



# Talent Acquisition and Retention Performance Audit Final Report

Fiscal Year (2017-2018)

August 2018.  
Prepared by Government Internal Audit Services

**Yukon**

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## **List of Acronyms**

ADM – Assistant Deputy Minister  
ATS – Applicant Tracking System  
DM – Deputy Minister  
DMHRC – Deputy Ministers Human Resource Committee  
EES – Employee Engagement Survey  
EFAP – Employee and Family Assistance Program  
ERM – Enterprise Risk Management  
FTE – Full-Time Equivalent  
GAM – General Administration Manual  
GIAS – Government Internal Audit Services  
YG – Government of Yukon  
HR – Human Resources  
IIA – The Institute of Internal Auditors  
MG – Management Group  
ODB – Organizational Development Branch  
PSC – Public Service Commission  
TM – Talent Management  
TMS – Talent Management Strategy

# 1.0 Executive Summary

## 1.1 Introduction

Talent in the public service is an essential corporate resource and can achieve maximum benefits for Yukoners and their government if properly managed. Talent management encompasses acquisition and retention (development and recognition). It represents the constant flow of attracting and maintaining the collection of people who carry out the important work of government.

All organizations have the same goal of finding and hiring the best candidate in the shortest amount of time possible, while ensuring a long and successful tenure with the organization going forward. As the unemployment rate across Canada is low (5.8%), and Yukon is particularly low at 2.3%<sup>1</sup>, talent management for the Government of Yukon is crucial and needs to be systematically addressed.

## 1.2 Why we completed this audit

As the Government of Yukon (YG) is expected to deliver on its priorities and objectives, key talent positions need to be filled with the right people in order to achieve results. At the outset of this audit, some risks were identified which could negatively affect the government's ability to provide services to Yukoners.

- Where high impact and difficult-to-fill positions are not identified and monitored, YG could be limited in its capacity to deliver on expected outputs and outcomes.
- If YG is not able to recruit and retain talent level employees/senior management, there is a risk that governance and accountability will not be as strong as would be required to innovate, communicate vision and goals, best serve Yukoners, and to engage public servants.
- If an HR talent management strategy is not fully integrated and not reflected in departmental plans, public service efficiency and effectiveness could be restricted.

## 1.3 Objectives

The objective of this audit was to provide assurance that the talent acquisition and retention process within YG is open, transparent and inclusive to ensure a professional,

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<sup>1</sup> Statistics Canada, Labour Force Survey, March 2018

merit-based public service. This supports the mandate given to the Public Service Commission (PSC).

## **1.4 Conclusion**

As per the information collected and analyzed, GIAS cannot make the statement that the talent acquisition and retention process within YG is open, transparent and inclusive to ensure a professional, merit-based public service. More data needs to be collected and analyzed, and this report provides suggestions where improvements could be made.

The PSC can leverage and analyze existing data, including corporate/departmental plans, to provide the evidence required to strengthen future human resource outcomes and to support talent management decision-making for YG.

## **1.5 Summary of main findings**

- **There is no talent management strategy in place for YG.**
- **Talent Acquisition: Even though the top candidate accepted the offer in 85% of recruitment cases tested, the level of completeness of the files prohibits any general statement regarding performance in this area.**
  - Recruiting processes are consistent across Government of Yukon
  - 45% (15/33) of the audited competition files were deemed complete, following collection of information stored across both paper files and two separate electronic systems
  - Screening process not assessed as not all information was available consistently in the competition files
  - Average time from requisition/posting to job offer = 78.0 days (unknown in 26% of cases due to incomplete documentation), ranging from 45 days to 160 days
  - 85% (28/33) of best candidates accepted the offer; 3 declined, 2 rank was unclear
  - 77% of postings were open to external candidates; relocation was paid only twice (6%)
  - Average salary offered to women 38% of range; 69% of range for men.
- **Talent Retention: There are positive results and also room for improvement.**
  - PDP mid-year update completed less than half the time (33% of files reviewed during testing)
  - Year-end PDP average completion rate of 96.5% for eligible employees across YG (2013-17)
  - 83% mention level of accomplishment as per the rating on the PDP form

- PDP average award percentage over the last 4 years appears linked to classification level (the higher the MG level, the greater your performance award percentage)
  - 60% of Leadership Pathways participants have been promoted to ADM since 2015/16<sup>2</sup>
- **There is no talent management reporting in place for YG**
- HR data collection and analysis is managed at the departmental level

## ***1.6 Actions taken***

As the department that acts as the employer on behalf of government, the Public Service Commission agrees that talent management is an important issue that requires a coordinated approach. In response to this report, the PSC will be working to incorporate the recommendations regarding Talent Acquisition and Retention into the existing recruitment and retention strategic planning process. Due to the related nature of talent acquisition/retention and recruitment/retention generally, this report presents an opportunity to streamline an existing strategic planning process to efficiently address both needs. The PSC will ensure that strategies to address Talent Acquisition/Retention are clearly differentiated from the general recruitment/retention strategies and actions. PSC will also ensure that actions taken to address Talent Acquisition/Retention are open, transparent and inclusive to ensure a professional, merit-based public service.

Furthermore, the Talent Acquisition/Retention strategy will include performance measures with corresponding indicators to provide an evidence-base for future decision making. The PSC will develop an annual report to provide departments with a comprehensive view of progress related to Talent Acquisition/Retention. Finally, the PSC will take action to ensure file completeness and to monitor HR efficiency as it relates to this issue.

The Public Service Commissions detailed response to the recommendations are outlined in the following sections of this report. We would like to thank Government Internal Audit Services for their work on this issue.

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<sup>2</sup> A different leadership development program was carried out from 2009 to 2011, preceding the scope of this audit.

## ***1.7 Recommendations, Management Response and Action Plan***

<b>Recommendation</b>	<b>Management Response /Action</b>	<b>Target Date</b>	<b>Position(s) Responsible</b>
1.STRATEGY PSC should develop a Talent Management Strategy (TMS), in consultation with Departmental HR management, to ensure appropriate resources are in place to deliver on Government objectives and commitments.	Agreed. A TMS will be incorporated into the existing Recruitment/ Retention strategic planning process. The TMS will be clearly differentiated from general recruitment/ retention strategies.	April 2019	PSC – in coordination with Directors of CHRDS, Communication, Policy and ODB
2.PERFORMANCE MEASURES: PSC should develop performance measures and a corresponding dashboard of key indicators, in consultation with Departmental HR management, to ensure file completeness, monitor HR efficiency and effectiveness, as well as to provide a suitable evidence-base for decision-making regarding implementation of the Talent Management Strategy.	Agreed. Within the TMS, performance measures with indicators will be developed to guide future decision making. Additionally, a competition file checklist will be updated to address file completion.	June 2019	PSC – in coordination with Directors of CHRDS, Communication, Policy and ODB
3.REPORTING PSC should develop an annual report regarding the Talent Management Strategy, to provide YG and departments with a comprehensive, up-to-date view of the Talent acquisition & retention situation.	Agreed. PSC will develop an annual report which will highlight YG's progress in the area of Talent acquisition and retention.	May 2020	PSC – in coordination with Directors of CHRDS, Communication, Policy and ODB

I approve the above Management Response and Action Plan

Thomas Ulyett

A/Deputy Minister of PSC

I recommend this Management Response and Action Plan for approval by the Audit Committee

Martine Vadnais

CAE, Director of GIAS

Approved by Audit Committee on September 18, 2018.

## 2.0 Scope and methods

This horizontal audit was approved by the Audit Committee on July 27, 2017. The period covered by the audit is April 1, 2013 to March 31, 2017, the last four years. All 12 departments as well as Yukon Housing Corporation are included in the audit, with special attention to Public Service Commission (PSC) as the leader of human resources management for YG.

### 2.1 Scope

The audit focus is on the performance of HR processes for acquiring and retaining talent, which specifically includes the Director, Assistant Deputy Minister (ADM), and the Deputy Minister (DM) level, plus any high impact and difficult-to-fill positions. The high impact and difficult-to-fill positions were not limited to the Management Group (MG), but also included unionized positions where appropriate.

GIAS conducted the audit following the Institute of Internal Auditors' Standards for the Professional Practice of Internal Auditing. This ensures that the evidence gathered is sufficient, reliable, relevant and useful to draw conclusions. The audit criteria and sub-criteria (see Appendix A) were developed as per HR best practices expected as part of a good management cycle. These fall under the following 4 headings:

- Talent Management Planning
- Talent Acquisition
- Talent Retention
- Talent Management Reporting

These criteria, and corresponding sub-criteria, were agreed to by PSC and by the Audit Committee.

