



**PERFORMANCE AUDIT**

**ON**

**ATTRACTING, RETAINING AND MANAGING SPECIALIST SKILLED STAFF**

**IN THE**

**MONTSERRAT PUBLIC SERVICE**

Office of the Auditor General  
Brades Main Road  
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Montserrat  
April 2015

## OUR MISSION

“The OAG is the national authority on public sector auditing issues and is focused on assessing performance and promoting accountability, transparency and improved stewardship in managing public resources by conducting independent and objective reviews of the accounts and operations of central government and statutory agencies; providing advice; and submitting timely Reports to Accounting Officers and the Legislative Assembly”.

## FOREWORD

Effective human resource management is a critical element underpinning the performance of the public sector and the achievement of the strategic management objectives and goals as agreed by the Legislative Assembly. Having effective human resource management also helps to ensure that citizens receive goods and services of high quality that can be measured against quality standards and which can improve their standard of living.

In order to meet the above goals, the Montserrat Public Service must be able to attract, retain and manage its resources effectively so that the best value can be obtained for monies spent. As we are aware, the public service has wide ranging responsibilities and requires staff with various specialist skills to perform required activities. It is therefore evident that focus must be placed on having the right people, with appropriate qualifications, the right skills, and right attitudes supported by appropriate legislation/regulations, policies and procedures to ensure that the needs of the public are met.

With these in mind, we undertook a study on Attracting, Retaining and Managing Specialist Skilled Staff in the Montserrat Public Service (MPS). The purpose of this study was to assess and report on whether the Human Resource Management Unit (HRMU) - the public agency with responsibility for recruitment - has adequate and effective policies and practices to guide recruitment and retention and to generally manage its specialist skilled staff.

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21 April 2015

## ABBREVIATIONS USED

|       |   |  |
|-------|---|--|
| CIPD  | - | Chartered Institute of Personnel and Development       |
| GoM   | - | Government of Montserrat                               |
| HR    | - | Human Resource   |
| HRM   | - | Human Resource Management                              |
| HRMU  | - | Human Resource Management Unit                         |
| ISSAI | - | International Standards for Supreme Audit Institutions |
| LDD   | - | Learning and Development                               |
| MCSA  | - | Montserrat Civil Service Association                   |
| MPS   | - | Montserrat Public Service                              |
| PSC   | - | Public Service Commission                              |
| ODG   | - | Office of the Deputy Governor                          |
| SSS   | - | Specialist Skilled Staff                               |

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## EXECUTIVE SUMMARY

### The focus of our audit

Public sectors have issues such as the ageing of the workforce, reduction in the availability and supply of workers, increased competition for skilled staff, changing employee attitudes to work and life balance and the different requirements of older and younger employees. These changes provide a significant challenge to the way in which organisations recruit and manage their workforces.

Over the years, the ability to attract and retain critical skills has proved rather challenging for the Montserrat Public Service (MPS). It is expected that over time this will be alleviated through long-term training and development strategy underpinned by a new set of learning and development protocols. Government is keen on ensuring that people are given the opportunity to develop to their fullest potential.<sup>1</sup> Offering the vast majority of new entrants into the MPS only temporary/contracted employment opportunities does not appear consistent with the mission to attract and retain. To successfully recruit specialist skilled staff (SSS) into the MPS, measures must be taken to attract people with the qualifications, skills and attitudes required for effective output.

### Key Findings & Recommendations

The audit's findings and recommendations are summarized below:

- The Human Resources Management Unit (HRMU) establishment stands at 16 officers with only 3 trained HR specialists. Currently, the Director of Learning and Development Division (LDD) and a Senior Assistant Secretary post are vacant. Despite staff shortages, HRMU has made several notable improvements in recent years with the implementation of key systems and guidelines. However, there are still a number of outdated manuals and necessary policies/strategies that require immediate attention. The main ones being the HRM Procedures Manual, an Orientation/Induction Programme, Succession Planning Policy and a Comprehensive Training Strategy.

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<sup>1</sup> Budget Statement 2013/14 – Counting our Blessings Amidst the Challenges

We recommend the recruitment of qualified HR professionals to fill vacant positions and the implementation of key manuals and policies.

- Our analysis of the recruitment process highlighted some issues to include - the process is lengthy, recruitment uses too much staff resources and the quality of recruitment could be improved. It was difficult to quantify the cost effectiveness of the HRMU's initiatives to recruit and retain personnel in the absence of robust data collected by the Unit.

We recommend the introduction of performance metrics such as cost per hire or indicators which should be included in the operational plan.

- The survey we conducted of the MPS SSS highlighted that 78 percent of respondents were satisfied with their job but 63 percent said their working environment were inadequate and had considered leaving the service for this reason. 90 percent did not believe they were being adequately compensated for the work that they do and 54 percent did not received adequate career development support. Most respondents answered all of our questions, and many provided supplementary observations.

We recommend that the Unit should perform regular surveys to gather information that can be used to assist with the development of activities, ways to improve service delivery and ideas that will assist with the direction of HRMU plans.

### Audit Opinion

HRMU has done well to attract and retain some specialist skilled staff with the limited resources available to them however, more needs to be done to retain staff and for the unit to be more effective. An important responsibility of HRMU management is to ensure the formulation, coordination and implementation of policies and procedures, projects, strategic and operational plans but the lack of up-to-date manuals and policies have seen some procedures being dealt with in an adhoc manner.

