

Public Service Commission of Canada

2005-2006 Estimates

Performance Report

For the period ending
March 31, 2006

The Honourable Beverley J. Oda, P.C., M.P.
Minister of Canadian Heritage and Status of Women

Public Service Commission of Canada
2005-2006 Departmental Performance Report
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SECTION I - OVERVIEW

PRESIDENT'S MESSAGE



I am pleased to present the 2005-2006 Departmental Performance Report (DPR) of the Public Service Commission (PSC) of Canada. This DPR provides an overview of the PSC's performance against the objectives established in our Report on Plans and Priorities (RPP) for 2005-2006. The reporting year, April 1, 2005 to March 31, 2006, spans our activities under the old *Public Service Employment Act* (PSEA) and the new PSEA that came into force on December 31, 2005.

The priorities we identified in our RPP were aimed at supporting our strategic outcome - to provide Canadians with a highly competent, non-partisan and representative public service able to provide service in both official languages, in which appointments respect the values of access, representativeness, fairness and transparency.

The priorities identified in our RPP are the following:

- Prepare for the implementation of the new PSEA by continuing to develop policy, accountability and delegation frameworks, guidelines and tools, by increasing our audit capacity and by reinforcing our oversight role.
- Provide high quality service delivery by establishing, within the PSC, a distinct recruitment and assessment service branch to serve departmental clients.

The report that follows describes our progress.

Implementation of the new *Public Service Employment Act* (PSEA)

During the reporting year, the PSC continued to support federal departments and agencies as they prepared to take on their added responsibilities under the new PSEA. The coming into force of the new Act required significant work for the PSC in 2005-2006, in terms of renewing policy, regulatory, delegation and accountability frameworks. Our activities included developing a suite of policies to help organizations design tailored staffing systems that maintain respect for the public service staffing values and principles.

To support our mandate for overseeing the integrity of the appointment system, we continued to increase our audit capacity and adopted a more rigorous approach to audits.

We have begun to transform our Investigations Branch to focus on its new investigation mandate. The Branch is also finalizing appeals and investigations initiated under the former PSEA. Since December 31, 2005, the newly created Public Service Staffing Tribunal handles complaints of abuse of authority under the new Act.

The PSC also has responsibilities for maintaining the political impartiality of the public service. We have developed regulations that set out the process for requesting and receiving permission to be a candidate in an election, submitting an allegation of improper political activities and conducting investigations. We also provided guidance that explains the employee's rights and obligations as they relate to political activities under the PSEA.

Quality service delivery

As for our second priority, the service organization we established on April 1, 2006, continues to provide client departments and agencies with high quality staffing and assessment services. This new Staffing and Assessment Services Branch has embarked on a comprehensive business transformation to expand the scope and relevance of its activities.

Challenges

We have dual responsibilities for oversight and service delivery. Our approach has been to reallocate resources to meet the challenges presented by new and changing needs. We have realigned our business processes and implemented zero-based budgeting and improved financial practices, which includes better forecasting. As an organization, we believe we are reaching the limits of what we can do internally and are identifying our future needs in next year's plans.

To effectively discharge our mandate, the PSC's objectivity must be beyond question. We will work to solidify our independence. The PSEA sets the expectation that Canada will continue to benefit from a public service that is based on merit and non-partisanship and in which these values are independently safeguarded. We intend to continue to discuss with parliamentarians and the Treasury Board Secretariat our goal of establishing a new funding mechanism. We understand that with greater independence comes increased accountability. The PSC has been proactive in requesting that our financial statements be audited. This report includes an unqualified opinion from the Office of the Auditor General to our financial statements. We will continue to look at ways of aligning our management practices with those of agents of Parliament.

In closing, I want to recognize the contribution of PSC employees to the successes we have achieved over the past year. They have worked diligently to respond to the multiple demands for their expertise and guidance during the transition to the new PSEA. I am confident that I can continue to depend on their commitment to serving the public.

MANAGEMENT REPRESENTATION STATEMENT

I submit for tabling in Parliament, the 2005-2006 Departmental Performance Report (DPR) for the Public Service Commission (PSC).

This document has been prepared based on the reporting principles contained in the Treasury Board of Canada Secretariat's (TBS) *Guide to the preparation of Part III of the 2005-2006 Estimates - Reports on Plans and Priorities and Departmental Performance Reports*.

