

Highways and Transportation

17

Main points	240
Background	241
Audit objective, process, and criteria	242
Conclusion.....	244
Key findings (by criteria).....	244
Reflect long-term strategic direction.....	244
Require leaders to take actions to develop a management strategy for succession.....	245
Coordinate key human resource strategies.....	246

Main points

The Department of Highways and Transportation (Department) expects 60% of its total staff to retire within the next 15 years with a significant loss of senior management in the next three to five years. The Department also wants to ensure its workforce represents the make-up of the general population. These factors make a good succession plan critical to the Department.

In this chapter, we report on the adequacy of the Department's succession plan for key positions. The Department has developed a strategic framework that addresses the key elements of a good succession plan. The Department has documented action plans to enhance its leadership capacity, engage staff, diversify its workforce and ensure effective human resource management. It has made progress carrying out the action plans, but some work remains. The Department needs to develop and implement learning and development plans and to develop strategies to recruit and retain staff.

Background

The Department of Highways and Transportation (Department) operates, maintains, and regulates the provincial transportation infrastructure. It also provides analysis and advice to Cabinet on federal transportation policy. These efforts support economic growth for the Province.

The transportation infrastructure includes 26,250 km of highways, more than 800 bridges, 18 airports in northern Saskatchewan, 12 ferries, and a barge on Wollaston Lake. The infrastructure has a value of about \$1.3 billion. The estimated replacement cost is about \$6 billion. The Department owns, operates, and maintains its own maintenance equipment fleet.

As of October 2003, the Department had more than 1,500 staff working in 104 communities. Department crews complete most surface repair activities like crack filling, sealing, and patching. The crews provide snow and ice control, repair and replace most bridges and signs, and operate the ferries and northern airports.

In this chapter, we report on the adequacy of the Department's succession plan for key positions as of December 2003.

In our 2003 Report – Volume 3, Chapter 16, we reported on the Department and its special purpose funds for the year ended March 31, 2003. We also reported on the risks it must manage well to be successful. One of the risks identified is to obtain sufficient resources and effectively manage the use of those resources to meet Saskatchewan's long-term transportation needs.

Succession planning is part of overall human resource planning. Effective agencies integrate succession planning with other management processes and monitor the related risks. Succession planning is a systematic process to ensure that agencies have the right people with the right skills in the right place at the right time. It is a process requiring attention from legislators, managers, and staff and not left solely with human resources staff.

Planning for succession requires an agency to assess its key competency needs based on its long-term strategic direction. Key competencies

needed to sustain an agency include management, operational, technical, administrative, and leadership knowledge and skills. Untimely loss of key staff may create weak links in critical systems and significantly affect the ability of an agency to achieve its objectives.

The Department needs a succession plan to ensure that it will have the human resources necessary to achieve its objectives and goals. The Department has identified succession planning as critical for three reasons:

- ◆ Government expects a sharp increase in retirements over the next 10 years. The Department expects 60% of its total staff to retire within the next 15 years, with construction services most heavily affected. Projections are that this area may lose up to 40% of its project managers (senior engineers) and engineering assistants. The Department must ensure its workforce is ready to assist in achieving the Department's objectives.
- ◆ The potential exists for significant loss of senior management within the next three to five years. The pool of qualified candidates available is limited. It is imperative that the Department develop a succession program for its senior management to ensure leadership continuity.
- ◆ One of the cornerstones of the Department's human resource plan is to ensure its workforce represents the make-up of the general population. For example, it currently has 88 staff who have self-declared an Aboriginal heritage. The Aboriginal labour supply is predicted to grow significantly over the next decade. The Department needs to develop further strategies to tap into this growing labour pool to be an employer representative of its community.

Audit objective, process, and criteria

We assessed the adequacy of the Department's succession plan for key positions as of December 2003. Key positions, as defined for this audit, include the deputy minister, associate and assistant deputy ministers, executive directors, directors, and project managers.

The succession plan is part of the Department's human resource plan (*Achieving Organization Excellence Through Our People*). We focused our audit work on the human resource plan, reviewed other significant documents, and interviewed senior staff.

Throughout our audit, we followed *The Standards for Assurance Engagements* established by the Canadian Institute of Chartered Accountants.

To determine the adequacy of the succession plan, we used the audit criteria in the following exhibit. We developed these criteria and described them in our 2002 Fall Report – Volume 2 (pp. 45-62). The criteria reflect relevant literature and discussions with representatives of major government employers. We adapted the criteria for the Department. The Department confirmed that the criteria are appropriate.