### 2.2 Method

A comprehensive, mixed-method approach was employed, to ensure accurate and reliable results. This included both qualitative and quantitative data sources. Methods for this audit included:

- **Environment Scan:** GIAS carried out research to identify best practices, initiatives and lessons learned from other jurisdictions. A full list of referenced documents has been shared with PSC.
- **Talent inventory:** GIAS facilitated the development of a comprehensive YG talent inventory (N=389). Each department was provided with a talent identification template at the start of the audit, to ensure a consistent listing (this was created by HR Directors and/or Managers, and validated by their Deputy Minister). For



the purposes of this audit, the inventory was filtered to include only the 258 positions that were last filled during the 2013-2017 scope of the audit;

- **Talent Questionnaire:** GIAS distributed a questionnaire to a group of 44 employees from the revised version of the Talent inventory (N=258). The sample represents an 85% confidence level and 10% margin of error. GIAS ultimately collected completed questionnaires from 27 individuals, representing a 61% response rate and somewhat lower than anticipated, but still adequate for the purposes of the audit, generating an 80% confidence level and 11.6% margin of error;
- **Testing/File Review:** GIAS conducted testing of both acquisition and retention/performance processes through file review. Of the 240 talent positions in the inventory (N=258) with a requisition number available from PSC, 36 were selected for review, providing a sample that represented an 80% confidence level and 10% margin of error;
- **Administrative Data Analysis:** GIAS conducted a comprehensive review and analysis of PDP award data, obtained from PSC records, which was carried out for all management level employees over the 2013-2017 period;
- **Key Informant Interviews:** GIAS carried out interviews with a representative sample of Deputy Ministers and HR Directors/ Managers (n=8) from four YG departments. The departments were selected to include a sample of both large and small in terms of their respective level of full-time equivalent employees (FTEs); and
- **Additional Data Review and Analysis:** GIAS also reviewed and analyzed data from the YG employee engagement survey (2013 & 2016), YG Employee and Family Assistance Program (EFAP), job offers starting salary (competition files), and others.

Using the full suite of methods above allows for triangulation of findings from multiple sources, so that no conclusion or recommendation is based on a single source.

### 3.0 Background

YG is a small government that provides services to a remote population of 38,000 people. With annual spending of over \$1billion dollars, it has the complex responsibility of carrying out tasks related to a mix of federal, provincial/territorial, municipal and private sector functions. Location, demographics and an ageing workforce impact on government capacity. A Yukon-specific context was taken into consideration when assessing whether YG is following relevant talent management practices.

PSC is the leader with regards to human resources and exists to guide departments through the implementation and application of all HR policies (see GAM vol.3). It is responsible for the administration of the *Public Service Act*, and in this role has the power to “develop, maintain, administer, and supervise a competent and efficient public service” (Section 8(1-a)). In order to achieve excellence and deliver on the government’s mandate, the potential of core-level employees must be realized, “through dialogue, feedback, career support, and individually tailored learning.”<sup>3</sup>

Recent key challenges within YG include: turnover at the senior level, managers posted to ‘Acting’ at two or more levels above their regular position (i.e. MG04 to MG02) and high impact or difficult-to-fill positions are vacant which may indicate scarce resources and poor succession planning.

In order to have the right people matched to the right positions, YG needs to look at its long-term commitments. Even during times of fiscal constraint, it is important to maintain a vigorous talent management strategy in order to ensure an effective workforce. In addition to supporting PSC, this performance audit will also support all departments as they strive for a strong professional public service with the capacity, skills and experience needed to deliver high quality operations and results.

#### **Limitations:**

GIAS was not able to conduct any testing on the screening process due to a lack of information in the competition files. As well, because there is no systematic collection of performance data, and available data was contained in a mix of physical records and two separate electronic databases, the feasibility of using data analysis to reliably assess certain audit criteria was limited.

## **4.0 Observations and findings**

### **4.1 Stage One: Talent Management Planning**

***There is no talent management strategy in place for YG.***

**Risk & Impact:** Without a talent management strategy, YG cannot know if it has the capacity to deliver on its priorities and commitments. Leadership skills are important, but the public service needs to have the right people at multiple levels to deliver services internally and to citizens. The best results depend on the capacity of all levels, not only capacity at the top of the organizational chart.

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<sup>3</sup> Justice Canada, Audit of Talent Management, 2015. Pg4.

**Recommendation 1: PSC should develop a Talent Management Strategy (TMS), in consultation with Departmental HR management, to ensure appropriate resources are in place to deliver on Government objectives and commitments.**

### **Actions taken**

In conjunction with Departmental HR management, the Public Service Commission is currently in the process of developing a Recruitment and Retention Strategy. This current process will now include the development of a Talent Acquisition and Retention Strategy, which will clearly be differentiated from general recruitment/retention strategies. Focus groups with Departmental HR management have already taken place with additional sessions planned. The Strategy is expected to be completed by April 2019.

#### 4.1.1 – HR Talent Management Strategy (Criteria #1)

***There is no documented talent management strategy for YG as a whole.***

A Staff Development Strategy (2015-2018) was written with a view of addressing one part of the plan each fiscal year, over three years. This document identifies the characteristics required by an effective public service and the related leadership competencies, which were previously approved by YG's Deputy Minister Human Resource Committee (DMHRC), and suggests ways of developing senior leaders within the organization; however, it does not focus exclusively on difficult-to-fill and high impact positions, and lacks concrete strategies to attract and retain talent. The table of contents for a standard talent management strategy is provided in Appendix C – this is an example of what we could expect to find for YG.

In 2015-16, the Public Service Commission created the Leadership Pathways program to address a forecast gap at the Assistant Deputy Minister (ADM) level. This has been the cornerstone tool of YG talent management since 2016, with each department providing a selection of candidates and working in conjunction with PSC to assess who would undergo the training. While the program may serve as a useful employee recognition and leadership retention pool, there is no over-arching talent management strategy guiding or supporting it (Section 4.1.7 below). Furthermore, there is no finalized logic model or set of established performance measures and targets for the initiative.

#### 4.1.2 – Strategy Document was Developed by PSC (Criteria #2)

***Does not apply as there is no TMS for YG.***

#### 4.1.3 – Departmental Strategy Identifies and Addresses Key Positions (Criteria #3)

***Key positions had not been formally identified by the departments.***

As there was no talent inventory readily available, GIAS provided each department with a talent identification template at the very start of this audit. The templates were filled in by HR Directors and/or Managers and validated by their Deputy Minister, in order to ensure a comprehensive listing. GIAS then assembled these departmental inventories into a Talent List, representing the first such inventory for YG. This represents a starting point, as YG and GIAS recognize that not all Director and ADM positions are high impact and difficult-to-fill.

#### 4.1.4 – Final Strategy Document Shared and Implemented (Criteria #4)

**Does not apply as there is no TMS for YG.**

#### 4.1.5 – Departments Report Results Back to PSC on a Regular Basis (Criteria #5)

**Does not apply as there is no TMS for YG.**

#### 4.1.6 – HR Reports Results (Performance Data) to the Deputy Minister (Criteria #6)

**No consistent HR performance measurement data is being provided to DMs.**

During the interview process, four separate HR Directors/Managers were asked about whether they report regularly to their DM with data relating to talent management planning. All four responded in the same way, specifying that no formal report is delivered but that regular briefings/weekly bi-laterals are held as a way of keeping Deputies informed.

There is no standardized or consistent HR performance measurement data being provided to Deputy Ministers to assist their decision-making at the highest level. Some departments are almost entirely activity-based, with their main focus being on day-to-day transactional work rather than the desired outcomes or intended ultimate impacts. PSC provides DMs with performance measures linked to talent management, however the only measures provided are related to HR issues such as employee sick leave, disability, and diversity of the workforce.

#### 4.1.7 – Other: Leadership Pathways Program

The Leadership Pathways program grew out of PSC's Staff Development Strategy (2015-2018) and aims to support retention of talent employees across YG. As there is no finalized logic model or set of performance indicators for the Program, it is primarily a recognition and retention initiative. GIAS was unable to assess any longer-term outcomes at this time beyond the number of candidates who have advanced to the position of ADM since the 2015/16 intake (60%). In terms of providing an open, transparent and inclusive forum for training and development, Leadership Pathways does not appear to meet these goals. As it stands, the program is an assessment tool leading to an individualized training plan, which may or may not result in improved

leadership skills for that individual. While later iterations of the program are becoming more open, not all employees were made aware of the program or invited to participate in previous intakes.

