

Chapter 10

Saskatchewan Crop Insurance Corporation – Managing Succession of Human Resources

1.0 MAIN POINTS

In 2016-17, the Saskatchewan Crop Insurance Corporation made succession management one of its key corporate strategies because about 50% of the Corporation's staff were eligible for retirement (i.e., aged 50 and over).

To operate and administer its programs, the Corporation employs qualified staff including agricultural representatives, consultants, specialists, and managers. In 2018, the Federal Government listed these occupations as in demand in Saskatchewan.

This chapter reports the results of our audit of the Corporation's succession management processes. For the 12-month period ending January 31, 2019, the Corporation had effective succession management processes, other than in the following areas. The Corporation needs to:

- Set timeframes to complete specific succession management processes. Setting timeframes would assist the Corporation in completing key steps of its processes consistently and within a reasonable time. It would also ensure that the Corporation uses the most relevant data during its annual succession management planning.
- Periodically evaluate the effectiveness of its succession management processes. Identification and collection of key baseline data will enable the Corporation to assess its success. In addition, evaluating and adjusting existing processes (where issues are identified based on the evaluation) helps in continuously improving succession management.

Strong succession management processes helps to ensure the Corporation has the right people, with the right skills, in the right job.

2.0 INTRODUCTION

2.1 Background

The Saskatchewan Crop Insurance Corporation administers business risk-management programs for the agriculture sector in Saskatchewan on behalf of the Ministry of Agriculture. It operates under the authority of *The Saskatchewan Crop Insurance Corporation Act*. The main business risk-management programs include crop insurance



(AgriInsurance) and AgriStability.^{1,2} In addition, the Corporation administers the Western Livestock Price Insurance Program.³

The Corporation is responsible for ensuring it has sufficient and appropriate staff to carry out its goals and objectives including administering business-risk-management programs.

2.2 Plans to Address Emerging Vacancies

The Corporation's head office is located in Melville where about 45% of its employees work. In addition, it employs staff in three different regions. Each region has seven different regional offices; and each regional office has about three staff.

Each year, the Corporation spends about \$23 million on salaries and benefits.⁴ At March 2019, the Corporation employed 458 staff with 362 permanent full time equivalent positions and 30 temporary full-time equivalent positions (2018: 454 staff with 362 permanent full-time equivalent positions and 21 temporary full-time equivalent positions).⁵

In 2016-17, the Corporation made succession management one of its key corporate strategies because about 50% of the Corporation's staff were eligible for retirement (i.e., aged 50 and over).⁶ See **Figure 1** for details.

Figure 1 – Staff Eligible for Retirement (age 50 and older) by Staff Category at November 2018

Staff Category	Number of Employees Eligible for Retirement	Number of Employees within Category	% of Employees Eligible for Retirement
Executive management	2	9	22%
Management	26	48	54%
Insurance adjusters	105	138	76%
Field supervisors	11	20	55%
Other	102	259	39%
Total	246	474	52%

Source: Saskatchewan Crop Insurance Corporation's records.

From 2013 to 2018, the average age of the Corporation's staff at retirement was 66 years.

Figure 2 shows the Corporation's projected retirements.⁷

¹ The crop insurance program is a production insurance program. It provides insurance for crops that experience a loss of yield. The insurance program provides coverage in the event a crop fails to grow or excess moisture prevents a crop from being seeded. www.saskcropinsurance.com/ci/ (28 March 2019).

² AgriStability is a margin-based program that provides income support when a producer experiences larger income losses. Saskatchewan Crop Insurance Corporation *Annual Report for 2017-18*, p.5.

³ The Western Livestock Price Insurance Program enables livestock producers to protect themselves against unexpected price declines through the purchase of insurance coverage. www.saskcropinsurance.com/wlpiip/ (28 March 2019).