Exhibit – Audit criteria for succession plans

To be effective the Department of Highways and Transportation's succession plan should:

1. reflect long-term strategic direction
 - ◆ integrate succession plans with long-term direction
 - ◆ involve staff to keep succession plans transparent
 - ◆ promote knowledge transfer to achieve long-term strategic direction

2. require leaders to take actions to develop a management strategy for succession
 - ◆ nurture a positive work environment
 - ◆ invest in developing skills
 - ◆ remove barriers to recruitment of skilled people
 - ◆ remove barriers to retention

3. coordinate key human resource strategies
 - ◆ maximize career opportunities
 - ◆ attract talented candidates
 - ◆ encourage sharing of human resource information across government

Conclusion

The Department has developed a strategic framework to address the key elements of a good succession plan. The Department has action plans to enhance its leadership capacity, engage staff, diversify its workforce and ensure effective human resource management. The Department has made progress in carrying out the action plans, but work remains.

Overall, we conclude the Department has an adequate succession plan except for the work remaining on learning and development plans and recruitment and retention strategies.

Key findings (by criteria)

In this section, we set out our expectations (in italics) for each of the criteria together with our key findings. In addition, we make recommendations for improvement.

Reflect long-term strategic direction

We expected the Department to have aligned its succession plan with its long-term strategic direction. We anticipated that it would identify and communicate the competencies needed for key positions. We expected the Department to have action plans to transfer knowledge to potential successors.

We found the Department has aligned the human resource plan, including the succession plan, with its long-term strategic direction.

The Department has identified enhanced leadership capacity as a cornerstone of its human resource plan to ensure continuity of knowledge and skills in key positions. The Department has a key action plan to research, develop, and implement a competency framework for senior management and other positions. This will help ensure it has the right people with the right skills in the right place at the right time. As part of this framework, the Department has documented its overall current and future competency needs.

Specifically, the Department adopted the Public Service Commission (PSC) competency profiles for key positions. These profiles are publicly

available on the PSC web site. Some work remains to incorporate technical skills specific to the Department into some of the competency profiles.

The Department also has an action plan to research, develop, and implement a succession management framework for senior positions. The competency framework will become the foundation for the succession management framework.

Require leaders to take actions to develop a management strategy for succession

We expected the Department to have a positive work environment, to invest in both department and individual learning and development plans, and to have strategies to recruit and retain skilled people.

The Department provides some specific skills training throughout its divisions. However, the Department does not yet have formal learning and development plans. The Department realizes the importance of learning and development plans and it is developing strategies to address this issue.

We found that the Department has identified key action plans to:

- ◆ continue to encourage innovation and recognize achievements through the innovation registry ¹;
- ◆ continue to recognize employee achievement through the employee recognition program;
- ◆ establish a learning and development needs assessment committee;
- ◆ develop and establish an overall department learning and development plan;
- ◆ ensure learning plans are in place for all managers;
- ◆ develop and implement employee performance management, education, and learning and development strategies; and
- ◆ develop recruitment and retention strategies to attract and retain high quality employees.

¹ The innovation registry recognizes and documents efforts to apply or transfer knowledge and or adaptations to equipment or processes applied to different situations, or transform ideas into something tangible used to improve department business processes or equipment.

We found the Department encourages innovation and recognizes achievements through its innovation registry and employee recognition program. PSC recognizes these programs as best practices.

The Department also has an action plan to develop strategies to recruit and retain staff, but it has not yet implemented this plan. As noted above, the Department has identified its current and future competency needs. The Department concluded the required competencies are currently available; however, these competencies may not be available in the future (defined as four years).

- 1. We recommend that the Department of Highways and Transportation develop and implement learning and development plans to ensure needed competencies are available.**
- 2. We recommend that the Department of Highways and Transportation implement its plan to recruit and retain staff for key positions.**

Coordinate key human resource strategies

We expected the plan to document strategies to enable staff to maximize their career opportunities and to attract talented candidates. We also expected the Department to develop strategies for communicating relevant information across government.

We found that the Department has a well-documented human resource plan, including:

- ◆ an analysis of current and future competency needs;
- ◆ an analysis of the current workforce by age, location, gender, and work type;
- ◆ an analysis of future staffing needs; and
- ◆ a projection of expected retirements.

We found that the basic competency profiles for the key positions are available to both current and potential staff. These profiles document the basic skills and knowledge required for each key position. However, these profiles are not yet complete, since the technical skills specific to the

Department are not included. The Department expects to complete this work soon.

As noted previously, the Department has an action plan to develop strategies to recruit talented candidates, but it has not yet implemented this plan.

The Department shares some human resource information with other agencies through PSC. This includes information on workforce diversity targets and results. However, specific strategies to communicate human resource information across government are not documented.

We encourage the Department to develop strategies to share human resource information across government.

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