As currently implemented, the Leadership Pathways program is less about development than it is about recognition (seeing the potential in certain employees and rewarding them with the opportunity to participate in this initiative). It is a snapshot of where an individual stands in relation to particular leadership competencies. While potentially beneficial, it cannot serve on its own to develop or replace a comprehensive talent management strategy.

## **4.2 Stage Two: Talent Acquisition**

***Although 85% of staffing processes tested resulted in the top candidate accepting an offer, the level of completeness of the files prohibits any general statement regarding performance in this area, and is not consistent with the standard for a complete staffing file as outlined in the YG Staffing Manual. However, consistency in the process used to recruit was observed.***

Risk & Impact: With the current level of file completeness, YG cannot benefit from the level of monitoring and analysis of relevant data that would provide a comprehensive evidence-base for decision-making by senior leadership. This limits PSC in its capacity to improve efficiency and effectiveness and make changes in areas of practice where improvements could be made.

**Recommendation #2: PSC should develop performance measures and a corresponding dashboard of key indicators, in consultation with Departmental HR management, to ensure file completeness, monitor HR efficiency and effectiveness, as well as to provide a suitable evidence-base for decision-making regarding implementation of the Talent Management Strategy.**

### **Actions taken**

A competition file checklist has been updated to ensure file completeness with consideration for E-recruitment processes (electronic applicant tracking system). Also, staffing manuals are currently being updated to reflect new processes and will be followed by communication and/or training to Departmental HR. This will be completed in the 2019-2020 fiscal year.

Additionally, the Talent Acquisition and Retention Strategy will include performance measures and corresponding key indicators which will be used to monitor HR efficiencies and an evidence-base for decision making.

#### 4.2.1 – Competencies for Talent Positions are Aligned with TM Strategy (Criteria #7)

**Does not apply as per 4.1.1.**

There is a focus on identifying and building transferable skills through YG's Core Competency Framework. However, there is an opportunity to link this framework to talent positions when a documented talent management strategy is in place.

#### 4.2.2 – Attributes of the Recruitment Process (Criteria #8)

**Based on all of the information collected, GIAS cannot conclude that the recruitment process is open, transparent, inclusive and efficient. By collecting data in a systematic way, areas for improvement will be identified.**

- A) GIAS cannot conclude that the recruitment process is aligned with the positions to be filled and the competencies required, due to lack of completeness of the files.

The YG Staffing Manual indicates that:

“The standard for a complete staffing file is that a knowledgeable third party can read the file and follow the process and recognize the factual and logical reasons for the decisions made during the staffing process”<sup>4</sup>

Of the 33 files reviewed, only six included job descriptions or job postings that described the desired competencies. MG-level competitions are required to mention the core competencies in their job posting.

The questionnaire administered by GIAS to a sample of talent inventory employees showed that Talent employees are more confident than the overall YG workforce [via YG Employee Engagement Survey (EES)] about their branch's ability to recruit people with the right skills. This could be due to the fact that the EES involves all employees, and likely represents a broader range of experiences and perceptions of the public service.

- B) GIAS concluded that the recruitment process seems to be carried out in a coherent and consistent manner across YG.

Overall, YG is using a standard practice to recruit for all positions, including talent. There are specific steps to follow in the recruitment process, according to PSC via the YG Staffing Manual, intended for use across all departments. HR tools are available on an

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<sup>4</sup> Government of Yukon Staffing Manual (2012)

internal SharePoint site for HR employees, following mandatory staffing and delegation training.

The steps taken in the recruitment process are coherent and consistent, however key dates that could be useful performance measures (requisition request, job posting, interview, job offer, job start dates) are currently recorded inconsistently and stored in physical and electronic files (ATS). This type of tracking would allow for the creation of a benchmark and subsequent setting of performance targets. When asked, “How could the recruitment process be improved to attract talented people?”<sup>5</sup> the most common answer was that the process should be more timely/not take too long. The faster a new recruit is working in the position the better, as this increases the unit’s productivity and ability to deliver on its commitments.

For example, during the review of talent competition files, GIAS found that the average time from requisition request or posting of a position<sup>6</sup> to job offer was 78 days. The range was from 6 to 179 days. At present, there are no standards on how many days it should take to complete the hiring process and no data to know how long each step of the process takes, to inform where efficiencies can potentially be made.

Many, but not all, of the files included a “Checklist for Closing Requisition File” sheet near the front of the file. While these lists were perhaps satisfactory for their intended purposes, GIAS noted that several key documents were not included in the checklist, including the staffing action request form, job description and job posting, which are not required in the competition file. GIAS noted that most of PSC’s own requisition files, and a few from other departments, included a typed summary of the competition, providing a narrative of the entire process, including critical dates and a rationale for selection of the top candidate. Having this kind of comprehensive summary available in every competition file would support both accountability and transparency of the selection process, as well as performance measurement and monitoring.

Although PSC has established standard steps and processes to follow for recruitment, the level of completeness of the competition files prevented GIAS from drawing any conclusion about overall compliance with, and efficiency of the process.

**C) GIAS cannot conclude that the recruitment process is open, transparent and inclusive. More data needs to be collected and analyzed.**

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<sup>5</sup> Q8, GIAS audit questionnaire

<sup>6</sup> As not every file was complete and some did not include a date for both requisition request and the job posting, GIAS was required to use whichever date was available to calculate the #of days taken to complete the hiring process.

In their interviews with GIAS, HR Directors/Managers generally agreed that the recruitment process is designed to be open and transparent. One Director stated that the goal is to have “fair and defensible competitions”. Ideally, if every competition file has all the steps of the process documented, PSC should be able to assess whether the objective of fair and defensible competitions is being met. While all unionized positions have appeal rights, those within the management group (MG) – where the majority of YG’s talent positions lie – do not. All exemptions, whether within the MG group or not, must be posted.

Not every job goes out to competition; yet of the competition files reviewed by GIAS, 88% (29/33) were positions open to external candidates, and resulted in the use of the relocation policy in just 6% (2/33) of the cases. It is worth noting that there were only two cases (6%) where GIAS was able to confirm the relocation policy was mentioned in the job posting, and these differed from the two cases where GIAS was able to confirm the relocation policy was actually applied (via the offer letter). However, PSC monitors the application of the relocation policy, and confirmed to GIAS that these two cases were part of their process.

YG offers various disability accommodations as a way of increasing inclusivity. This might include specialized workspace equipment, such as raised desks, or accessibility software. Only one respondent to GIAS’ questionnaire mentioned that it took “quite some time” to actually receive the ergonomic equipment she/he required.<sup>7</sup> The 2016 EES shows that 72% of respondents Agree with the statement “I am provided with the accommodation(s) I require to perform my job.” GIAS concludes that YG’s process is inclusive, by providing appropriate accommodation as needed.

Limitation: GIAS was unable to directly assess the recruitment screening process, against the above criteria, as the necessary information was not consistently available in the competition files.

#### 4.2.3 – Collection and Analysis of Performance Measures and Targets (Criteria #9)

**Performance measures and targets on acquisition are not collected and analyzed to monitor progress.**

At present, there are no formal systems in place to gather data, and no performance measures and/or targets collected or analyzed to monitor progress. Weekly bi-lateral meetings between DMs and their respective HR Directors/Managers serve to provide updates on such things as vacancies, use of sick leave and other leave, disability, and

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<sup>7</sup> Q17c), GIAS audit questionnaire



other information which is of interest to the DM. At least one department is using this data to look for trends.

PSC provides a limited report on recruitment numbers – how many people were hired and which positions were filled – but this is transactional or activity-based data. One DM commented that having good performance data from PSC would be extremely helpful for identifying risks at both the corporate and departmental levels.

As part of the file review testing for this audit, GIAS was successful in collecting some data that could be adopted for performance measurement and reporting purposes. These performance measures could be tracked on a routine basis and provided to decision-makers, to see where improvements and efficiencies in the acquisition process can be made. To get full value in analyzing each step in the process, HR should record all relevant dates (requisition request date, job posting date, screening date(s), interview date(s), written exam date(s), reference checks, job offer date and job start date).