The unit must expedite the development of a succession plan and strategies that will ensure retention and continuity. The Government of Montserrat (GoM) must also seek to improve remuneration packages and make the necessary decisions resulting from previous job evaluation reviews, performance evaluations and the impact of economic inflation. The teaching profession suffers significantly because of low pay salary and short term contracts.



Whilst working conditions are improving slowly for general administrative employees within the MPS, most teaching and medical professionals indicated their dissatisfaction with their work environment and this area is yet to be addressed.

Despite efforts to provide training to HR staff, a key area of concern remains the inconsistency of HR skill set within the unit. The recruitment of qualified staff to fill key vacancies in LDD is likely to improve training delivery. Despite the government's commitment to improve learning as evidenced by the significant sums injected into training initiatives, there was little assurance that specialist skilled staff were receiving the training and development they needed especially those in the medical profession that are required to keep their professional license and skills updated.

It is difficult to quantify the cost effectiveness of the recruitment, retention and management of SSS in the absence of robust data collected by the HRMU.

## CHAPTER 1 Introduction

In this part we set out:

- why we undertook the audit;
- the objectives of the audit;
- how we conducted the audit and
- draw attention to some matters that were outside the scope of this audit.

### Why we undertook the audit

We are committed to conducting a number of annual performance and special audits in order to provide assurance to Legislative Assembly on how effectively and efficiently projects or activities are administered and monitored. To ensure that we focus on areas that are topical and relevant for transparency and accountability purposes, we held several focus group discussions with various stakeholders within the public service and the private sector.<sup>2</sup> One of the areas suggested for review was the robustness of policies and practices for the recruitment and retention of specialist skilled staff within the public sector.

### The Objectives of the audit

The purpose of this study was to assess and report on whether HRMU have effective and adequate policies and practices for guiding recruitment and retention practices. The broad objectives were to:

- Confirm the existence of adequate best practices, strategic guidance, workforce/succession planning, training and development, human resource, induction programme and compensation policies and procedures in place.
- Assess HRMU capabilities to attract, recruit, motivate and retain specialist skills staff as the public service centralised employee relations.
- Determine the extent to which there are adequate arrangements for collecting and utilizing management information to improve the services provided by the HR function.
- Express an opinion on the economy, efficiency and effectiveness of attracting, retaining and managing SSS.

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<sup>2</sup> Focus group discussions were held during the period January – April 2013 to assist the OAG in identifying possible performance audit topics.

## How we conducted the audit

This audit required an immense amount of fieldwork, as HR elements are multi-faceted and full of nuance. As such, the audit covered extensive territory in its efforts to research and examine as much key data and information as possible. During our review, the auditor performed the following activities:

- Conducted an examination of key studies of the HR function
- Evaluated HRMU's policies and procedures
- Interviewed 63% of HRMU staff
- Reviewed applicable budget & expenditure information
- Interviewed Senior Management within the MPS
- Interviewed Former Director, LDD
- Held discussion with Montserrat Civil Service Association Representative (MCSA)
- Despite our request to meet with the Public Service Commission (PSC) we were not afforded the opportunity within the timeframe scheduled for the audit
- Developed and conducted a survey to ascertain SSS feedback

The survey sampled population composed of 41 MPS employees that were determined to be specialist skilled staff. To encourage a high response and total completion of the questionnaire it was administered via an interview/discussion process.

This performance audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAI) 3000. This standard require that the auditor plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on audit objectives. The auditor believes that the evidence obtained in this audit provides a reasonable basis for its findings and conclusions based on audit objectives. Some areas were amended to maximize the efficiency of the audit.

## What we did not do

Our focus for this review was on recruitment and retention of specialist skilled staff. As such we did not look at general administrative employees of the MPS. Also, we are aware that good remuneration packages would assist in attracting and retaining staff. However, the examination of remuneration packages offered to current specialist staff did not form a part of this review.

## **CHAPTER 2 Does HRMU have adequate capacity, policies and practices?**

### **HRMU**

The HRMU within Office of the Deputy Governor (ODG) is mandated to implement modern and appropriate human resource (HR) practices to attract and retain high-performing talent in the MPS. The unit performs strategic HR management and operations, learning and development and support services. Their programme objective mission is to attract, recruit, motivate and retain competent staff by performing HR best practices; provide strategic guidance in organisational design, workforce planning, change management and support employee engagement, learning and development in an effort to improve GoM's performance.<sup>3</sup>

### **HRMU Strategic Foundation**

An often cited challenge of many organisations is optimizing their human capital investments. Having a strong strategic foundation is essential to effectively/efficiently reaching such a goal. An organization's decisions related to fundamental strategic elements such as vision/mission/goals/performance measurements - strongly influence the organisational structure for the delivery of services, the specific directions given to employees as they work toward delivering those services, and the environment in which services are provided. An important responsibility of HRMU management is to ensure the formulation, coordination and implementation of policies and procedures, projects, strategic and operational plans.

During an interview with HRMU Senior Management, it was acknowledged that the Unit's formulation and implementation of key policies and procedures over the last 5 years have been minimal and are expected to receive much needed attention. HRMU has a 3 year strategic plan and a comprehensive operational plan in place which highlights the various policies and plans requiring implementation.