- It adheres to the specific reporting requirements outlined in the TBS *Guide to the Preparation of Part III of the 2005-2006 Estimates*;
- It is based on the PSC's approved 2005-2006 Program Activity Architecture as reflected in its Management Resources and Results Structure (MRRS);
- It presents consistent, comprehensive, balanced and reliable information;
- It provides a basis of accountability for the results achieved with the resources and authorities entrusted to the PSC; and
- It reports finances based on approved numbers from the Estimates and the Public Accounts of Canada.

In meeting its reporting responsibility, PSC management has established and followed procedures and controls designed to provide reasonable assurance of the fairness and reliability of the performance information. While the PSC continues to improve its performance information, the information in this report is the best currently available and our management considers it reasonable for the purpose of preparing this report. Some of the information is based on management's best estimates and judgments, and any limitations to the quality of the data provided are disclosed in the report.

The PSC's Executive Management Committee oversees the preparation of the report, and approves it based on the recommendation and advice of the PSC's Internal Audit Committee.

Maria Barrados, PhD
President
September 12, 2006

Anne-Marie Robinson
Senior Financial Officer
Vice-President, Corporate Management

SUMMARY INFORMATION

Mission, Vision and Values - Striving for excellence

The Public Service Commission (PSC) is dedicated to building a public service that strives for excellence. We protect merit, non-partisanship, representativeness and the use of both official languages.

We safeguard the integrity of staffing in the public service and the political impartiality of public servants. We develop policies and guidance for public service managers and hold them accountable for their staffing decisions. We conduct audits and investigations to confirm the effectiveness of the staffing system and to make improvements. As an independent agency, we report our results to Parliament.

We recruit talented Canadians to the public service, drawn from across the country. We continually renew our recruitment services to meet the needs of a modern and innovative public service.

Values to Guide our Actions

In serving Parliament and Canadians, we are guided by and proudly adhere to the following values:

- **INTEGRITY** in our actions;
- **FAIRNESS** in our decisions;
- **RESPECT** in our relationships; and
- **TRANSPARENCY** in our communication.

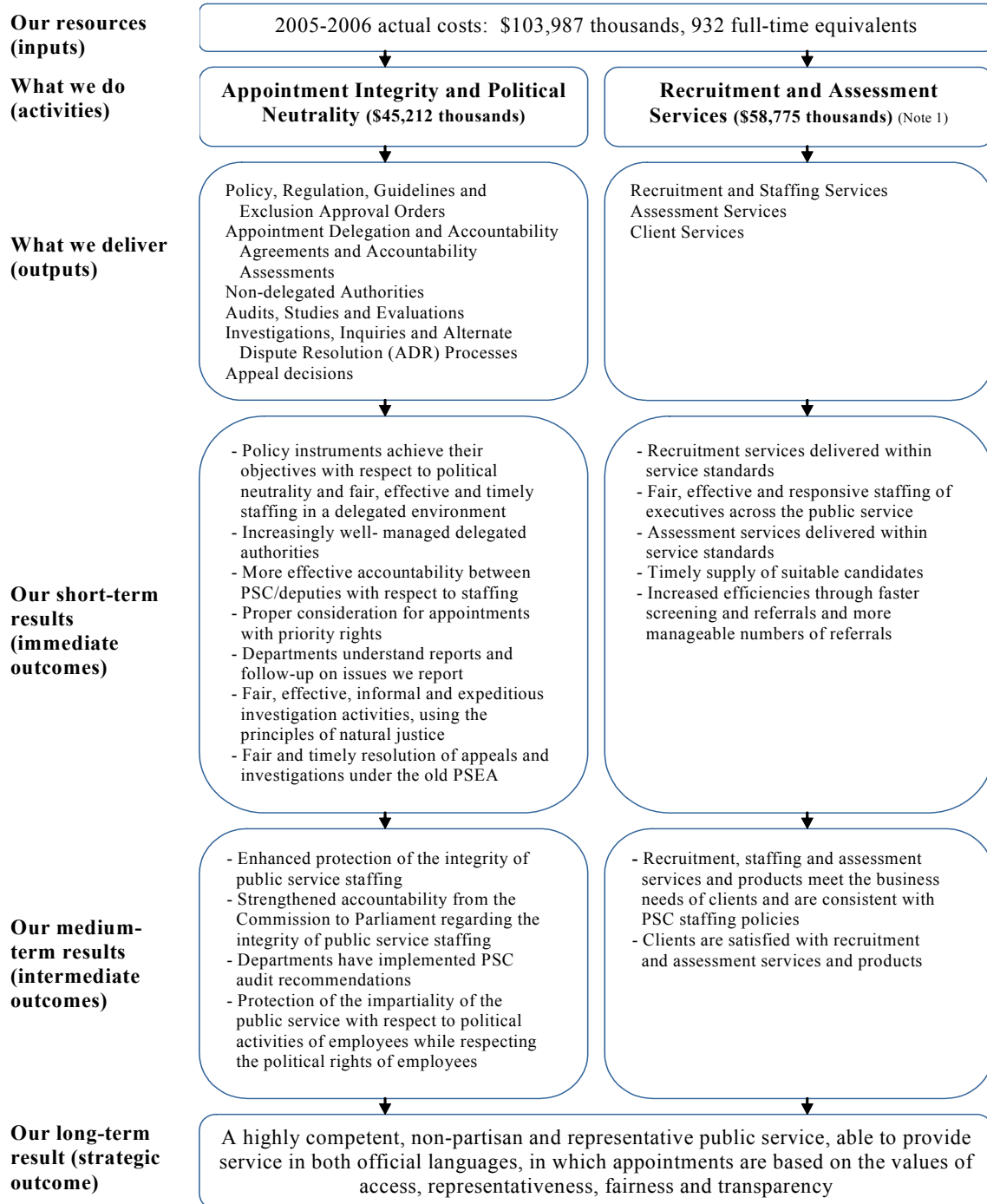
The Role of the Public Service Commission (PSC)