In 54% of the cases (19/35), at least one candidate dropped out of the hiring process (the range was from 1-6 people). There were no appeals recorded, as nearly all the positions under review were MG-level with no appeal rights. In nearly all of the cases (n=28/ 85%) the top ranked candidate was offered and accepted the job offer; 3 declined, and in 2 files the ranking was unclear. The drop out rate can serve as an indicator of the efficiency of the process.

Another measure that could be beneficial to track is the use of YG's relocation policy. During testing, GIAS found only two cases (6%) where relocation was offered to successful candidates coming from outside the Territory, however nearly one-third (33%) of respondents to the audit questionnaire stated they had relocated to Yukon for work with YG.<sup>8</sup> It could be interesting to see if there is any relationship between relocation dollars and salary upon appointment or subsequent PDP performance awards. It might also be useful as well to know how many new hires are coming from outside of the Territory without any relocation assistance, versus those coming from within Yukon.

GIAS also looked at the starting salary of successful candidates. This was calculated as a percentile score (i.e. 0-100%), within the salary range of their classification. From our testing sample, the average starting salary for women was 38%, and 69% for men.

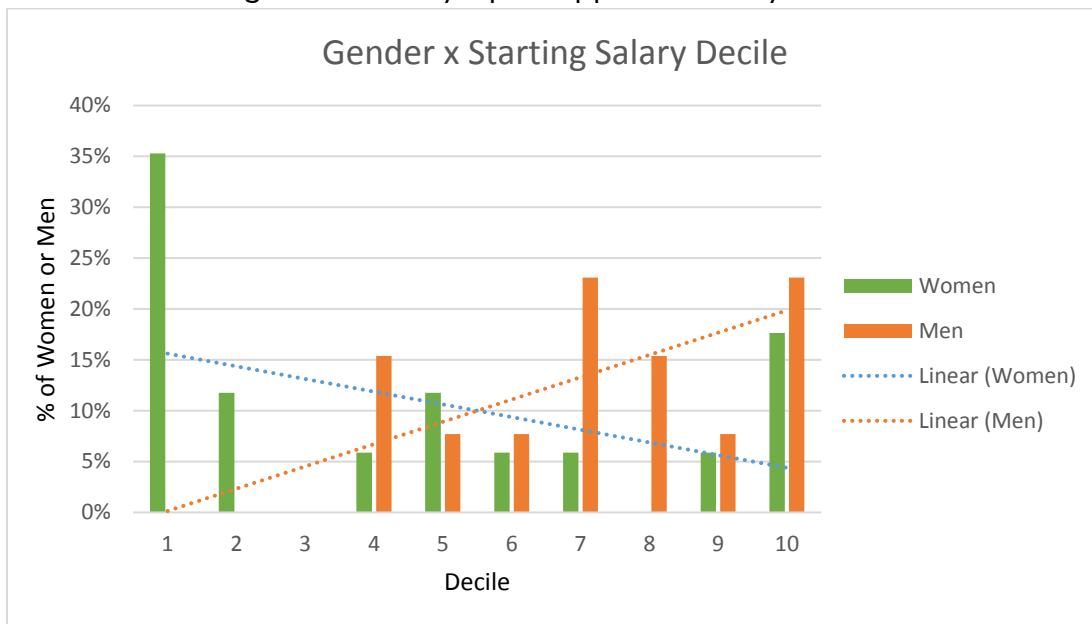
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<sup>8</sup> Note that the sample used for testing/file review was a different group of talent employees from the sample used for the GIAS audit questionnaire.

Sixty-five percent (11/17) of women landed at or below 44% of the potential salary range for their position. Seven (41%) of these women started at 10% or less, including five (29%) at 0%, or the lowest possible salary. On the other hand, 10/13 (77%) of men landed above the midway point in the salary range for their position. Just 3/13 (23%) of male hires fell below the 50<sup>th</sup> percentile and no men were awarded a starting salary at 0% of the range.

Figure 1 below provides the full decile distribution of the starting salaries of the files GIAS reviewed, with a linear dotted line illustrating the best fitting trend line.

Figure 1 – Salary Upon Appointment by Gender



Given this information, we question whether this reflects a fair and merit-based hiring system for the talent group that is aligned with the spirit of the Employment Equity Policy (GAM 3.55). While the sample size of our testing does not support drawing statistical conclusions about group differences, the observed data from our sample should provide YG with reason to collect and analyze these data to establish if there is a gender bias, and if it is the case, to address it through various mechanisms such as training or hiring process improvements.

### 4.3 Stage Three: Talent Retention

***There are positive results as well as room for improvement.***

Risk & Impact: If talent is not monitored, the government could find itself in a position not only to fail on delivery at the level expected, but also the cost to deliver could be

higher due to last minute initiatives (consultants, turn over, burn out, third party delivery) to fill these gaps.

**Recommendation #2:** PSC should develop performance measures and a corresponding dashboard of key indicators, in consultation with Departmental HR management, to ensure file completeness, monitor HR efficiency and effectiveness, as well as to provide a suitable evidence-base for decision-making regarding implementation of a Talent Management Strategy.

### **Actions taken**

PSC's response to section 4.2 regarding Talent Acquisition, is applicable to Talent Retention as well.

#### 4.3.1 – Ongoing Retention Activities as per the Logic Model (Criteria #10)

**Retention activities within YG are not aligned with a talent management strategy (as per 4.1.1), however many elements are being addressed within the departments.**

In order to inform the audit process, GIAS created a Logic Model for Talent Acquisition and Retention (see Appendix B) which lists retention activities, including: orientation, development, engagement, feedback and recognition. These activities relate to both the specific position and the individual needs of the employee. Findings below follow the logic model's retention activities.

Orientation: PSC offers a corporate orientation session to new employees at various points through-out the year. However when asked the question, "About how long were you in training before you were working at your position independently?", one-quarter of respondents (7/27) stated outright that they received no initial training at all.<sup>9</sup> The range from the other answers provided is from 2 days to one year. One employee commented, "The onboarding support from HR and my branch was very limited." Another wrote, "I learned everything ad hoc or by asking questions." Taken together, these observations indicate that there is room for improvement in the orientation process.

Development: Development activities contribute to the level of engagement that talent employees have in their jobs, and can provide the opportunity for feedback and recognition. Responses to the GIAS audit questionnaire show that 74% of those sampled Agree or Strongly Agree that supervisors/team leaders support employee development; 70% Agree or Strongly Agree that training is offered/provided at regular intervals.<sup>10</sup> The 2016 EES also supports this data, with a corporate score of 67 (/100)

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<sup>9</sup> Q9 GIAS audit questionnaire

<sup>10</sup> Q21, Q22, GIAS audit questionnaire

allocated to Professional Development, which is considered an area of strength. During the interviews with Deputy Ministers, it was mentioned that YG should be collecting and tracking individual employee data on training in a corporate database.

Engagement: Engagement is considered essential to the successful retention of employees and can be found at the very top of the House Model (the Roof).<sup>11</sup> In 2013, engagement received a corporate score of 69 (/100) and a score of 73 (/100) three years later in the 2016 EES. The score indicates there are strengths to be leveraged here.

GIAS asked talent inventory employees whether “*In my organization/department senior leaders generate high levels of motivation and commitment in the workforce*”, and 63% Agreed or Strongly Agreed with this statement.<sup>12</sup> The 2016 EES shows a corporate score of 58 (/100) on Senior Leadership, indicating a need to focus on improvement. It is important to note that for the seven items that make up the Senior Leadership, all demonstrated an improvement in 2016 of between 1-3% over 2013 scores.

Studies show that even the physical work environment has a significant impact on employee engagement and productivity.<sup>13</sup> This, in turn, will affect retention. GIAS asked employees in talent positions about their experience with the workspaces at YG and found that it is an inconsistent experience across the public service. Fifty percent (50%) of responses were mostly positive about the current space; 36% of comments were mostly negative; and 13% had both positive and negative aspects.<sup>14</sup> The 2016 EES also included a new question on this topic: “*My physical work environment enables me to work well.*” The corporate score was 61 (/100). This indicates that improvements could be made regarding workspaces.

Feedback: Deputy Ministers agree that regular feedback is very important for talent employees. One DM commented that ongoing evaluation with direct reports means there should be no surprises at year-end regarding performance issues; another suggested that feedback should be immediate, as it becomes less meaningful the longer you wait.