### **Availability of Trained HR Specialist**

HR is a profession that requires specialized knowledge and skills whether related to the intricacies of employee benefits, the laws and regulations pertaining to employee relations or the effectiveness of workforce development. The establishment stands at 16 officers with only 3 trained HR specialists (2 with HR degrees and the other pursued an intensive HR course). Currently, the Director of LDD and a Senior Assistant Secretary post are vacant.

Unfortunately, the HR discipline is often regarded as just another administrative function thus the need to always seek to hire and develop employees with HR related experience and skills

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<sup>3</sup> Strategic Visioning for HRMU

are often overlooked. As with positions that require specific training and knowledge (e.g., an attorney, an accountant, a nurse, a teacher), HR positions should be filled with employees who are proficient in their profession, that is, persons who hold relevant internationally recognised professional qualifications and membership in regulatory or supervisory bodies. For example, the Chartered Institute of Personnel and Development (CIPD) – is a body which sets standards to guide the performance and conduct of its members. Moreover, achieving professional membership forces an HR practitioner to undertake continuous professional development and emphasises a desire to remain current in their area of expertise.

One way that HRMU has sought to improve this proficiency was the requirement of a number of HR staff to complete a prescribed training course in 2014 namely the Certificate in Human Resource Management by CIPD.

### **Development Initiatives**

This unit was a key part of the 2006 public service reformation process which sought to improve some aspects of the MPS. A number of costly initiatives were developed such as the public service reform and the writing of the Public Administration Act which was enacted in 2014. At the time of drafting this report the Act was still not ‘in force’. Other initiatives include job evaluations and new salary policy. To date the results or decisions made were not implemented.

### **HR Information System**

The HRMU has implemented a Human Resource Information System which is a central automated HR information tool that manages the data of employees and applicants such as Recruitment & Selection, Training & Development, Performance Management, Disciplinary Procedures, Grievance Procedures and Leave Administration. The use of this system will be further expanded upon in Chapter 4 of this Report.

## **POLICIES & PRACTICES**

### **Procedures Manual**

Good HRM practices are instrumental in helping to achieve departmental objectives and enhance productivity. The HRMU has a number of guidelines and checklists in place to ensure that certain HR processes are completed and some they do in conjunction with General Orders requirements. The unit does not have an up-to-date HRM Policy and Procedures Manual in place that reflects the procedural changes made over the years. A draft manual was developed in 2009 but this was never formally adopted.

## Orientation/Induction Programmes

The purpose of an orientation/induction programme is to assist staff in making a smooth transition into the MPS. Such a programme includes, but is not limited to, assisting staff in understanding the organisation's laws, regulations, culture, appraisal systems and codes of conduct.

Our review did not highlight any formal orientation/induction programme for employees who are appointed to a position regardless of whether or not they have held a previous position in the MPS (the survey highlighted that HRMU and a number of ministries and or departments had their own informal induction programme(s) in place). When discussing the matter, the CHRO advised that this is high on the agenda to reintroduce and improve on current practices. Work on this area also revealed that the limited staffing in the LDD has hampered any progress on this programme. The responsibility for induction, management development and talent management rests with the vacant posts of Director of LDD.

## Succession Planning Policy

HRMU engages in a process of identifying persons who are approaching normal retirement and have ascertained the training and skills required for their replacement. HRMU has a framework but an effective succession planning policy is not in place to ensure continuity in the event of retirement or expiration of a contract. This will be addressed in the next chapter.

## Recommendations

- a) Expedite the revision of a HRM Procedures Manual which offers details and guidance on personnel issues, procedures, and forms. The manual should provide supervisors and staff with access to uniform information to assure equitable and consistent application of the policies to foster communication and, promote understanding.
- b) Implement a formal induction programme for employees appointed to new positions.
- c) Ensure the implementation of key decisions made as a result of the public service reform initiatives.
- d) Continue with its HR training initiative for current staff or do lateral transfers.
- e) Identify capable staff to pursue professional accreditation or seek to hire more HR professionals into the unit.

## Management Response

### HRMU

HRMU recognizes the need to have qualified and trained personnel in HR posts. We are committed to the continuous learning and development of staff. So far a total of seven persons have received specialized training. At the time of this audit, three staff members were CIPD qualified. Since then an additional three persons have completed a Certificate in Personnel practice and one completed an intensive course in Human Resources Management with the CIPD.

### Development Initiatives

The implementation or lack thereof of the job evaluation results and enactment of the Public Administration regulations are not within the direct control of HRMU. These activities are subject to Government's policy priorities and the availability of funds.

### HR Information System

Some work has begun with the implementation of HRSys in January 2015. Over time it is anticipated that HRMU will be able to produce on demand data on key HR areas to inform the development of policies.

### Policies and Practices

There is a Manual of Procedures: "A Guide to the Operations and Functions within Department of Administration" which was produced in April 2000. However, this needs to be updated.

Our policies and practice continues to be guided by policy directives from Cabinet and the relevant legislation to include: Public Service Act, the Pensions Act and by the General Orders.

In 2013 HRMU proactively advertised for an HRMU Specialist to develop an HRMU Procedures Manual which would have incorporated the Public Administration Act. The selection process was advanced to the Procurement Board and then aborted. The initiation to select an HRMU specialist to undertake this assignment was as a result of the time constraints of HRMU staff to adequately focus on this assignment.

We now await the completion of the Public Administration Act and 'new' Procedures Manual. It is understood that the recent draft was not assented to by His Excellency the Governor and now requires extensive amendments. On completion, HRMU can once again focus on the development of its HRM Procedures Manual.

