It was also indicated that in October 2004, Treasury Board directed Deputy Ministers to ensure they personally monitor and review the overtime process in their departments. Officials of the Treasury Board Secretariat noted that it appears that the attention drawn to overtime expenditures, various initiatives of specific departments and the Overtime Monitoring Guidelines have had a positive effect in reducing total expenditures in this area.

3.2.16 A Review of Succession Planning (2001 Annual Report, Part 3.9)

Introduction

Human capital is the collective knowledge, skills, and experience of an organization's staff. Investment in human capital within the public service is significant. Recorded in the Government's Summary Financial Statements for the year ended 31 March 2001 were salaries and employee benefits of $1.5 billion which represented 36% of total expenditure. In 2001, we conducted a review of succession planning with a focus on central Government operations which recorded $337 million in salaries and employee benefits in the Consolidated Revenue Fund Financial Statements for the year ended 31 March 2001. The objectives of our review were to develop a demographic profile of the core public service at 31 March 2001, with comparative historical profiles as of 1987, 1992 and 1997, and to determine whether Government had programs in place to adequately maintain its human capital.

Our review in 2001 concluded the following:

- Over the fifteen year period from 1987 to 2001 inclusive, there was a significant increase in the average age of the core public service. From 1987 to 2001, the average age of the core public service increased from 38.8 years to 42.4 years, an increase of 3.6 years or 9.3%.

- During the same period, the age distribution of the public service changed dramatically with the percentage of employees less than 35 years of age decreasing from 41% to 21%, while employees between 36 and 49 years of age increased from 40% to 55% and employees aged 50 years and older increased from 19% to 24%.

- By 2007, 25% of the core public service including 46% of Executive and 41% of Senior Managers would reach the age of 56 or older and may retire. By 2012, at least 42% of the core public service, including 76% of Executive and 70% of Senior Managers may retire. These statistics indicated the need for succession

planning in Government including recruitment and retention strategies, and training and development.

- While Treasury Board Secretariat and Government departments had identified the need for succession planning as a significant human resources issue, plans of actions to address the issue were isolated, were general in nature, or were planned for development in 2002 and beyond. We further concluded that unless Government implemented effective human resource strategies to address the upcoming retirement of a significant portion of the core public service, including recruitment and training, the attrition rate due to retirement had the potential to leave a significant gap in the knowledge, skills, and experience required to provide a quality public service.

In our 2003 annual report, we included an update on Treasury Board Secretariat's progress towards implementing the recommendations contained in our 2001 report item. At that time, Treasury Board Secretariat officials indicated that Government had completed a plan that would give strategic direction to the human resource function for the next 3 to 5 years and that implementation of the plan was in progress. Recruitment, retention, and succession management was one of the main issues identified in the human resource strategy, and a number of initiatives had been undertaken in this regard.

Update

In October 2004, we contacted the Treasury Board Secretariat requesting an update as to the progress on the comments and recommendations included in our 2001 report. The information provided by the Secretariat in response to our request is outlined below.

2001 Recommendations

Treasury Board Secretariat, in conjunction with the Public Service Commission and departments, should immediately undertake a review of future staffing needs to ensure that the necessary programs are in place to maintain their human capital.

Treasury Board Secretariat should ensure that the necessary information systems are in place to provide human resources management information required for effective planning.

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Action Taken

Officials of the Treasury Board Secretariat indicated that implementation of the plan is still in progress. It was also indicated that while the age profile of the public service causes some concern, Government does not expect to experience recruitment and retention problems across the public service. Instead, concerns focus on specific occupations in the highest demand and for which Government has to compete with the private sector and other jurisdictions. Government needs carefully targeted recruitment, retention and learning strategies that respond to succession concerns with specific positions. In response to this issue, it was indicated that the following initiatives have been taken:

- During 2004 Government, in consultation with departments, has developed a procedural framework to enable departments to do succession planning while remaining in compliance with the merit principle as required by the *Public Service Commission Act.* The intent of this procedural framework is to ensure continuity and retention of corporate knowledge in critical positions. The Succession Management Guidelines are in the final editing stage and will be released to departments early in 2005.

- As part of Government's human resource planning initiative, all departments identified positions which represent recruitment/retention challenges. This information was subsequently provided to the Public Service Commission to enable the Commission and departments to target recruitment under the Public Service Internship Program towards positions that are hard-to-fill or that require advance staffing strategies to ensure retention of corporate knowledge. A limited number of hard-to-fill positions have been found to be suited to filling with Interns. The Commission is working on a revised policy approach to the Public Service Internship Program which will be completed in 2005. Recruitment of identified hard-to-fill positions is in process.

- Government is expanding and targeting its leadership and management development activities, with a particular emphasis on management capacity in the areas of finance, human resources and information technology, to continuously increase its pool of people suited to executive and senior management positions. Additional modules have been developed for core management development programming and these will be implemented early in 2005.