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<sup>11</sup> 2016 YG Employee Engagement Survey Results

<sup>12</sup> Q28, GIAS audit questionnaire

<sup>13</sup> The Steelcase Global Report: Engagement and the Global Workplace, Gensler’s Workplace Index, The Leesman Index. Cited in “How The Physical Workspace Impacts The Employee Experience”, Jacob Morgan, [www.forbes.com](http://www.forbes.com)

<sup>14</sup> Q17c), GIAS audit questionnaire

An open door policy helps to encourage communication. Responses to the audit questionnaire show that 85% of employees in the talent group find that discussions with their supervisor/team leader about performance are worthwhile.<sup>15</sup>

Recognition: Recognition for a job well done can be given within the department (such as with a special thank-you note or gift) or corporately by way of the Long Service Awards or the Premier's Award of Excellence. Results from the 2016 EES show that just 56% Agree that they receive meaningful recognition for work well done, however – a 5 point decrease from the 2013 score of 61%. For MG-level employees, the PDP is a large part of the recognition and reward program (see Criteria #11 and 12).

When asked, “What do you think are your organization/department’s most meaningful work experiences?” the answers could be grouped under two themes: 1) providing service and care, improving lives and well-being of Yukoners, 2) working collaboratively with other employees/branches, team effort to solve problems.<sup>16</sup> This highlights the importance of a service orientation and team fit, for employees in talent positions to find meaning in their work.

#### 4.3.2 – Talent PDP Objectives and Training Reflect Retention Activities (Criteria #11)

**Key individual/talent performance development plan (PDP) objectives and training do reflect retention activities.**

During review of PDP files for 18 individuals (eligible MG-level employees from our testing sample), GIAS found that in all but one case, stated training objectives were aligned with the position and the individual. On average, 71% of training plan activities recorded in the reviewed PDPs were completed.

The Compensation and Benefits branch at PSC tracks the overall PDP completion rate, which is 96.5% on average across YG (2013-2017). GIAS found the mid-year PDP update (which is not tracked) to be completed in just 33% of files reviewed during testing, revealing that attention could be paid to mid-year performance reviews.

#### 4.3.3 – PDP Performance Measures are Collected and Monitored (Criteria #12)

**The average award by department is collected and monitored at the organizational level for YG. The average award appears to be aligned with available resources in the**

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<sup>15</sup> Q25, GIAS audit questionnaire

<sup>16</sup> Q15, GIAS audit questionnaire

**YG budget situation from year to year. No analysis is being done by classification level which could provide more comprehensive information for analysis.**

Risk & Impact: As PDP awards have been declining in recent years, there is a risk they are not delivered in a sustainable manner, and that the message sent to the YG talent group eligible for PDP awards is that they are being less productive and achieving less. As PDP awards appear to be linked to overall YG budget, any constraints on budget could influence the average PDP award. In this case, public servants may see no advantage to working hard and staying dedicated to their employer. This could lead to lower quality work and increased turnover, which affect productivity and cost, and could make it more challenging for the government to achieve its priorities and objectives.

**Recommendation #2: PSC should develop performance measures and a corresponding dashboard of key indicators, in consultation with Departmental HR management, to ensure file completeness, monitor HR efficiency and effectiveness, as well as to provide a suitable evidence-base for decision-making regarding implementation of a Talent Management Strategy.**

The Performance Development Plan (PDP) for managers represents a development process which is intended to “guide Yukon government managers and their supervisors in the development of their own individual performance plans; lays out a framework for performance assessments and awards; and strengthens the government’s ability to deliver quality public services to our citizens.”<sup>17</sup> Compensation for MG-level public servants is designed to be performance-based, providing an incentive to set objectives and successfully deliver on them.

PSC provides a PDP process flow chart along with general guidelines, and calculates departmental averages and distribution for performance awards. The PDP award information is shared with DMHRC. If one department’s awards appear to contain too many outliers, calibrations are then made by way of Deputy Ministers reviewing and possibly revising the outlier awards. While this aims to achieve – but does not guarantee – a level of consistency of standards applied between departments, it could undermine the notion that individual awards are based solely on merit. There are three designated levels of performance, with an accompanying award percentage (range): *Below Expectations* (0-1%), *Solid Contribution* (2-5%), and *Outstanding Contribution* (6-8%).

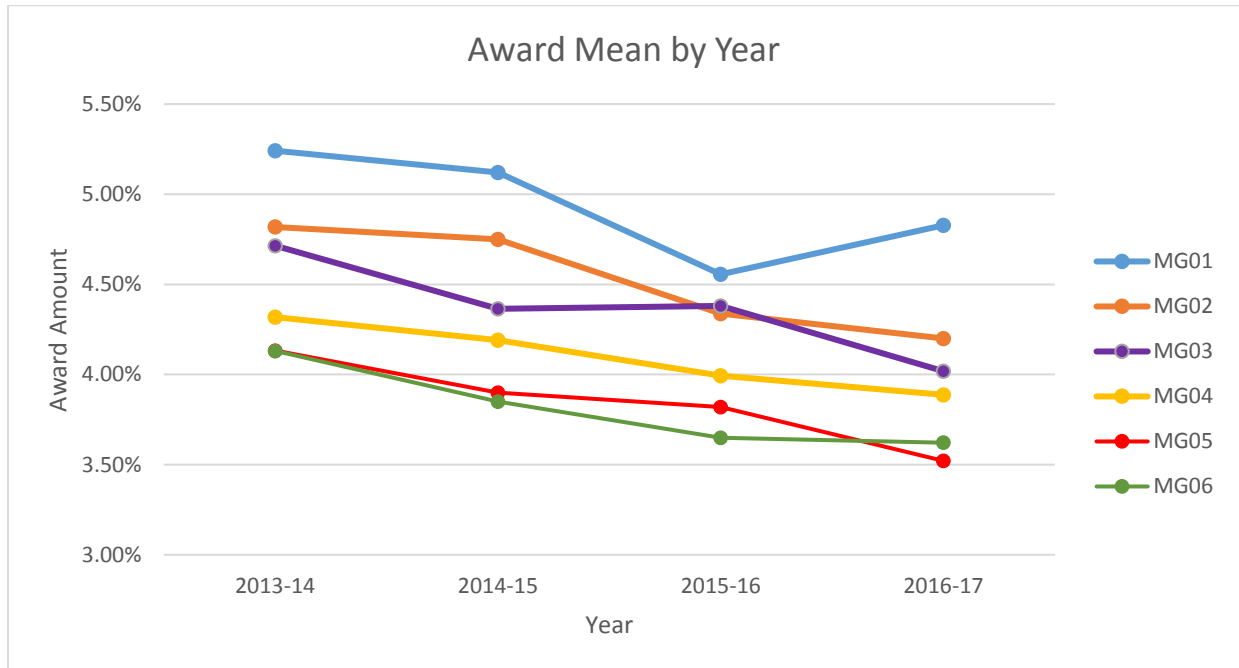
GIAS examined all PDP data by performance level and by classification level (Figure 2), and found that there is an apparent link between job classification and PDP award:

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<sup>17</sup> Employee Information, PDP for Managers, [www.yukonconnect.gov.yk.ca](http://www.yukonconnect.gov.yk.ca)