The Public Service Commission (PSC) is an independent agency reporting to Parliament, mandated to safeguard the integrity of the public service staffing system and the political impartiality of public servants. The PSC's mandate combines staffing-related authorities with oversight functions. The PSC also provides staffing and assessment services to help federal organizations meet the changing needs of the public service. Under the system of delegated authority provided by the new *Public Service Employment Act* (PSEA), the independence of the PSC, particularly with respect to its responsibility to oversee the integrity of the appointment system and preserve the non-partisanship of the public service, is essential.

The PSC's strategic outcome of providing Canadians with a highly competent, non-partisan and representative public service fully supports the Government of Canada's outcomes, as outlined in Canada's Performance 2005. The PSC is a key player in strengthening and modernizing public sector management through its policy, oversight and service delivery roles. The PSC also contributes to the Government of Canada's outcome of fostering an inclusive society that promotes linguistic duality and diversity, by ensuring that federal public service staffing policies protect merit, non-partisanship, representativeness and the use of both official languages.

PSC's Results Chain

The following PSC Results Chain links what we deliver to our long-term result or strategic outcome.



Note 1: Includes \$ 10,567,000 related to Public Service Staffing Modernization Project (PSSMP).

Operating Environment

The new *Public Service Employment Act* (PSEA), part of the *Public Service Modernization Act* (PSMA), came into force on December 31, 2005. The legislation gives the Public Service Commission (PSC) a mandate to oversee a more flexible, delegated appointment system that continues to be based on merit and non-partisanship. It reinforces a values-based approach to staffing which incorporate the concepts of efficiency and long-term planning.

This new direction is intended to ensure that Canadians continue to benefit from a highly competent, non-partisan and representative public service, able to serve the public in both official languages. The new PSEA gives managers more flexibility to staff, manage and lead their personnel, enabling them to achieve results for Canadians. At the same time, managers are expected to base their appointment decisions on the values of access, representativeness, fairness and transparency. Under the new Act, managers will be held accountable for their decisions.

During the reporting period, the PSC continued to be a key player in helping departments and agencies implement the new PSEA. We have already made deputies aware of our expectations through an appointment framework of policies and delegation and accountability instruments that set out core principles and values they must incorporate into their own approaches to staffing.

