1.0 Executive Summary and Conclusion

Background

This report presents the findings of the Audit of Human Resources Management - Planning. The decision to conduct the audit was approved by the President following the recommendation of the Senior Executive Committee and thereafter by the Departmental Audit Committee on April 29, 2010 as part of the NRC 2010-11 to 2012-13 Risk-Based Internal Audit Plan. The audit’s focus was on human resources management practices across NRC and not just those activities of Human Resources Branch (HRB).

Rigorous human resources planning links people management to the organization’s mission, vision, goals and objectives, as well as its strategic plan and budgetary resources. A key goal of human resources planning is to get the right number of people with the right skills, experience and competencies in the right jobs at the right time and at the right cost.

Audit objective, scope and methodology

The objective of the audit was to provide assurance that NRC’s human resources policies and practices enable planning for current and future needs including appropriate career and leadership development and succession planning to meet its mandate.

The audit covered activities in 2009-10 and 2010-11 which included those risk management, controls and governance processes in place for ensuring appropriate human resources planning at the corporate level and, on a limited basis, at the local IBP-level. A sample of five Institutes / Branches / Programs (IBP) was selected for closer examination (three in the National Capital Region and two in the regions) based upon a rigorous risk and control analysis performed during the planning stage. Risk determinants for IBPs included primarily: the total number of employees, National Capital Region and regional mix, and/or the challenges afforded by the number of highly-
qualified personnel (HQP); and the level of HR activity identified in 2009-10 and 2010-11 as determined by the number of staffing actions, employee leavings and potential retirements.

Due to the specialized nature of the audit, the NRC audit team was supplemented by a team of experienced HR experts with audit expertise that were contracted to assist in conducting the audit work. In addition to the review of other relevant documentation, site visits were undertaken and structured interviews were conducted with HRB functional specialists and IBP Directors Generals and their HRGs.

The audit was conducted using a series of detailed audit criteria that addressed the audit objective against which we drew our observations, assessments and conclusions. The audit criteria were derived primarily from the Office of the Comptroller General’s Core Management Controls: A Guide for Internal Auditors (2007).

**Audit opinion and conclusion**

Overall, we found that NRC’s policies and practices are adequate for enabling planning for current and future needs with some opportunities for continuous improvement. Both the Corporate and IBP Human Resources Plans are aligned and integrated with NRC’s strategic and business planning. The plans were generally well documented and include the required elements based upon internal / external environmental analyses including current and future human resources and competency needs, succession planning considerations, and training and development objectives. Opportunities exist for increasing their rigor by identifying more precisely management action plans and budgetary resources required to address identified needs or gaps. HR management risks and challenges identified by IBPs should be analyzed to identify horizontal issues that can be addressed with NRC-wide HR priorities and plans. This would provide assurance that: there are no overlapping plans or gaps; they are aligned with the objectives of NRC’s new Strategy thereby increasing its likelihood of success; and the necessary human resources needed to achieve critical business objectives are available.
and allocated appropriately. Also noteworthy is the absence of formal succession plans either at the corporate or IBP-levels given the high percentages of Science & Technology (S&T) professionals and managers estimated as being eligible for retirement in 2011 and future years. Other opportunities pertain to HRB policies and procedures related to human resources planning that are significantly out of date.

During the course of the audit at the request of senior management, evidence was sought to determine whether the HR plans take into consideration staffing flexibilities that aren’t available to other government departments. While we observed some IBPs identifying staffing strategies that could potentially be explored, we did not observe any follow-up or implementation. This is due in all likelihood that the specific parameters for implementing separate employer flexibilities must first be explored by the Senior Executive Committee and their direction provided to IBPs thereafter on any agreed upon parameters.

**Recommendations:**

1. HR management risks and challenges identified by Business Units should be analyzed to identify horizontal issues that can be addressed with NRC-wide HR priorities and plans. This will provide assurance that there are no overlapping plans or gaps, that they are aligned with the objectives of NRC’s new strategy, and that the necessary human resources needed to achieve critical business objectives are available (i.e. succession planning) and allocate appropriately. [HIGH Priority]

**NRC Management Response:**

*HRB will collate all HR planning issues and actions raised through the next round of business planning into an integrated document. The timeline of the corporate wide activity is not known so no specific timeframe can be determined at this time.*
2. Existing human resources planning policies and procedures should be updated as soon as possible in order to facilitate the successful implementation of NRC’s new Strategy. [MODERATE Priority]

**NRC Management Response:**

*HRB commits to update the HR Planning policy and associated procedures in keeping with the new planning framework that will be established at NRC. The timeline for the update is therefore dependant on the timing of the establishment of this framework.*

**Statement of assurance**

In my professional judgement as Chief Audit Executive, sufficient and appropriate audit procedures have been conducted and evidence gathered to support the accuracy of the opinion provided and contained in this report. The opinion is based on a comparison of the conditions, as they existed at the time, against pre-established audit criteria that were agreed upon by management. The opinion is applicable only to the entity examined.

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Jayne Hinchliff-Milne, CMA, Chief Audit Executive

**NRC Audit Team Members**

Mayan Ismail, BCom, Junior Auditor
Jean Paradis, CA, CIA, Audit Manager,

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1 The NRC audit team was supplemented by a team of contracted auditors from Samson & Associates with audit expertise in Human Resources Management to assist in conducting the audit work.

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Appendix: NRC Internal Audit Potential Overall Ratings

Management Attention Required – Significant issues exist that require management’s attention.

Needs Improvement – Some areas of practices / processes are in compliance with Government of Canada and NRC laws, regulations, policies and directives pertaining to Human Resources Planning but many deficiencies exist.

Adequate – Most of the areas of practices / processes are in compliance with Government of Canada and NRC laws, regulations, policies and directives pertaining to Human Resources Planning but there are opportunities for improvement.

Strong – All areas of practices / processes are in compliance with Government of Canada and NRC laws, regulations, policies and directives pertaining to Human Resources Planning. No areas for improvement were identified.