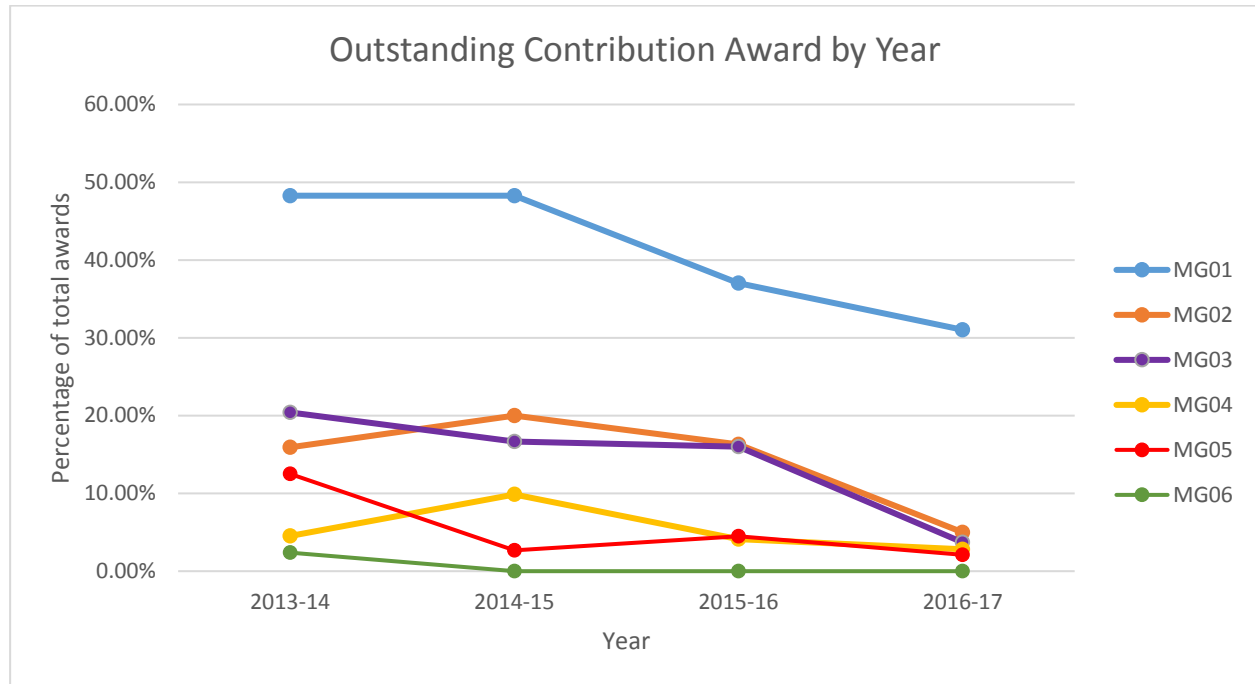
overall, the higher the MG level, the higher an individual is recognized to be performing. There is no explanation aligned with the PDP's stated objectives, or the Section M documentation governing MG-level employees, that would account for the fact that higher-level managers receive higher percentage performance awards than lower-level managers do.

Figure 2 – Average PDP Award



This throws into question whether the PDP is strictly a merit-based award. As a system of recognition is made to encourage a high-performing public service, we would expect an even distribution of award levels independent of classification level, as well as consistency from year to year. Salary ranges for each classification level are already in place to account for differences in the level of responsibility and nature of work duties - classification should not affect performance pay. However, GIAS noted that for the 2016-2017 fiscal year, the discrepancy has reduced.

Figure 3 – Percent of PDP Awards at O.C. Level



The management category with the most employees rated as *Outstanding* (6-8%) in their work is the MG01 category (see Figure 3). Both in 2013-14 and 2014-15, almost half (48%) of eligible MG01's received an *Outstanding Contribution* level award. Only in 2013-14 did one MG06 receive an *Outstanding* award; over the following three years, no MG06 level employees were deemed to be performing at the top level. Regarding the total number of *Outstanding Contributions* specifically, this declines with each passing year, from 47 (2013-14) to 40 (2014-15) to 33 (2015-16) to just 17 in 2016-17.

PDPs for Deputy Ministers are completed through a separate process, ranging from 0-12% (however, note that there were no awards greater than 10% for the years examined by this audit). PSC is not involved at all in the assessment of the DM's performance. The PDP award trend for DM's is consistent with others in the MG categories. Mean awards (Figure 4) and percentage of awards at a level higher than 6% (Figure 5) are all declining over recent years.



Figure 4 – DM Average PDP Award

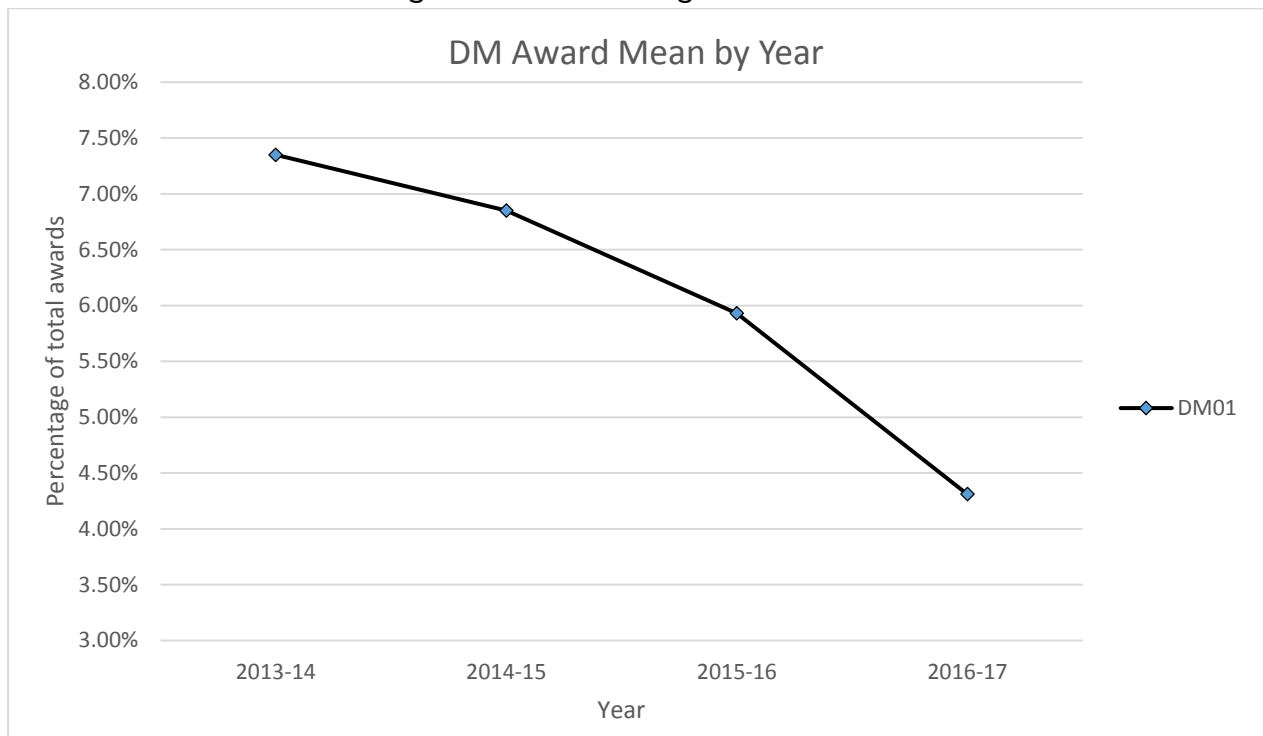
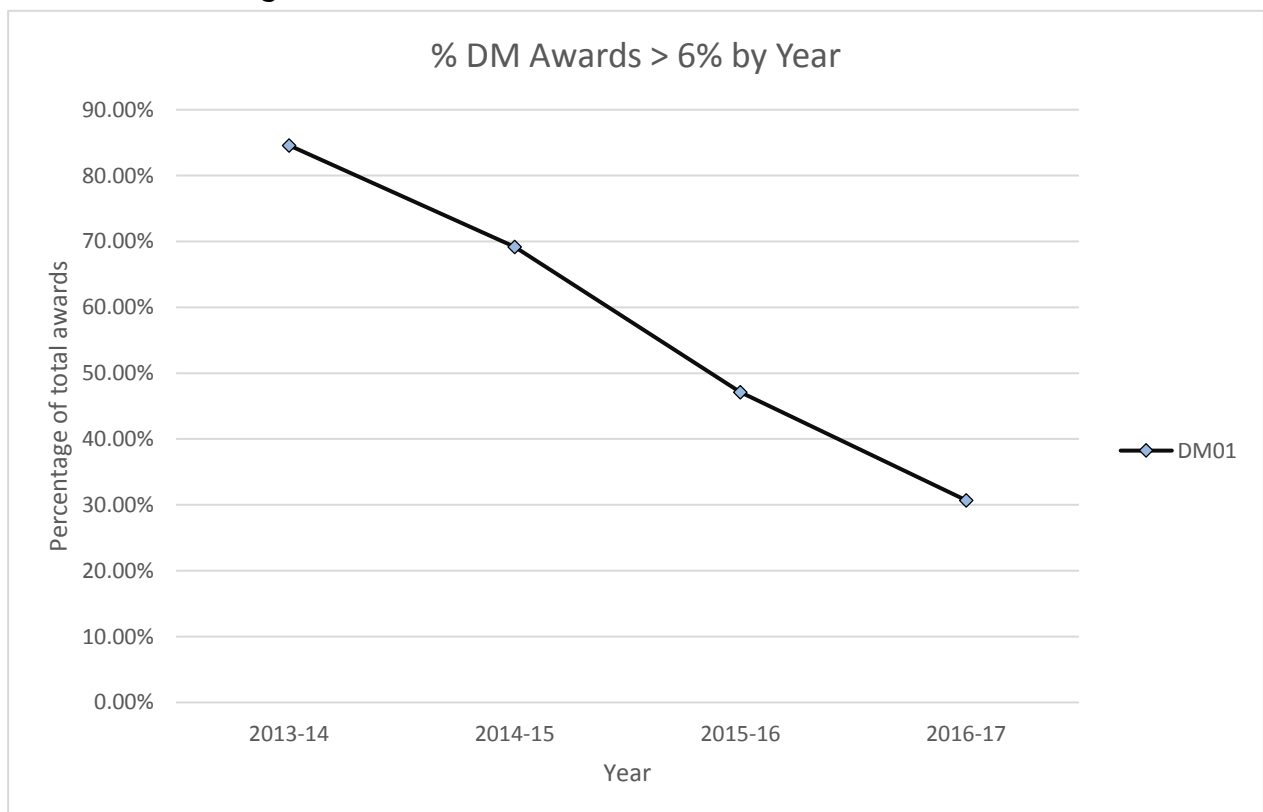
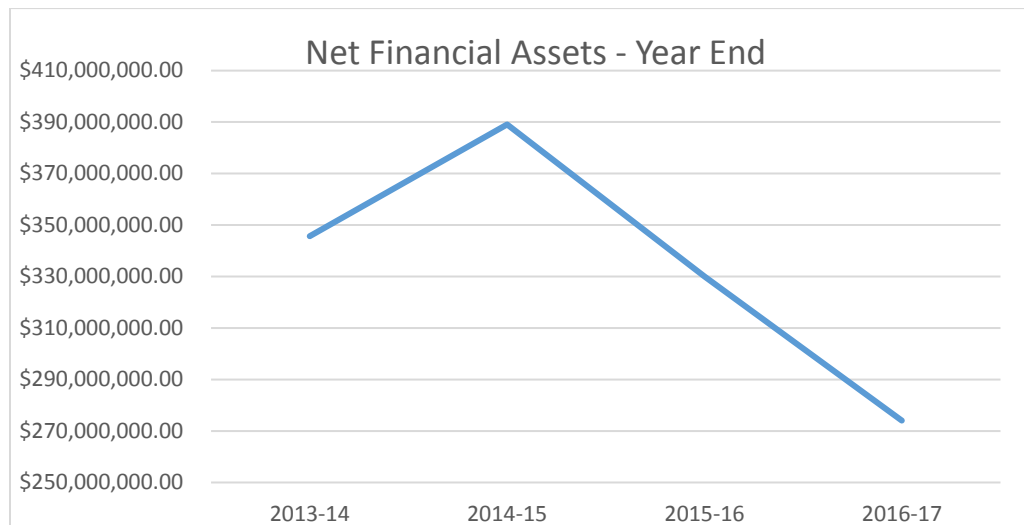