While the PSC continues to have the authority to make appointments to and within the public service, the new Act encourages further delegation to deputy heads and through them, to the lowest possible level. We have signed delegation instruments with departments and agencies that identify the conditions for delegation and the results to be achieved. As a counterbalance to increased flexibility, a continuum of accountability mechanisms and oversight tools will determine whether deputy heads are exercising their delegated authorities properly.

In particular, we have established a Staffing Management Accountability Framework (SMAF) to set out expectations, monitor results and provide feedback and recommendations. We have also adopted a more rigorous audit and investigation role to ensure the appointment system is based on integrity and meets the needs of Canadians. Through its oversight activities, the PSC may identify risks to the appointment system and recommend changes. It can also impose sanctions or conditions on the exercise of delegated authority or, in exceptional cases, withdraw those authorities. The PSC continues to report annually to Parliament on the integrity of the appointment system, and may make special reports to Parliament on urgent or important matters.

To safeguard non-partisanship, the legislation has established a new political activity regime aimed at balancing the right of public servants to participate in the political process, with the need to preserve the impartiality of the public service. Under the new regime, the PSC has a broader mandate to investigate allegations of improper political conduct by public servants.

To respond to the needs of delegated managers and Canadians, in the new PSEA environment, the PSC will continue to provide high quality recruitment and assessment services. Our aim is to become the service provider of choice for departments and agencies seeking to obtain

recruitment, staffing and assessment services which fully respect public service values. To this end, the PSC's Staffing and Assessment Services Branch¹ has embarked on a comprehensive business transformation project to guide the evolution of its role within the new human resources management regime. It is intended that through this transformation project, the PSC will expand the scope of its services and emerge as the leader in modern staffing practices within the public service of Canada.

On July 26, 2005, the PSC announced the consolidation of 16 service centres into seven regional locations. This consolidation is underway and will allow the PSC to increase the efficiency of its operations, reallocate resources to priority needs, and put in place the recruitment and assessment services required under the new PSEA.

In 2005-2006, the PSC continued to reorganize its operations and reallocate funds in order to focus more strongly on its oversight mandate and meet the Expenditure Management Review (EMR) commitments. In keeping with these commitments, which were accepted by the Expenditure Review Committee (ERC), a total of \$4.6M (including the Employee Benefits Plan) over a three-year period is being reallocated from Recruitment and Assessment Services and Corporate Services to expand the PSC's audit function, enhance the priority system and meet other statutory obligations under the new PSEA.

The PSC supports the government's Procurement and Expenditure Transformation initiative. The procurement savings target attributed to the PSC for 2006-2007 is estimated at \$460K, based on historical spending practices when the PSC was larger and had a different mandate. We continue to work with the Treasury Board Secretariat (TBS) and Public Works and Government Services Canada (PWGSC) to review the future target to reflect the current spending pattern, consistent with our new mandate.

To fulfil its mandate, the PSC continued to maintain strong relationships with a number of key stakeholders. Additional information about key partners can be found in Section III - Key Relationships.

Finally, we will continue to review our existing governance structures, and will work to increase the representativeness of the Commission. We will also establish review mechanisms to assure Canadians that we are acting with integrity for the public good.

Key PSC Challenges and Risks

The challenges and risks facing the PSC emerge from both the external and internal environments. They are detailed in our 2006-2007 Report on Plans and Priorities (<http://publiservice.tbs-sct.gc.ca/est-pre/estime.asp>) and briefly described below.

¹ *Formerly known as the Services Branch prior to June 12th 2006*

Of primary importance is the risk posed by insufficient capacity in human resources (HR) management. This broad issue encompasses concerns in several areas. Currently the main concern is that there are not enough HR specialists to carry out the volume of work that exists across the public service and offer specialized advice to hiring managers. To complicate matters, many current HR practitioners are inexperienced, and require extensive support from the PSC as they learn the principles, processes and nuances of good staffing practice.

A second set of risks arises from the day-to-day pressures facing managers. Competing priorities mean that managers may not have the time or inclination to learn about the staffing possibilities inherent in the new PSEA.

Making accountability work in a delegated staffing system presents a third risk. Uneven departmental and agency implementation of, and compliance with, accountability requirements may weaken our ability to provide assurance of adherence to the staffing values and affect the PSC's accountability to Parliament. Strategies to mitigate this risk will ensure that managers understand the values, undertake HR planning, and address the PSC's expectations with regard to staffing.