In the interim, HRMU will undertake to prepare good practice guidance to ensure consistency in the administration of our HR support services.

HRMU supports the Audit recommendation that this be expedited. We hoped that this will be one of the key deliverables of the PSRII Programme Consultant Manager.

#### Orientation/Induction Programmes

HRMU recognizes its responsibility to have in place an effective induction/orientation program for new employees in the Montserrat Public Service. We believe that line Ministries/Departments have a shared responsibility to ensure that new recruits are well oriented into their department/Ministry.

HRMU supports the Audit recommendation to implement a formal induction program for employees appointed to new positions.

#### Succession Policy

Although succession has been discussed across Government of Montserrat and a policy is in draft. HRMU acknowledges that greater effort and buy-in from Ministries/Departments are needed in this area.



## CHAPTER 3 Does HRMU attract, retain and manage SSS?

### SURVEY OF MPS SSS

The survey we conducted of the MPS SSS addressed such matters as the overall job satisfaction, their workplace environment, compensation issues and career development and advancement. Specific questions can be viewed at Appendix B. Most respondents answered all of our questions, and many provided supplementary observations. There is much good news in the survey in that results confirmed that most SSS are committed to their chosen profession, enjoy their jobs, and have a keen desire to make a difference. However, there were areas where a significant number expressed dissatisfaction. The following table outlines a selection of results.

#### Selected Results from Our Survey of MPS SSS

| Strengths to Build Upon  | Areas of Dissatisfaction  |
|--|---|
| <ul style="list-style-type: none"><li>• 78% of respondents were satisfied with their job role</li><li>• 95% felt that they were committed and had a future with the MPS</li><li>• 83% found their job inspiring and were happy to do extra to get project/assignment done on time and well</li></ul> | <ul style="list-style-type: none"><li>• 90% of respondents did not believe they were adequately compensated</li><li>• 71% of SSS said they were not aware of any formal orientation</li><li>• 68% did not think that the MPS effectively attract and retain SSS</li><li>• 63% said their working environment were inadequate and considered leaving the MPS</li><li>• 54% of respondents did not get adequate career development support.</li></ul> |

*Prepared by the Office of the Auditor General, Montserrat*

22% of SSS reported that they were not satisfied with their job and 68% did not think that the MPS effectively attract and retain SSS. This represents a significant minority that should be of concern to management. Major reasons cited by these SSS for overall job dissatisfaction were low compensation, inadequate support for training and or educational opportunities, poor working environment and poor relationships with management.

### ATTRACTING APPLICANTS AND RECRUITMENT PROCESSES

As at March 31, 2014, the MPS had the equivalent of 740 permanent, contracted and special agreement employees who were delivering public services through 4 government ministries and several non-ministerial departments. Salaries, wages, and allowances paid to or on behalf

of these employees for 2013/14 fiscal year amounted to almost EC\$44 million. During this period there were 48 vacancies<sup>4</sup>.

The attraction phase of the recruitment process involves the medium which will be most effective and provide adequate information for applicants to decide whether or not to be a part of the recruitment process. Respondents also noted that the culture of the MPS has changed drastically over the years and stressed the need for an improved image of the public sector through more effective marketing of it as a career choice and a great place to work.

### **Annual Cost of Government Recruitment**

Despite the volume of activity there is no centrally held data on the annual cost of government recruitment or accurate statistical data within each ministry/department. The nature and extent of changes in the employment environment pose considerable challenges for the MPS to attract, retain and develop skilled and talented staff. Skill shortages and changing population demographics now requires the MPS to compete with other sectors to fill jobs. The way of recruiting and choosing staff is a key factor in the success of finding and keeping the right people.

There are direct and indirect costs associated with recruitment activity and staff turnover in the MPS. Direct costs can include: advertising costs; the cost of the time taken by selection panels to interview candidates, pre-employment checks associated with appointing staff. Indirect costs associated with staff turnover can include a lost productivity before an employee leaves, the vacancy costs until the role is filled, orientation costs and lesser productivity of new employee, training costs, a lost institutional knowledge, cost of a bad hire and overworked remaining staff.

No data is currently available to reliably estimate the total direct recruitment costs in the MPS. HRM literature suggests that direct recruitment costs typically amount to around 15 to 25 per cent of the salary of the position being filled.<sup>5</sup> However, due to lack of data from HRMU we were unable to estimate a total cost of recruitment over a given period. Further the literature suggested that new recruits typically perform at only 60 per cent of their productive potential when they are first appointed, reaching 100 per cent only after they have been in a position for a year.<sup>6</sup> On this basis, indirect costs – reduced productivity and training costs may have been of a similar order to direct costs of recruitment.

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<sup>4</sup> Statistics Department, MoFEM – Head Count & Unemployment Rate

<sup>5</sup> Abbott, De Cieri & Iverson (1998) 'Costing Turnover: Implications of Work/Family Conflict at Management Level

<sup>6</sup> ANAO - Managing People for Business Outcomes, Benchmarking Study

## Recruitment Process

Communication methods, working environment, management styles, organisational reputation, clear progression and training and development are all necessities for attracting and retaining talented employees, but they must be tailored to the needs of employees to be effective.

Efficient recruitment is employing the right person, in the right location, at the right time for the right cost. An inefficient recruitment process adds to the length of time posts remain vacant, affecting the ability of departments to deliver front-line services to customers and increasing spending on interim solutions such as employing contract workers which may be less cost effective.