Figure 5 – Percent of DM PDP Awards Greater Than 6%



One variable that appears to influence award level, for both MGs and DMs, is the budget surplus of YG<sup>18</sup> for that year (Figure 6). Past years with a large surplus saw higher award percentages.

Figure 6 – YG Overall Financial Assets



According to the data, the general trend for performance pay at YG is down. While it is not uncommon to see public sector performance pay constraints or freezes as budget constraints emerge, there has been no openly-acknowledged explanation of the recent trend during the time frame of this audit<sup>19</sup>. If performance awards are solely merit-based and implemented in a sustainable manner, we would not expect to see significant changes from year to year, as this represents a change in the compensation regime and can affect both talent retention and attraction. In order for the PDP to be effective, the link between performance and merit pay must be communicated in order to ensure employees have a clear understanding of the evidence-base and rationale. This is one reason that a performance pay system aiming to be an effective talent retention tool, should ideally be decoupled from budget fluctuations, in order to ensure its sustainability.

#### 4.3.4 – Collection and Analysis of Performance Measures and Targets (Criteria #13)

**While some performance-based information on retention (such as employee turnover) is collected, it does not consistently reach senior departmental management or HR decision-makers. Overall, anecdotal and ad hoc reporting on retention takes precedence, with no systematic analysis and organization-wide**

<sup>18</sup> YG Department of Finance, [Public Accounts – Consolidated Statements](#)

<sup>19</sup> However, PSC sent communication to YG managers on March 21<sup>st</sup>, 2018 stating “...based on the recent Financial Advisory Panel report, YG (sic) is more closely reviewing fiscal expenditures and as a result this may impact PDP performance awards and the market adjustment.”

**reporting besides the Employee Engagement Survey (EES), which indicates that employees' intention to stay within YG is an area of strength to be leveraged.**

Similar to what was reported for Criteria #9 earlier in this report, GIAS found that there are minimal YG-wide performance measures regarding retention practices that are currently in place. For example, PSC does track and record employee turnover, but this information does not seem to reach key decision-makers. During interviews, one DM commented that he can reach out to PSC for information, but they do not routinely provide reports directly to his/her office. When asked whether a dashboard coming from PSC would be helpful, they replied 'yes'.

As part of the testing file review for this audit, GIAS was successful in collecting some data that could be used for reporting purposes. These performance measures could be tracked on a regular basis and provided to decision-makers, to see where improvements to retention can be made. For example, are successful competition candidates still employed by YG one/two/three/five year(s) later? Is the candidate still in the same position?

There are many types of data and performance measures that could be collected and monitored to provide valuable information for decision-makers. Some, such as employee turn over rates, and the proportion of employees eligible to retire are already collected by PSC. However, the communication of this information appears inconsistent, as most departmental HR Directors/ Managers reported during their interview with GIAS that no specific performance measures are being tracked within the departments. One Director explained that data are occasionally gathered on a specific topic as per special request from the DM. Another Director suggested that a good tool would make tracking performance data easier.

The EES tracks some indicators of retention, such as job satisfaction and organizational commitment, which in 2016 received scores of 73 and 72 out of 100 respectively – at the top of the “Leverage your Strengths” category.<sup>20</sup>

#### **4.4 Stage Four: Talent Management Reporting**

**There is no talent management reporting in place for YG. HR data collection and analysis is being managed at the departmental level.**

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<sup>20</sup> 2016 YG Employee Engagement Survey Results, pg7

Risk & Impact: There is a risk that YG is making commitments without ensuring the appropriate human resources are available to deliver, which may impact services delivered to Yukoners.

**Recommendation #3: PSC should develop an annual report regarding the Talent Management Strategy, to provide YG and departments with a comprehensive, up-to-date view of the Talent acquisition & retention situation.**

### **Actions taken**

The Public Service Commission will release the results from the 2018 Employee Engagement Survey to all departments in September 2018. The report will include departmental specific metrics that outline employee engagement, and resources to assist departments with developing action plans to address engagement. The PSC Communications and Engagement unit and the Yukon Bureau of Statistics will visit departmental management teams in the fall of 2018 to present results and discuss action planning.

The PSC provides Departmental HR and Deputy Ministers with annual staffing and ad hoc reports. PSC will explore options to provide reports with greater detail and comprehensive analytics to provide an evidence-base for decision making.

Finally, as part of the Talent Management Strategy that PSC will develop, an annual report will be created to track progress on Talent Acquisition and Retention actions and initiatives.

#### 4.4.1 – Measures and Targets are Reported against the TM Strategy (Criteria #14)

**Does not apply as per 4.1.1.**

#### 4.4.2 – Strengths and Improvements are Identified in the Reporting (Criteria #15)

**As there is no talent management strategy in place, there is no reporting on areas of strength and weakness.**

As there is no standard reporting on human resource management across YG, regular analysis of strengths and improvements for talent management specifically is not provided to senior management, except for every 2-3 years through the EES. HR Directors/ Managers and DMs participate in routine informal conversations which focus mainly on operational concerns.

#### 4.4.3 – TM Strategy is Updated to Reflect YG's Vision for the Future (Criteria #16)

**Does not apply as per 4.1.1.**

#### 4.4.4 – Departmental Strategies Updated to Reflect Vision for the Future (Criteria #17)

**Individual YG departments may have plans or strategies in place that incorporate HR, but there is no separate talent management strategy.**

Departmental HR may be involved in drafting the branch plan or the annual operating plan, which could be considered strategic; however, there is no official strategy document separate from this regarding talent management. Departments may adjust their operating plans in response to a request from PSC, but this adjustment is not typically based on data analysis of performance measures.