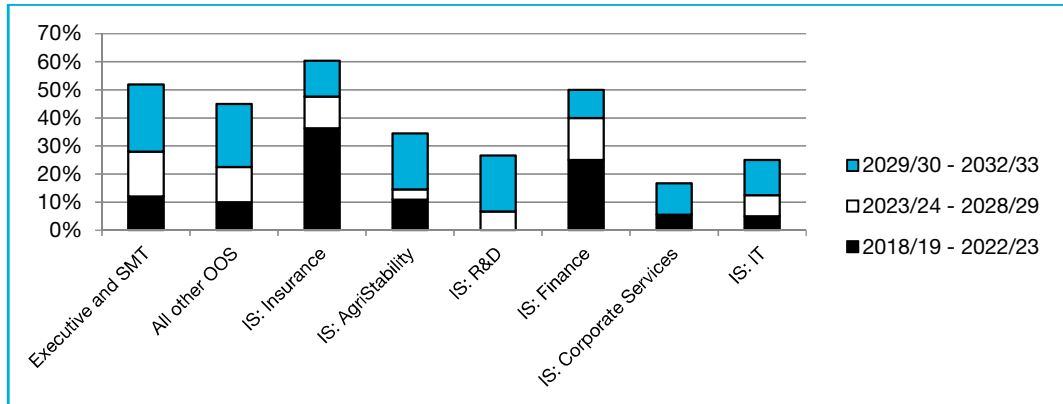
⁴ Saskatchewan Crop Insurance Corporation, *Annual Report for 2017-18*, p.25.

⁵ Saskatchewan Crop Insurance Corporation, *Strategic Workforce Plan for 2018-19*, p.17 and Saskatchewan Crop Insurance Corporation's human resource records.

⁶ At April 2018, about 15% of the Corporation's employees are aged 35 and under, 28% are between 36 and 49, 43% are between 50 and 64, and 14% are 65 years or older.

⁷ Saskatchewan Crop Insurance Corporation, *Strategic Workforce Plan for 2018-19*, p.14.

Figure 2—Projected Retirements by Area (includes permanent and non-permanent employees)



Source: Saskatchewan Crop Insurance Corporation *Strategic Workforce Plan 2018-19*, p. 14.
 SMT– Strategic Management Team
 OOS – Out-of-Scope Employees
 IS – In-scope employees

The Corporation’s Strategic Plan includes key actions related to succession management. See **Figure 3**. The Vice President, Corporate Services is responsible for succession management processes. The Human Resources Unit leads succession management for the Corporation and is comprised of eight staff.

Figure 3—Recent Key Actions Related to the Corporation’s Succession Management Planning

Strategic Plan	2017-18 to 2020-21	2018-19 to 2021-22
Goal	<i>Provide effective and efficient program and resource management.</i>	<i>A great place to work</i>
Strategy	<i>Align resources, appropriate tools and infrastructure to deliver programs and services. Implement SCIC’s succession management plan.</i>	<i>Attract, develop and retain an engaged, high performing workforce</i>
Key Action	<i>Succession planning acknowledges that staff will not be with an organization indefinitely. It provides a plan and process for addressing the changes that will occur when employees leave. Most succession planning focuses on the most senior managers, but other positions are also considered depending on SCIC’s operations and key skill sets required to maintain and enhance delivery of our programs.</i>	<i>Implement the Strategic Workforce Plan</i>

Source: Saskatchewan Crop Insurance Corporation *2017-18 to 2020-21 Strategic Plan* and *2018-19 to 2021-22 Strategic Plan*.

The Corporation’s Annual Reports directly refers to succession management activities. For example, its *Annual Report for 2016-17* reported the development of a succession management framework.⁸ Its *Annual Report for 2017-18* reported the implementation of a succession management plan.⁹

To operate and administer programs, the Corporation employs qualified staff including agricultural representatives, consultants, specialists, and managers. The Federal Government lists these occupations as in demand in Saskatchewan.¹⁰

⁸ Saskatchewan Crop Insurance Corporation, *Annual Report for 2016-17*, p.12.

⁹ Saskatchewan Crop Insurance Corporation, *Annual Report for 2017-18*, p.12.

¹⁰ www.immigration.ca/saskatchewan-adds-7-new-jobs-to-occupations-in-demand (28 March 2019).



Succession management helps ensure an agency retains an effective workforce to enable achievement of its strategic objectives. It helps mitigate multiple human resource risks that an agency might face simultaneously (e.g., the retirement of an individual in a key position and not having any qualified staff to fill that position within a reasonable period).

3.0 AUDIT CONCLUSION

We concluded that, for the 12-month period ending January 31, 2019, Saskatchewan Crop Insurance Corporation had effective succession management processes, other than in the following areas. The Corporation needs to:

- **Set timeframes to complete specific succession management processes**
- **Evaluate the effectiveness of its succession management processes**

Figure 4—Audit Objective, Criteria, and Approach

Audit Objective: To assess the effectiveness of Saskatchewan Crop Insurance Corporation's succession management processes for the 12-month period ending January 31, 2019.