On average it typically takes 8 -12 weeks to recruit a specialist skills staff. The activities that consumes the most time are slow response from line ministries or departments and also delayed responses by HRMU at key stages of the entire process. We found instances where the recruitment process has been stymied after the interview activity and does not move forward for weeks and in some cases for months. The Public Service Commission plays an integral part in the recruitment process. Despite our request to meet with them we were not afforded the opportunity within the timeframe scheduled for the audit.

## Analysis of Recruitment Process

Our detailed analysis of the recruitment process highlighted that the main issues preventing MPS from obtaining better value for money in the way they recruit specialist staff are:

- Recruitment takes too long
- Recruitment uses too much staff resources (and therefore may cost too much)
- The quality of recruitment could be improved. Survey revealed instances where staff was recruited in specialist positions for which they had no formal training. This poses the risks of poor productivity, impact on staff morale and staff turnover.
- In many instances the recruitment process commences long after a retiring officer demits office.

Recruiting sufficient skilled staff has proven particularly difficult for the MPS as evident by positions being advertised over the last 5 years to meet legislative requirements (for example Director of Public Prosecution), the length of time it took to fill key positions and high staff turnover for skilled staff within the teaching profession. The increasing level of recruitment over the years has reflected the mobility of MPS staff, employment growth, the non-renewal of contracts and the increasing number of retirees. Respondents were asked how effective they thought that the recruitment practices are and the response options were 'effective' or 'not

effective' or 'don't know'. 37 percent of respondents thought that the practices were not effective and 46 percent did not know. The fact that less than 50 percent of respondents thought the recruitment practices to be effective is a cause for concern.

## **SPECIALIST SKILLS STAFF RETENTION**

Retention is culture, not a list of benefits. Retention begins before recruitment and carries through all organisation activities. Simply recruiting good people is not enough. An equally challenging task is to motivate existing specialist staff to stay by providing interesting work, good pay and benefits packages, and career development opportunities. MPS is experiencing growing problems in attracting and retaining staff with qualifications and expertise in specialist areas such as statistics, economics, medicine and auditing. We found that there are no incentives to support persons after professional accreditation and no after work incentives such as gym or after school support facilities.

### **Employment Stability**

In recent years there has been a trend in the MPS to hire staff into contract or temporary positions rather than permanent positions. Contracts are often renewed with employees continuing in an unstable employment relationship for a certain period assuming they do not accept another job with more favourable employment prospects. The use of temporary staff undoubtedly has the advantage of providing greater flexibility in addressing staffing numbers as business needs change. However, there are longer term implications to this approach.<sup>7</sup>

The government has difficulty retaining specialist skill-contracted staff. It is difficult to reconcile the government's significant move toward the use of temporary or contracted staff. In responding to our survey 63% indicated that they considered leaving the service. Opportunities for development are key in attracting and retaining staff. Few MPS SSS surveyed believed that they have not received adequate support to advance their career or to keep abreast of changes within their profession; this is especially the case for staff in the medical profession.

### **Exit Surveys**

Information from exit surveys can help organizations learn what improvements in their practices may be necessary to retain SSS. Our research confirmed that HRMU conducts exit surveys in the form of issuing a questionnaire to those who have left the MPS. For a sample of 27 files, 15 files had no indication that the HRMU organisational exit questionnaire was administered, 6 files had evidence that the questionnaire was sent but there were no response. However, there were 6 respondents of which 4 confirmed that their decision to leave the MPS

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<sup>7</sup> Centre for Leadership & HRM – Human Resource Renewal

were due mainly to dissatisfaction with management and poor staff morale rating. Exit questionnaires are used to identify key areas or reasons for leaving but the information contained is insufficiently utilized as they are not shared with the Learning and Development division.

### Training and Educational Opportunities

Many people find the opportunity for development a powerful incentive to work harder or remain loyal to the organization. Professional development may be a greater incentive than a pay increase. Therefore, in addition to preparing staff for new or difficult challenges, training or educational opportunities can be used as part of an organisation’s attraction and retention strategies. Numerous initiatives have recognized the importance of training and learning as one of the cornerstones of quality public service.

A starting point for knowing where the MPS stands in terms of providing adequate training opportunities is capturing training costs incurred on a public service-wide basis. As the following table illustrates, the overall training budget and related expenditure in the MPS has increased significantly since 2011/12. These figures include all training activities such as funding of degree programs and short courses as well as in service training. The data we obtained indicates that MPS training expenditure per employee for 2013/14 was \$2,419 compared to \$1,616 for the previous year.

#### Training Expenditure, Selected Years, 2011/12-2013/14

| <i>Description</i>            | <i>2011/12</i> | <i>2012/13</i>   | <i>2013/14</i>   |
|-------------------------------|----------------|------------------|------------------|
| <i>Adjusted Budget Amount</i> | <i>483,000</i> | <i>1,267,300</i> | <i>1,807,800</i> |
| <i>Expenditure</i>            | <i>297,859</i> | <i>1,195,842</i> | <i>1,790,161</i> |
| <i>Unexpended Amount</i>      | <i>185,141</i> | <i>71,458</i>    | <i>17,639</i>    |

*GoM Budget Speech & Estimates & Smartstream, 2011-2014*

The GoM considers training and development to be the vehicle to transform the public service to enable it to effectively and efficiently deliver high-quality services.<sup>8</sup> Despite this, we found that in service training and development are not being adequately managed to strengthen the government’s most important asset – its people.