## **5.0 Conclusion**

Overall the audit found that without a Talent Management Strategy, the Government of Yukon does not know if it has the capacity to deliver on its priorities and commitments. However, YG normally seems to be able to recruit the best candidates, and employee job satisfaction and commitment to the YG organization were recognized as strengths in the 2016 EES.

By monitoring and analyzing data which are already available, PSC and departments will be in a better position to make improvements and increase efficiency and effectiveness across YG – as well as to provide an appropriate evidence-base for decision-makers.

## **APPENDIX A**

### **Criteria for Performance Audit of Talent Acquisition & Retention**

#### **Talent Management Planning**

- 1) There is an HR Talent Management Strategy.
- 2) The YG strategy document was developed by PSC in consultation with senior management government-wide.
- 3) The departmental strategy identifies and addresses key positions (Talent) including: senior management level, high impact, difficult to fill.
- 4) The final document has been shared and implemented at the departmental level.
- 5) Departments report their results (performance measure data) back to PSC on a consistent basis.
- 6) HR reports results (performance measure data) to their Deputy Minister.

#### **Talent Acquisition**

- 7) Competencies for key positions (Talent) identified by PSC and the departments are aligned with the TM Strategy.
- 8) The recruitment process is
  - a) aligned with positions to be filled and the competencies required
  - b) carried out in a coherent and consistent manner across YG
  - c) open, transparent and inclusive
- 9) Performance measures and targets are collected regularly, and analyzed to monitor progress and make any necessary adjustments.

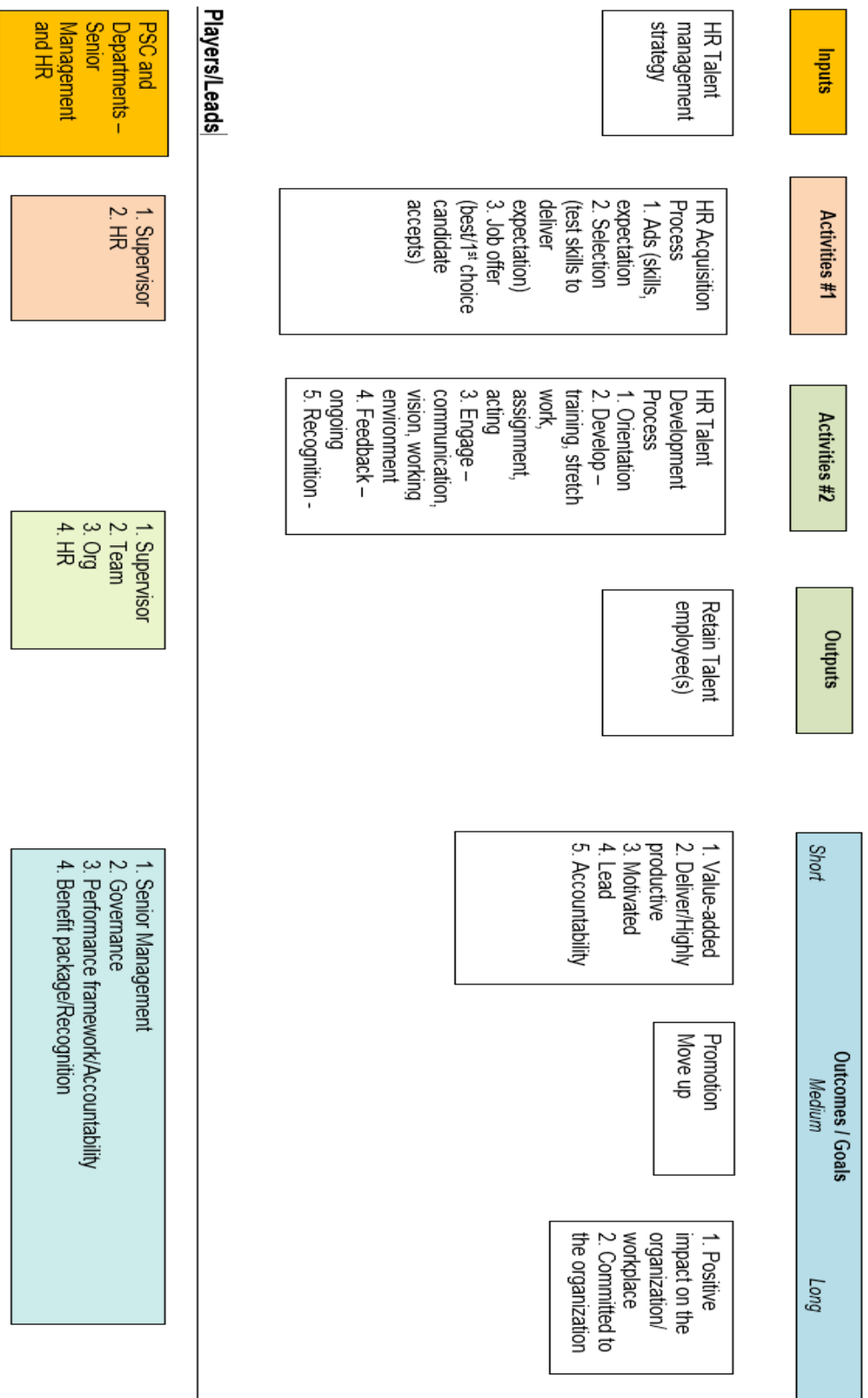
#### **Talent Retention**

- 10) On-going retention activities (as per the Logic Model) are aligned with the TM Strategy and address both
  - a) the position
  - b) the individual needs of the employee
- 11) Key individual/Talent performance development plan (PDP) objectives and training reflect retention activities.
- 12) PDP performance measures are collected and monitored.
- 13) Retention performance measures and targets are collected and analyzed to monitor progress.

#### **Talent Management Reporting**

- 14) The performance measures and targets (Acquisition and Retention) are reported against the TM Strategy at minimum annually.
- 15) Strengths and improvements are identified in the reporting.
- 16) The YG strategy is updated to reflect YG's vision for the coming years, making adjustments as needed.
- 17) The Department strategy is updated to reflect YG's vision for the coming years, making adjustments as needed.

## Talent Acquisition and Retention Logic Model



## APPENDIX B Talent Acquisition & Retention Logic Model

## APPENDIX C

As per best practices applicable to the Government of Yukon, a potential example of a Talent Management Strategy (TMS) could include the following:

1. Create a YG plan, such as the YG Performance Plan, integrating all of the departmental plans
2. Identify Talent positions needed to deliver the YG plan
3. Conduct a gap analysis of the public service to find Talent Gaps across YG
4. Establish approach to address Talent Gaps internally (including retention, development, or zero-based allocation of key human resources<sup>21</sup>)
5. Implement recruitment strategy to acquire Talent needed
6. Establish performance measures to monitor progress and achievement
7. Conduct regular reporting on the TMS
8. Update/review the TMS to address any shortcomings and to keep it relevant

As part of this performance audit, GIAS has already established an inventory of YG Talent positions, which should be used as the starting point to identify talent gaps.

### Additional examples of Talent Management Strategies:

Heatherfield, S. (2017), [“Learn the Best Talent Management Practices: Manage Your Talent Better for a Superior Workforce”](#), via The Balance Careers.

Peterborough County, [“Our Talent Management Strategy: Focus on people”](#), retrieved May 2018.

Government of Newfoundland and Labrador, Public Service Secretariat (2008), [“Developing an Integrated Talent Management Program: A Human Resource Management Framework”](#)

Cania, L. (2014), “The Impact of Strategic Human Resource Management on Organizational Performance”, *Economia. Seria Management* Volume 17, Issue 2, 2014

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<sup>21</sup> “Companies also have used zero-based organizational design to align talent to value, ensuring that the highest-value roles in the organization are clearly identified and staffed with the right level of capable talent.” Søren Fritzen, Matt Jochim, Carey Mignerey, and Mita Sen via McKinsey (<https://www.mckinsey.com/business-functions/operations/our-insights/zero-based-productivity-the-power-of-informed-choices>)



Berger, L. & Berger, D. (2004), "The Talent Management Handbook: Creating Organizational Excellence by Identifying, Developing, and Promoting Your Best People", McGraw-Hill.