Audit Criteria:

Processes to:

1. Align Succession Management Planning with Organization's Strategy
 - 1.1 Identify key areas of linkage to long-term strategy
 - 1.2 Identify key competencies and/or key positions required to achieve strategy
 - 1.3 Estimate when the organization will require key competencies and/or key positions (e.g., when position will become vacant, when planned organizational changes will require competencies, etc.)
2. Identify Current and Future Availability of Required Competencies
 - 2.1 Assess experience and key competencies of internal talent
 - 2.2 Consider sources and availability of external talent
 - 2.3 Analyze the impact on the organization's ability to achieve its long-term strategy if a shortage of key competencies exist
3. Integrate Succession Management Planning into Human Resource Processes
 - 3.1 Establish development plans for key competencies and key positions (e.g., transfer knowledge, job rotation, training, etc.)
 - 3.2 Incorporate development plans into human resource plans (e.g., training plans)
 - 3.3 Link succession planning to recruitment strategies used to acquire external talent
4. Monitor Implementation of Succession Management Planning
 - 4.1 Evaluate success of implementing succession management planning (e.g., talent identified and expect to be available for all key positions and competencies)
 - 4.2 Report progress to senior management and the Board
 - 4.3 Modify succession management planning as needed

Audit Approach:

To conduct this audit, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance* (CSAE 3001). To evaluate the Corporation's processes, we used the above criteria based on our related work, reviews of literature including reports of other auditors, and consultation with management. The Corporation agreed with the above criteria.

We examined the Corporation's policies and procedures that related to succession management processes. We interviewed Corporation staff responsible for succession management processes. In addition, we reviewed related documentation (e.g., plans, reports, documented procedures, etc.). We tested key aspects of the Corporation's processes including identification of key positions, identification and assessment of staff participating in succession management, staff development plans, and whether staff were following the development plans. We consulted with internal staff with subject matter expertise.

4.0 KEY FINDINGS AND RECOMMENDATIONS

4.1 Key Job Positions Effectively Identified

The Corporation follows well-established processes to identify key job positions.

In 2016, the Corporation developed a Strategic Workforce Plan.¹¹ As part of its Strategic Workforce planning, the Corporation developed a Succession Management Plan. In April 2018, management reported to the Corporation's Board that it had implemented the Succession Management Plan.

We found that the Corporation followed the steps set out in its Strategic Workforce Plan to identify key positions and competencies. For each of these key positions, it identified key competencies such as service excellence, communication, performance management, and planning and risk management.

Key steps followed included:

- Assessing each job position to determine priority by calculating criticality scores and imminence of retirement scores. The calculation of criticality scores takes into account an assessment of factors related to strategic/business impact, and the skills/labour market.^{12,13} The imminence of retirement scores takes into account the incumbent's age and years of prior service with the Government.
- Based on the criticality and imminence of retirement scores, the Corporation uses a priority grid to determine the key positions (see **Section 5.0** for an example of a priority grid that the Corporation uses). It defined key positions as those that are responsible for delivering on corporate priorities, or have a critical influence on achieving operational and strategic goals.¹⁴ The Corporation calculated criticality scores in its 2015-16 fiscal year. It calculated imminence of retirement scores in 2015-16, and last updated them in 2017-18.

The Corporation identified 21 key positions out of a total of 92 unique job positions. In 2017-18, it identified 12 key positions, and in 2018-19, it identified an additional nine key positions. For example, the key positions included the President, the vice-presidents, and executive directors.

- For 19 of 21 positions it determined as key, the Corporation identified possible candidates on staff. For the other two positions (e.g., communication consultant), the Corporation decided to hire externally. It appropriately updated its Strategic Workforce Plan to include these decisions.

¹¹ Page 6 of the Strategic Workforce Plan defines strategic workforce planning as identifying, assessing, developing and sustaining employee workforce skills required to successfully accomplish business goals and priorities while balancing the needs and expectations for employees. Components of the Strategic Workforce Plan include talent management, career development, performance management, corporate learning, and succession management.

¹² Strategic or business impact included assessing how much influence the position has on the Corporation's strategic direction, goals and objectives; assessing the level of accountability the position has for the achievement of the outcomes, etc.

¹³ Skill or labour market included assessing the level of expertise required for the position, assessing the availability of those skills in the labour market, etc.

¹⁴ Saskatchewan Crop Insurance Corporation, *Succession Management Plan*, p. 2.



4.2 Key Competencies Effectively Identified

The Corporation follows well-established processes to maintain a comprehensive competency model.