A training strategy was developed in 2000 by Roli Degazon-Johnson PhD of Degazon-Johnson Associates which is now outdated. The LDD has a training policy which was adopted in 2009. However, the division is not adequately resourced to meet the multiple responsibilities they are charged with. Due to resource constraints, there is the equivalent of one full time employee

<sup>8</sup> GoM Training & Career Development Policy – Adopted 2009

working on training related issues and 2 employees with partial responsibilities for LDD and HR support services. The division has been without a Director for almost 2 years, and the post was never advertised.

There are no training professional within HRMU who have the capacity to fully focus on training and this thereby limits the training support and less training being managed by the division. Review of the in-service training calendars from 2011-2015 highlights the significant reduction in training activities from 2013/14 to 2014/15.

**Number of Listed In-Service Training, Selected Years, 2011-2015**

| <b>Training Levels</b>              | <b>2011/12</b> | <b>2012/13</b> | <b>2013/14</b> | <b>2014/15</b> |
|-------------------------------------|----------------|----------------|----------------|----------------|
| All Officers                        |                |                |                | 3              |
| Junior Officers                     | 5              | 4              | 6              | 2              |
| Supervisory & Management Level      | 15             | 12             | 10             | 2              |
| <b>Total</b>                        | <b>20</b>      | <b>16</b>      | <b>16</b>      | <b>7</b>       |
| Late Additions – Unplanned Training |                | 2              | 3              | 0              |
| Training Delivered                  |                | 9              | 7              | 3              |
| <b>Training Delivered (%)</b>       |                | <b>50%</b>     | <b>36%</b>     | <b>43%</b>     |

In-Service Training Calendars & Reports, HRMU, 2011-2015

LDD achieved 50 percent of their training activities for 2012/13. However, there was a decline of training delivered in the next year. This was perhaps due to the Director position becoming vacant in September 2013. Of the 7 listed training activities on the 2014/15 calendar only 3 training activities were conducted for that operating year representing 43 percent of delivery. Access to training was raised as a significant concern by respondents to our survey with 54 percent indicating they did not receive adequate support for specialised training over the years citing funding limitations and that many SSS are overlooked as the main setbacks.

In the survey<sup>9</sup> of SSS opinions on training that was conducted as part of this audit, several comments made reference that most of the training is geared towards administrative personnel and lack of information dissemination. We found that the LDD’s planning process for developing its offering of training was not comprehensive. That is, we saw no evidence that MPS workforce priorities or needs were key criteria in determining the training plan. HRMU/LDD develops its annual training plan on a review of ministries’ and departments’ submitted plans, which in turn were developed with little or no input from individual employees as stated by many respondents. Additionally, a number of respondents in key sectors felt that training is preferential or are based on favouritism which demotivates other staff members.

<sup>9</sup> Survey Questionnaire , see Appendix B

The division does not have an updated comprehensive training strategy in place. We found that the emphasis is geared more towards providing scholarships for persons to be trained to degree disciplines and limited focus on ensuring that SSS existing skills and training are upgraded. However, data collection indicated that 19 SSS were sent on attachments and short courses in 2012/13.

### **Specialised Placement Arrangements**

We found that there are no specialised placement arrangements in place for some trained and or qualified staff that were funded or where the training was made a priority by the GoM. Majority are identified for training but upon returning there are issues with placing persons in positions for which they were trained. The average time persons are away on training is 3 years and employees are required and hired on contract for 2 years to ensure continuity of work. There were instances where returning students were placed in departments where they had no interest for lengthy periods. This indicates poor planning and the implementation of an effective succession planning policy will alleviate some of the problems being encountered. Respondents indicated that there are times where contract workers demit their position and there was no on the job training of potential replacements.

### **Employee Representative – Montserrat Civil Service Association**

As part of our audit, we met with MCSA representative to ascertain the human resource issues of greatest concern to members. The following were identified as key concerns:

- The lack of a salary increase (over 7 years), SSS not being paid professional allowance and the ceasing of increments. Performance reports/monitoring are being completed but not linked to receiving increment/reward for good performance;
- Inadequate staff complement/equipment/resources within most ministries or departments to enable employees to achieve their objectives in an efficient, effective or timely manner;
- Lack of succession planning – recruitment process only commences after the retired officer has demitted office – hence, most times they have to be recalled; potential officers are not being properly trained prior to the retiring officer's departure.

## Succession Planning

Succession planning is the ongoing process of identifying future leaders in an organisation and developing them so they are ready to move into leadership roles.<sup>10</sup> Succession planning is a HR best practice for all organizations. In the MPS, this activity has become particularly necessary in recent years due to the departure of key employees, including a number of SSS. This has been the result of the increased percentage of employees reaching retirement eligibility and staff turnover. Though the risk of lost institutional knowledge has been identified by HRMU as requiring attention, there has been no serious attempt to develop a comprehensive succession planning program.

While the focus to date has been more on replacement of retirees for senior management positions, it should be noted that many positions critical to the effective delivery of government services are outside that of the senior management levels or do not have a leadership component. Though succession planning is equally important for these positions, we noted slow progress in this regard for filling specialist skills post such as for teachers, nurses and other critically skilled staff. The Chief Human Resources Officer has confirmed that due to a lack of a formal and comprehensive succession planning policy, some retirees have been retained for a further period and that it is the norm for the candidate's pool to be tested before determining that the talent is not available.