We face a challenge in responding to the growing needs of clients for state-of-the-art recruitment and assessment services. A new series of PSC services with standardized service levels and innovative programs is required to meet clients' needs. There is also potential for delay in implementing the PSC's e-resourcing technology aimed at re-engineering staffing and recruitment processes. This could slow the implementation of the new national area of selection policy requirement. Support for e-resourcing technology must be maintained both internally and externally.

The Commission is also seeking to further solidify its independence by clarifying its standing as a unique, independent agency and strengthening its ties to Parliament. In particular, it is pressing for more independent funding arrangements, similar to those under study for other bodies that support Parliament.

It is a challenge to realign resources with planned activities and priorities, and to obtain authority to cost recover and to respond revenue in a timely manner. Our strategies will focus on the continued implementation of zero-based budgeting and improved financial forecasting.

Finally, ineffective succession planning and HR strategies represent a risk that could lead to a lack of qualified personnel to meet the PSC's leadership and other resourcing needs. Strategies will include developing more rigorous, corporate HR planning processes and building staff capacity and competencies in critical new PSEA areas.

SUMMARY OF PERFORMANCE IN RELATION TO PSC STRATEGIC OUTCOME, PRIORITIES AND COMMITMENTS

Strategic outcome:

A highly competent, non-partisan and representative public service, able to provide services in both official languages, in which appointments are based on the values of access, representativeness, fairness and transparency.

Priority	Program Activity	Performance Status	For more details see pages
Priority 1: Implement the new PSEA 2005-2006 Spending: Planned: \$ 43,499,000 Total Budget Authorities: \$ 50,023,000 Actual: \$ 45,212,000	Appointment Integrity and Political Neutrality	Met	18 to 32
Priority 2: Provide high-quality service delivery by establishing, within the PSC, a separate recruitment and assessment service agency to serve departmental clients 2005-2006 Spending: Planned: \$ 45,028,000 Total Budget Authorities ² : \$ 58,349,000 Actual: \$ 58,775,000	Recruitment and Assessment Services	In progress	33 to 43

Corporate services' actual costs have been allocated to Priorities I and II. The financial information presented in Section II includes the allocation of corporate services' expenditures, in the amount of \$29,953K for 2005-2006. These costs include functions related to the President and commissioners' office (\$825K), corporate secretariat (\$1,206K), corporate initiatives (\$736K), finance, administration and corporate planning (\$7,780K), human resources management (\$4,921K), information technology (\$8,995K), communications and parliamentary affairs (\$3,929K), library services (\$786K), legal services (\$271K) and internal audit and evaluation (\$504K). The basis of allocation of corporate services' costs is currently under review as we develop a new costing model for our cost-recovery activities.

PSC Financial Statements included under Section III are prepared in accordance with Canadian generally accepted accounting principles. The unaudited supplementary information presented in the financial tables under Section IV is prepared on a modified cash basis of accounting in order to be consistent with appropriations-based reporting. Note three to the financial statements reflects the reconciliation of these two accounting methods. Reconciliation items are mainly attributable to amortization, severance pay and vacation leave accruals.

² The "Total Budget Authorities" figures presented in this document are in line with the Public Accounts and reflect the original 2005-2006 Program Activity reference levels and subsequent adjustments such as Governor General Special Warrants and other TB Votes. As part of its 2005-2006 operational planning exercise, the PSC made additional internal reallocations to better align its resources. These changes are not considered in the "Total Budget Authorities" figures.

Performance Summary

To achieve the PSC's Strategic Outcome during the past year, we focussed on the following main priorities:

Priority 1: Implement the new *Public Service Employment Act* (PSEA)

With the coming into force of the new *Public Service Employment Act* (PSEA) on December 31, 2005, staffing authority has been delegated to departments and agencies. During the reporting year, the PSC continued to support federal organizations as they prepared to take on added responsibilities and accountabilities under the new PSEA. This required significant preparation in terms of renewing policy, regulatory, delegation and accountability frameworks.

In 2005-2006, the PSC developed a suite of policies that, along with the new Act and its regulations, provides departments and agencies with direction and guidance on the core principles and values that must be respected. We also developed guides and tools to help organizations implement the new Appointment Framework, and delivered "Get Ready" information sessions across Canada to familiarize them with the new legislation.