The Corporation maintains a competency model listing 13 competencies directly related to the Corporation's key values, and the achievement of the Corporation's strategic direction.

The Corporation uses this model to support various human-resources activities. For example, when hiring, the Corporation uses the model to develop competency profiles for job descriptions (i.e., match people with certain competencies to jobs that requires those specific competencies). It also uses the model for succession management planning to identify a shortage of a particular expertise or skills, or the risk of critical knowledge loss as employees retire.

We found that the Corporation frequently uses the competency model and keeps it current.

4.3 Potential Successors Properly Identified and Provided with Appropriate Learning Opportunities

The Corporation effectively follows well-established processes to assess experience and key competencies of potential successors.

Corporate management and the Human Resources Branch use a collaborative approach to implement a development plan for each potential successor. As part of the development plan, the Corporation provides its potential successors with appropriate learning opportunities based on a robust Blended Learning Model.^{15,16}

The Corporation established effective processes to identify potential successors including:

- Having the incumbent formally nominate potential candidate(s) by completing a *Succession Management Candidate Nomination Form*. This form includes an assessment of the candidate using the 13 competencies that the Corporation identified.
- Using both the incumbent position's supervisor and Human Resources staff to review the forms
- Obtaining the President's approval of each potential candidate
- Requiring each potential candidate to complete a Candidate Profile¹⁷

¹⁵ The Blended Learning Model consists of 70% of competencies developed by doing the job or similar activities, 20% from other sources such as mentoring, and 10% from formal training.

¹⁶ For more information on the Blended Learning Model, see <http://www.ccl.org/wp-content/uploads/2015/04/BlendedLearningLeadership.pdf%20> (05 April 2019).

¹⁷ A candidate profile is a self-assessment of skills, experience, and evaluation of each of the 13 competencies.

- Formally interviewing a potential candidate with the two interviewers documenting the interview results in a Succession Management Candidate Interview Guide

The Corporation identified 28 possible candidates for the succession of 19 of its key positions.

For some key positions, the Corporation has identified more than one potential successor. This increases the potential that the Corporation can fill the position with an internal candidate who has the necessary skills.

Our test of five potential successors' files that participated in the 2017-18 succession management process found that the Corporation adequately followed the process.

The Corporation set out a collaborative approach for establishing and implementing development plans. The potential successor's supervisor and Human Resources staff worked together to create a succession management development plan. The potential successor and supervisor are responsible for implementing the development plan.

For two potential successors, we discussed the process of establishing and implementing development plans with each of them, and reviewed each of their respective development plans. We found that the appropriate individuals were involved throughout the process.

For each of the five development plans we tested, the Corporation effectively followed the Blended Learning Model. **Figure 5** describes our findings.

Figure 5—Our Audit Results for Following the Blended Learning Model

Blended Learning Model Activity	Audit Results for Five Development Plans	Examples identified when Testing
On-the-job learning (70%)	Each of the five potential successors had opportunity to have on-the-job learning.	<ul style="list-style-type: none"> - Potential successors filled in for their supervisor when needed - Chaired Agriculture Awareness Team
Mentoring, coaching, shadowing (20%)	Each of the five potential successors completed these types of tasks.	<ul style="list-style-type: none"> - Received coaching from mentor - Shadowed incumbent on a committee
Training (10%)	Each of the five potential successors took at least some of the various courses as indicated in their development plans.	<ul style="list-style-type: none"> - Completed policy workshop from Johnson Shoyama Graduate School - Attended Strategic Thinking training

4.4 Timeframes for Completing Key Processes Required

The Corporation had not established timeframes for completion of the following specific key succession management processes:

- Frequency of calculation of imminence of retirement scores: The Corporation last calculated these scores in 2017-18. It did not calculate them in 2018-19 even though management indicated that they planned to calculate them annually.



The Corporation's imminence of retirement calculation assesses when a position could become vacant through retirement.

- Frequency of calculation of criticality scores: The Corporation calculated the criticality scores once in 2015-16. While management indicated it wanted to recalculate the scores again, it had not set a date.

Management estimates the likelihood that it will lose a particular staff as part of assessing and calculating a criticality score for that job position. One of the considerations in the calculation of the criticality score is an assessment of the likelihood that the incumbent will leave their position within the next two to three years through either retirement or voluntary resignation. In addition, the primary purpose of the criticality score is to assess the importance of the position overall.