Our analysis indicated that over the past 2 years 12 retirees also deemed SSS were rehired back into the MPS. That number represents approximately 44 percent of total retirements over the same period (there were 27 retirements from the MPS).<sup>11</sup> The need to rehire such a significant number of retired employees is indicative of inadequate succession planning and of critical skills shortages.

## Recommendations

a) There are actions that HRMU can take to improve their recruitment process:

- Invest time in developing a structured induction and on boarding programme, but consider the different generations in the MPS whilst doing this. Create an induction experience rather than a presentation.
- Make better use of recruitment data. For example if the MPS unexpectedly takes on new responsibilities due to changes in legislation, there may be an unplanned need for new staff.

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<sup>10</sup> Christee Gabour Atwood, Succession Planning Basics, American Society for Training and Development, 2007

<sup>11</sup> List of Retirees 2013-2016, HRMU



- Improve resource utilisation. HRMU need to record staff time accurately to inform their resource planning to provide visibility of the true costs of recruitment activity and consider the inclusion of the non-recruitment staff time to prevent understating the resource requirements. Improving the utilisation of staff involved in the process can increase productivity, improve efficiency and decrease the dependence on supplementary resources.
- Incorporate more standardisation. There is the need to use more templates and guidance and ensure their availability at each stage of the process.
- Reduce the lengthy recruitment time by removing any unnecessary steps in the process and by greater use of automated assessment tools currently utilized by HRMU.
- For teaching and other critical profession offer longer term contracts (3 to 4 years) rather than the 2 year deals to ensure continuity. The first year of any contract must be treated as a probationary period, with the possibility of termination for under performance at the end of that period.

b) Immediate recruitment of a Director of LDD.

c) There is the need to consider other career enhancement opportunities for SSS. These can include temporary assignments or special projects, attachments or secondments to other ministries, statutory organizations or regional institutions. The results of our survey of MPS SSS confirmed the potential for using such opportunities to improve staff experiences and satisfaction, particularly with those who have been with the government for some time.

d) Notification of non-renewal of contract or early exit should be used as a green light to issue the exit questionnaire rather than sending via mail after the employee vacates office which has proven to be ineffective.

e) Develop a comprehensive training strategy that sets the framework for the governance, design, development and delivery of all learning and development activities.

f) Implement a comprehensive succession planning policy that identifies critical positions, the timing of when such positions will need to be filled by new staff, how such positions can and will be filled, and the training and development required to prepare a new generation of staff for these positions. Identifying potential candidates 5 years prior to a SSS retirement will ensure continuity and high quality service which will be beneficial to the future of the MPS.

- g) Offer both financial and non-financial incentives. The GoM must recognize the importance of non-financial incentives for all civil servants. Examples - consider having a gym, safe and supportive working environment, recognition awards.
- h) Consider the implementation of a recruitment and retention policy. Without a clear policy the situation will continue in an adhoc way. Merely following checklist and guidelines has proven inadequate and not very efficient.

### **Management Response**

HRMU is already aware of some of the reason why staff exit the service, namely: low compensation, inadequate training/education opportunities, poor work environment and management relationships.

We have sought to address this using a multifaceted approach: training for senior managers; improving our customer service practice through training and greater awareness; investigating and providing a timely response to grievances.

### Recruitment Process

We note the comment with regards to the opinion that “the recruitment process was stymied after the interview activity”. We wish to note that some of these delays are beyond the direct control of the HRMU.

### Specialist Skilled Staff Retention

The high cost of retaining membership of professional bodies had been a concern for Public Officers and has been noted. This is a matter for further policy review.

### Exit Surveys

Currently, HRMU sends out exit surveys to all employees who exit the service, whether in the form of end of contract period, retirement or resignation. HRMU acknowledges that this was not the practice prior to 2012. The return of these survey questionnaires is optional. We do however acknowledge that this critical data should be documented so that it could provide relevant statistical information on the reasons people leave the service.

### Training and Educational Opportunities

Efforts have been made across GoM to link the individual training needs with the new performance management system. We continue to encourage line Ministries to use the annual performance review to identify the training needs of the employees. This would help to

alleviate concerns of “favouritism” as it gives the employee the opportunity to comment on the development needs.

### Specialized Placement Arrangements

We will seek to improve on the placement of individuals and give greater consideration to their talents and preference. However, there are times when in the best interest of the organization that staff are assigned in areas that would not be their first choice.

## **CHAPTER 4 Does HRMU have adequate arrangements for collecting and managing information?**

### **HUMAN RESOURCE INFORMATION SYSTEM (HRIS)**

In 2011, the government implemented a new information management system known as the Smartstream HRIS module to maintain the personnel records of all MPS. This is a central automated HR information tool that manages the data of employees and applicants such as Recruitment & Selection, Training & Development, Performance Management, Disciplinary Procedures, Grievance Procedures and Leave Administration. The aim of this system is to support the GoM in improving data accuracy and information as it relates to its workforce and future HR planning. The maintenance renewal fee for this personnel module cost the GoM over US\$15,000 per annum.

Full utilization of this IT system has several benefits and should see paper based documentation reduced considerably but our assessment indicates that only 40% of HRIS is being utilized in terms of populating the system. It is important to highlight that there may be some modules on the system that may not be conducive to HRMU operations. We noted that HRMU were not utilizing the HRIS system to record training and development, recruitment and selection process and also reporting information.