Under the new PSEA, the Appointment Delegation and Accountability Instruments (ADAI), which outline the appointment authorities being delegated, the conditions of the delegation, and the accountability requirements, have been signed by all deputy heads. Our Staffing Management Accountability Framework (SMAF) specifies our expectations for a well-managed departmental staffing system, and enables us to monitor results and provide feedback and recommendations. In addition, the PSC developed the Appointment Framework Knowledge Test to validate the expertise of human resources (HR) specialists under the new appointment framework, disseminated a guide on how to integrate employment equity into the staffing process, and provided organizations with information to facilitate the transition to the new staffing regime.

In 2005-2006, we adopted a strengthened approach to audit to ensure the integrity of the appointment system. We are building our audit capacity, and have developed a quality management system and initiated a project to implement a risk assessment framework. Our Audit Branch published three audit reports and one study this fiscal year. We also completed two additional audits and one study; these will be published in 2006-2007. While conducting the appeals and investigations under the former PSEA, we worked on a new operational framework and process for investigations under the new PSEA. We provided guidance and clarification for stakeholders involved in investigations.

With the coming into force of the new PSEA, the PSC acquired additional responsibilities in the area of political activities of public servants. To provide guidance to public servants regarding their involvement in political activities, we developed a guide and introduced the Political Activities Regulations, which clarify roles and responsibilities. We also established the process for obtaining permission and leave for candidacy in federal, provincial, municipal and territorial elections. We implemented an on-line self-assessment tool to help public servants make informed decisions about participating in political activities.

Priority 2: Provide high-quality service delivery by establishing, within the PSC, a separate recruitment and assessment service agency to serve departmental clients.

In 2005-2006, the PSC continued to provide high quality services to departments and agencies. Until the new PSEA came into force, the PSC delivered services mandated under the former PSEA, while making the transition to its new functions.

The PSC took steps to reinforce its independence by clearly distinguishing its oversight role from its service delivery function. We established a separate Staffing and Assessment Services Branch (SASB). This new branch has embarked on a comprehensive business transformation project to review and expand the scope of its services. The PSC foresees the SASB becoming the service provider of choice for departments and agencies that require expert staffing, recruitment and assessment services that fully respect public service staffing values and can operate effectively in the new PSEA environment.

In July 2005, we announced the consolidation of our 16 service centres into seven regional locations where demand for recruitment and assessment services was highest, and where the majority of government departments and agencies are located. This consolidation is underway and will allow the PSC to increase its operational efficiency and reallocate resources to priority needs.

During the reporting period, the PSC delivered general recruitment services, executive staffing services, corporate programs and initiatives designed to help federal departments and agencies recruit individuals for a range of occupations and hierarchical levels within the public service of Canada. The PSC also provided assessment products and services to federal government departments and agencies. We have noted a growing interest in PSC products and services in 2005-2006. Section II provides detailed statistical information on the volume of activities.

The PSC service organization has been proactive and innovative in developing modernized recruitment and assessment programs, standardizing service levels to ensure high standards are realized across Canada, and strengthening its capacity to respond to client needs. It has initiated the development and use of Web-based technology to manage increasing volumes of job applications and improve access to public service job opportunities for all Canadians.

The Public Service Resourcing System (PSRS), a Web-based recruitment and screening tool, was successfully deployed across the PSC's regional offices in December 2005. In September 2005, the Public Service Staffing Modernization Project (PSSMP) received Treasury Board (TB) approval to continue developing a staffing solution that leverages the use of technology and comprises best practices for all elements of the staffing process. The PSSMP made considerable progress in establishing a long-term transformation program for staffing across the federal government. Work is underway to secure funding for this project. Such initiatives are critical for the successful implementation of the National Area of Selection policy requirement that came into effect on April 1, 2006.

SECTION II - DETAILED PERFORMANCE BY PROGRAM ACTIVITY

STRATEGIC OUTCOME

A highly competent, non-partisan and representative public service, able to provide service in both official languages, in which appointments are based on the values of access, representativeness, fairness and transparency.

