development plan in line with the Accreditation Program to ensure accreditation within expected timeframes.

Management action plan 2.3: Establish regular meetings for the classification stakeholders to discuss Program requirements and trainees' development

Recommendation 3 (moderate priority): The Assistant Deputy Minister, Human Resources Branch, should enhance support for operational managers to ensure they are capable of discharging their classification responsibility.

Management action plan 3.1: Review the training strategy for operational managers including the learning curriculum, approach, calendar, and communication plan.

Management action plan 3.2: Actively participate in OCHRO's-CSPS working group regarding the implementation of a free, lean, online, self-paced, just-in-time, mandatory classification course for managers.

Management action plan 3.3: A new module and exam from OCHRO-CSPS will be added to the Authority Delegation Training to support operational managers in effectively exercising their classification responsibilities.

Management action plan 3.4: Develop a mechanism to track attendance level and measure satisfaction/value of classification training.

Recommendation 4 (high priority): The Assistant Deputy Minister, Human Resources Branch, should develop and implement formal procedures to ensure classification decisions are compliant with relevant policies and are supported by appropriate documentation.

Management action plan 4.1: Adopt the interdepartmental Common Human Resources Business Process (CHRBP) related to Job and Position Management to standardize classification service delivery.

Management action plan 4.2: Work collaboratively with OCHRO to review the CHRBP following My GCHR implementation.

Management action plan 4.3: Develop operating procedures pertaining to classification such as templates (e.g. notes to file), guides (e.g. organizational design, work description repository administration) and directives (e.g. impasses resolution).

Management action plan 4.4: Review classification service standards and adopt tracking tools.

Management action plan 4.5: Issue classification bulletins, best practices, and news bulletins to communicate information and ensure the provision of consistent advice and services.

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Management action plan 4.6: Develop a framework and tools to ensure quality assurance activities including file sampling and applying lessons learned to enhance the quality of decisions and improve classification files documentation.

Recommendation 5 (high priority): The Assistant Deputy Minister, Human Resources Branch, should establish a control framework to ensure the accuracy, currency and quality of departmental work descriptions.

Management action plan 5.1: Establish indicators to measure the percentage of outdated WD.

Management action plan 5.2: Develop automated reports to flag outdated WD, to notify stakeholders to review and update the WD accordingly, and to find efficiency opportunities.

Management action plan 5.3: Schedule WD review according to Resourcing Action Plans which identify positions to be staffed in the upcoming fiscal year.

Management action plan 5.4: Establish a protocol to maintain quality, accuracy and currency of WDs in the WD Repository.

Management action plan 5.5: Develop a mechanism for the consolidation of classification decisions and control of unique work descriptions.

Recommendation 6 (high priority): The Assistant Deputy Minister, Human Resources Branch, should establish a mechanism to ensure the issues identified in Classification Performance Reports are addressed.

Management action plan 6.1: Establish a formal monitoring framework to be shared by all stakeholders.

Management action plan 6.2: Document and share findings and provide an opportunity to validate the results.

Management action plan 6.3: Develop specific action plans to address deficiencies identified in the monitoring process and follow-up on their implementation.

Management action plan 6.4: Include a mandatory objective with respect to the resolution of anomalies identified in the monitoring process in the performance appraisals of the Classification Operations staff.

About the Audit

Authority

The authority for the conduct of this engagement comes from the 2013-2018 Risk-Based Audit and Evaluation Plan which was recommended for approval by the Audit and Evaluation Committee and approved by the Deputy Minister of Public Works and Government Services Canada.

Objective

The objective of this Internal Audit was to determine whether key elements of a management accountability framework are in place for the classification function at PWGSC.

Scope and approach

The Audit assessed management practices related to classification activities from April 1, 2010 to December 31, 2013. The audit also reviewed relevant documents prior to April 1, 2010 for background and supplementary information purposes. The audit focused on two of the three Directorates involved in the Department's classification function namely, the Corporate Classification and Operations Directorates.

The Audit excluded review of executive classification activities that is managed by the Executive Service Directorate given that there are only 2.3% of Departmental employees within the executive category and also that a different framework is used to classify these positions.

The Audit did not undertake a review to assess the level of compliance with the current classification standards, nor did the audit review the classification decisions that have taken place. The classification standards are documents that describe the factors, elements, and other criteria to determine the relative value of each job performed in the public service. Since 2009, the OCHRO has been undertaking an occupational group structure review. The review is intended to update the current classification system, which will provide for improved quality and consistency of classification decisions, a reduced number of distinct classification standards, and an effective means for establishing work of equal value.

The Audit reviewed and referenced the findings of the monitoring exercise conducted by The Corporate Classification Directorate and reported annually in the Departmental Classification Performance Report.

The audit was conducted in accordance with the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*.

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Interviews were conducted with personnel within the HR Branch, including regional operations. Relevant policies, processes and documentation were examined and tested against the Audit Criteria.

Based on the analysis of information and collected evidence, the audit team prepared audit findings and conclusions, which were validated with management. The report was then presented to the Assistant Deputy Minister, Human Resources Branch for acceptance and tabled at the Audit and Evaluation Committee meeting for recommendation for approval by the Deputy Minister.

Criteria

The criteria for this Audit were derived from the results of the detailed risk assessment and were developed by referencing the Treasury Board Secretariat's *Audit Criteria related to the Management Accountability Framework: A Tool for Internal Auditors*, the *TB Classification Monitoring Framework*, the *Policy on Classification System and Delegation of Authority* and other relevant TB classification policies, directives and guides.

The following audit criteria were assessed during this Audit:

- **Accountability:** The organizational accountability structure for the classification function supports the lines of communication, coordination and reporting between all parts of the organization; and delegated authority is aligned with individual's responsibilities.
- **Classification Operation:** Processes and procedures are established to ensure that classification decisions are supported by appropriate documentation; and systems and controls are in place to ensure the accuracy, currency and quality of work descriptions.
- **Training Programs:** The Department provides required training to Human Resource Advisors and Managers to support them in discharging their classification responsibilities.
- **Monitoring and Reporting:** Measures are in place to monitor and report on the state of the classification function.

Audit work completed

Audit fieldwork for this audit was completed on July 17, 2014

Audit team

The audit was conducted by members of the Office of Audit and Evaluation, overseen by the Director of Internal Audit and under the overall direction of the Chief Audit and Evaluation Executive.

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The audit was reviewed by the quality assessment function of the Office of Audit and Evaluation.