- Completion of interviews of potential successors: At January 31, 2019, the candidates that the Corporation identified during the 2018-19 succession management process were in various stages of the process (interview, candidate profile, etc.). Management has not set a timeframe for completion of this work.
- Assessment of when the Corporation will need competencies and to fill key positions: it did not consider potential future events such as promotions or leaves (e.g., parental) to identify when it will require key competencies and positions. Rather its primary focus is on staff retiring from current job positions. Management did not set a timeframe for completion of development plans based on its estimate of when it will need key competencies and when it will need to fill key positions.

Setting timeframes (e.g., annually, every three years) or identifying events (e.g., turnover of incumbents in key positions, restructuring, etc.) that would trigger a recalculation of criticality scores and imminence of retirement scores would ensure that the Corporation uses the most relevant data during its annual succession management planning. Setting timeframes would also assist the Corporation in completing key steps of the processes within a reasonable time. For example, deciding on the number of months in which to create development plans after candidate identification. Having well-defined timeframes for specific succession management planning processes would help ensure the Corporation has the right staff at the right time.

1. **We recommend that the Saskatchewan Crop Insurance Corporation set timeframes in which to complete specific key succession management planning processes.**

4.5 Recruitment of External Talent to Fill Vacancies

The Corporation makes decisions to recruit externally when it has determined that there are no internal candidates with sufficient experience or competencies (e.g., position that requires technical skills), or if a potential candidate chooses not to participate in succession management (i.e., the potential candidate expresses they are not interested in changing positions).

Where the Corporation has identified that there is not sufficient internal talent for a specific key position, it does not assess the availability of external talent until it needs to fill that position. For the 12-month period ended January 31, 2019, the Corporation successfully recruited externally for two key positions that it required (i.e., Vice-President, Information Technology, and Executive Director, Accounting).

4.6 Evaluation of the Succession Management Processes Needed

The Corporation has not established a way to evaluate its succession management processes.

The Corporation's Succession Management Plan notes the importance of periodically evaluating the succession management processes. The Plan specifies the last step in the process is to evaluate effectiveness. The Corporation notes in its Strategic Workforce Plan that "An effective workforce plan ensures that an organization has and will continue to have the right people, with the right skills, in the right job, at the right time performing their assignments successfully."¹⁸

As of January 2019, the Corporation did not identify any measures to assess the success of its succession management processes.

In addition, it has not considered whether data included in its Strategic Workforce Plan is suitable as baseline data. The Plan contains data on the average age of employees retiring, average years of service, retirement projections by division (for the next 15 years), voluntary turnover rates, and a list identifying positions at risk of having an anticipated skill shortage. In addition to these measures, other measures may be appropriate such as time to fill vacant positions.

Not identifying and collecting key baseline data could place the Corporation at risk of not being able to assess its success. In addition, evaluating and adjusting existing processes (where issues identified based on the evaluation) helps in continuously improving succession management.

2. We recommend that the Saskatchewan Crop Insurance Corporation establish a method to periodically evaluate the effectiveness of its succession management processes.

Management indicated that the Corporation considers movement (i.e., a change in job position) of succession management candidates as a measure of success.

We reviewed the movement of the candidates related to the 12 key positions identified in 2017-18 Succession Management Plan and found the following:

- Two candidates moved into the roles for which they were nominated
- One candidate was promoted to a manager role (different than originally identified)—this shows that the succession management processes increased the skills of the candidate to enable them to qualify for a higher position

¹⁸ Saskatchewan Crop Insurance Corporation, *Strategic Workforce Plan*, p. 6.



- Three candidates took some other initiatives (e.g., acted as a mentor for new hire and indirectly supervised staff, took roles within workplace culture committees)
- The Corporation hired externally for two key positions to which it had planned

4.7 Board Updated Regularly

Management and the Board receive periodic updates on succession management processes.

The Corporation sets its long-term strategies in its Strategic Plan. The Board approved the Corporation's Strategic Plan. Its *2018-19 to 2021-22 Strategic Plan* explicitly outlines vision, mission, values, strategic priorities, and details on how to achieve each strategic priority (goal, strategy, key actions). The Strategic Plan includes actions related to succession management. Succession management is included as part of the Strategic Workforce Plan under the strategic priority of Leadership.

The Corporation's Strategic Workforce Plan contains detailed human resources strategies for 2018-19 to 2020-21. It outlines four pillars: inform, attract, develop, and retain. The Succession Management Plan falls under the retention part of the overall workforce strategy.

We found that Human Resources staff actively monitor the succession management processes, and give updates to the Human Resources Executive Director each quarter. For example, the October 2018 report tracks the information on the key positions included in the Corporation's succession management plans, the number of potential successors identified, and the number of succession management development plans created.