### **SURVEYS**

Surveys are considered to be the most popular and easiest data collection method. This method is especially useful for capturing facts, opinions, behaviours or attitudes. HRMU has a good understanding of the main factors that drive personnel to leave at an overall level through exit surveys it conducts. These surveys seek data on a range of factors, from a cross section of personnel, but these are not sufficiently focused on the drivers of retention. These are conducted on those who have given notice to leave but these are not always carried out consistently or rigorously enough and suffer from low response rates as highlighted in the MPS (refer to exit surveys). HRMU does not conduct employee opinion surveys and there is little evidence that they systematically test the quality or effectiveness of their recruitment processes or services provided to the MPS or the general public.

### **Recommendations**

- a) Continuation of the training and implementation of the HRIS to enable full utilization thereby achieving value for money.

- b) Identify other indicators of effectiveness such as the time it takes for new recruits to become productive employees, and regular surveys of candidates and managers to identify ways to improve the recruitment process.
- c) Conduct regular surveys to gather information that can be used to assist with the developments of activities, ways to improve service delivery and ideas that will assist with the direction of HRMU plans.
- d) Consider having the Internal Audit Department conduct periodic performance assessments.

### **Management Response**

The discussion on collection of relevant data to inform policy and decision making by the HRMU is ongoing. We will seek to progress work in this area.

## CHAPTER 5 Overall Conclusion

While the GoM, in its budget statements, has recognized the critical issues that need to be addressed, it has not sufficiently implemented the necessary strategies to achieve its goal of attracting and retaining specialist skills. This has also created issues for HRMU in their inability to offer attractive remuneration packages. Hiring restrictions and a reduction in contract gratuity percentage have resulted in a specialist skills workforce that is not satisfied with some aspects of the MPS.

The delivery of essential public services may be at risk if strategies to acquire and retain needed skills are not implemented soon. While the vast majority of SSS we surveyed felt that their work is inspiring and that they are committed, 54 percent of respondents did not get adequate career development support. This may be indicative of an employment environment with minimal opportunities for advancement. Is it that there is the impression that a SSS does not require further development whether they are permanent or contracted workers?

The HRMU strategic planning and reporting process is a little weak by the absence of key policies and procedures and effective communication. However, the unit has done well to attract and retain some specialist skilled staff despite the challenges faced.

### Management Response

HRMU has been tasked with recruiting not only the vacant post within the Government's establishment but also a number of technical assistance positions – long term and short term, which has significantly increased the workload of the Department.

Notwithstanding, HRMU acknowledges the well wishes of this audit report which flags HRMU's successes but also notes the recommendations to further enhance HRMU recruitment procedures and more specifically to attract and retain specialist skilled staff.

## APPENDIX A

### Performance Auditing

What are performance audits?

Performance audits determine whether an auditee is carrying out its activities effectively and doing so economically and efficiently and in compliance with all relevant laws.

Performance audits may review a government program, all or part of a government department or consider particular issues which affect the whole public sector.

Where appropriate, performance audits make recommendations for improvements.

#### Why do we conduct performance audits?

Performance audits provide independent assurance to Legislative Assembly and the public that government funds are being spent efficiently and effectively, and in accordance with the law.

Performance audits seek to improve the efficiency and effectiveness of government departments so that the community receives value for money from government services.

Performance audits also assist the accountability process by holding accounting officers to account for departments performance

#### What are the phases in performance auditing?

Performance audits have three key phases: planning, fieldwork and report writing.

During the planning phase, the audit team will develop audit criteria and define the audit field work.

At the completion of field work we will meet with auditee management to discuss all significant matters arising out of the audit. Following this, we will prepare a draft performance audit report.

We meet with agency management to check that facts presented in the report are accurate and that

recommendations are practical and appropriate.

Following this, a formal draft report is provided to the Head of the Department (HoD) for comment. The final report, which is tabled in Legislative Assembly, includes any comment made by the HoD on the conclusion and the recommendations of the audit.

Depending on the scope, performance audits can take several months to complete.

Copies of our performance audit reports can be made available upon request.

#### How do we measure a department's performance?

During the planning phase, the team develops the audit criteria. These standards of performance against which the department, program or activity is assessed. Criteria may be based on best practice, government targets, benchmarks, or published guidelines.

#### Do we check to see if recommendations have been implemented?

Every year we conduct follow-up audits. The follow-up audits look at the extent to which action has been taken to address issues or recommendations agreed to in an earlier performance audit.

The Public Accounts Committee (PAC) may also conduct reviews or hold inquiries into matters raised in performance audit reports. Departments may also be requested to report actions taken against each recommendation.

#### Who audits the auditors?

Our performance audits are subject to internal and external quality reviews against relevant local and international standards.

The PAC is also responsible for overseeing the activities of the Audit Office and may conduct a review of our operations.

## APPENDIX B

### SPECIALIST SKILLED STAFF QUESTIONS

1. Are you satisfied with your job i.e. your job description's alignment with your current tasks?
2. Is your working environment adequate?
3. Are you adequately compensated for the job that you do? If not why?
4. Do you think that the MPS effectively attract and retain SSS?
5. Are you aware of any formal orientation for staff within the MPS?
6. How effective do you think the recruitment practices are of the MPS?
7. Do you or your boss/supervisor do anything to motivate SSS within you ministry/department or unit?
8. Do you get adequate support to improve yourself through training or educational opportunities?
9. Have you considered leaving the MPS?