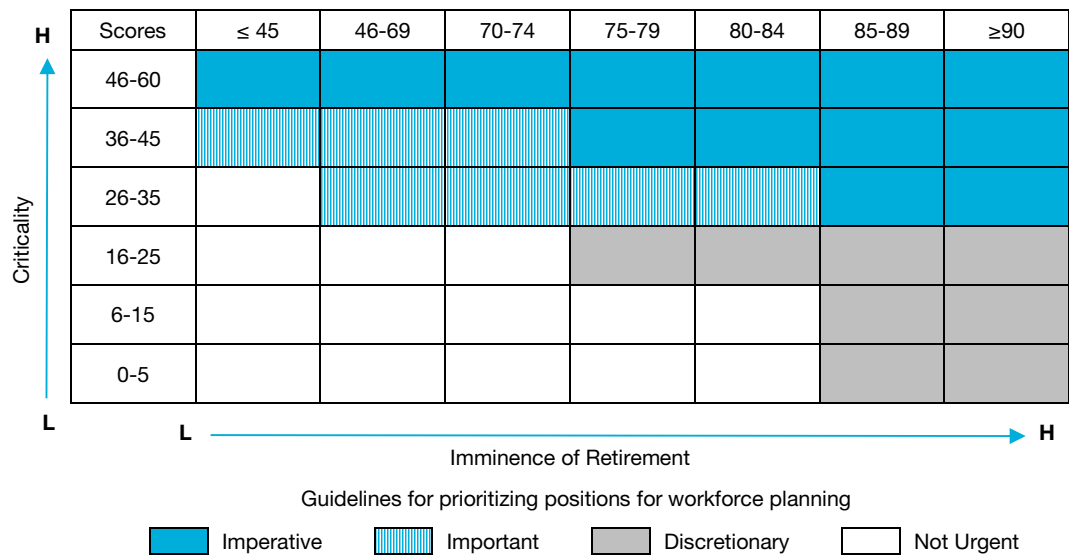
The Corporation annually updates the Board on succession management processes. We found the April 2018 update to the Board indicated that the Corporation developed and implemented a comprehensive succession management process. It sufficiently described the steps followed, the positions included in 2017-18 succession management planning, and the additional positions planned to be included in 2018-19 succession management planning.

In addition, the Corporation reports on its succession management in its Annual Report (e.g., reported the development and the implementation of its succession management framework).

5.0 PRIORITY GRID EXAMPLE THE CORPORATION USES

The following is an example of a priority grid that the Corporation uses to determine which positions are considered as key. It is also referred to as a Heat Map.

Based on the calculated criticality scores and imminence of retirement scores, the Corporation plots positions on the grid. The Corporation considers positions in the imperative category as key. See related findings in **Section 4.1** and **Section 4.4**.



6.0 SELECTED REFERENCES

Calgary City Auditor's Office. (2017). *Human Resources – Succession Planning Audit*. Calgary: Author. <https://pub-calgary.escribemeetings.com/filestream.ashx?DocumentId=1014> (18 April 2019).

City of Independence, Missouri. (2016). *Review of Succession Planning Policies*. Independence: Author. www.ci.independence.mo.us/UserDocs/MgmtAnalyst/Succession_Planning_Report_FIN_AL_9-19-16.pdf (18 April 2019).

Government of Alberta. (2012). *Succession Planning – Retaining Skills and Knowledge in Your Workforce*. Edmonton: Government of Alberta, Human Services. <https://open.alberta.ca/dataset/f0b35827-1a33-4006-9154-14e36a13bda9/resource/b9fbd149-127c-4044-8235-2fd29fef0bf6/download/6069872-2012-succession-planning-retaining-skills-and-knowlwdge-2012-09.pdf> (18 April 2019).

Office of the Provincial Auditor of Saskatchewan. (2007). *Workers' Compensation Board Succession Management Processes*. Regina: Author.

Rabin, Ron. (2014). *Blended Learning for Leadership – The CCL Approach*. Greensboro: Centre for Creative Leadership. www.ccl.org/wpcontent/uploads/2015/04/BlendedLearningLeadership.pdf (05 April 2019).

Secretary of State of Oregon. (2017). *Department of Administrative Services Should Enhance Succession Planning to Address Workforce Risks and Challenges*. Salem: Author. <https://sos.oregon.gov/audits/documents/2017-21.pdf> (18 April 2019).