The Public Service Commission (PSC) contributes to the achievement of this strategic outcome by helping to ensure staffing that respects merit, is carried out across the public service. This is achieved when staffing activities adhere to the values of merit, non-partisanship, fairness, access, representativeness and transparency.

The following performance indicator was identified to monitor the achievement of the PSC's strategic outcome.

PERFORMANCE INDICATOR	PERFORMANCE INFORMATION
Percentage of small, medium and large departments or agencies with fully satisfactory or better rating of staffing performance with respect to public service-wide staffing values and management principles.	<p>The Public Service Commission (PSC) is developing its performance measurement strategy with regard to this performance indicator. The information presented below is partial and based on observations resulting from the Staffing Management Accountability Framework (SMAF) reporting. More rigorous reporting will be provided as additional components of the strategy are developed and integrated.</p> <p>The PSC 2005-2006 Annual Report provides an assessment of the staffing performance of departments and agencies with respect to staffing values and management principles under the former PSEA.</p> <p>Overall, the PSC continues to have confidence in the integrity of staffing in the public service and the foundation of merit that is the basis for hiring. The management of staffing in the public service, however, is not without problems. Concerns persist, for example, with the use of temporary staffing processes and its impact on perception of fairness and transparency.</p> <p>More detailed information on staffing performance is presented in the PSC 2005-2006 Annual Report. The report is available on the PSC Web site at: http://www.psc-cfp.gc.ca/</p>

2005-2006 Financial Resources (\$ thousands)

Program Activity	Planned Spending	Total Budget Authorities	Actual Spending
Appointment Integrity and Political Neutrality	43,499	50,023	45,212
Recruitment and Assessment Services	45,028	58,349	58,775
Total	88,527	108,372	103,987

2005-2006 Human Resources (Full-Time Equivalent)

Program Activity	Planned	Total Budget Authorities	Actual
Appointment Integrity and Political Neutrality	402	422	406
Recruitment and Assessment Services	514	531	526
Total	916	953	932

Financial Performance Highlights

The difference between Planned Spending and Total Budget Authorities³ is due to additional funding received for *Public Service Modernization Act* (PSMA) implementation, the Public Service Resourcing System (PSRS), collective bargaining compensation, regular severance, vacation credits upon separation from the public service, parental benefits and the operating budget carry forward.

The PSC has spent \$103,987K of the Total Budget Authorities of \$108,372K resulting in a Public Accounts lapse of \$4,385K which represents 4% of the PSC's Total Authorities. The lapse will be considered in the calculation of the carry forward to 2006-2007.

The lapse and variance in FTEs are principally due to the transition period and related capacity building and staffing issues (\$1,240K), less than anticipated expenditures for an information technology project (\$530K) and the translation of appeal decisions (\$143K), the year-end costing adjustment related to legal services provided by Justice Canada (\$501K) and the transfer of resources to the Canada School of Public Service (CSPS) which did not take place due to the use of Governor General Special Warrants (\$145K). Other contributing factors include office closures, deferral of certain contracts to 2006-2007 and less than expected travel and relocation costs.

³ The "Total Budget Authorities" figures presented in this document are in line with the Public Accounts and reflect the original 2005-2006 Program Activity reference levels and subsequent adjustments such as Governor General Special Warrants and other TB Votes. As part of its 2005-2006 operational planning exercise, the PSC made additional internal reallocations to better align its resources. These changes are not considered in the "Total Budget Authorities" figures.

PROGRAM ACTIVITY 1 - APPOINTMENT INTEGRITY AND POLITICAL NEUTRALITY

Program Activity Description

The Appointment Integrity and Political Neutrality activity develops, maintains and monitors the implementation of a policy and regulatory framework for safeguarding the integrity of public service staffing and ensuring political neutrality. This activity includes establishing policies and standards, delegation and oversight of appointment authorities to departments and agencies, and administering non-delegated authorities such as priority administration. This activity also includes conducting audits, studies, investigations and inquiries, as well as administering the appeal process under the former *Public Service Employment Act* and reporting to Parliament on the integrity of public service staffing.

Program Activity Structure

	Priority 1	<i>Implement the new Public Service Employment Act (PSEA)</i>
	1.1.0	<i>Appointment Integrity and Political Neutrality</i>
	1.1.1	<i>Policy, regulation, guidelines and exclusion approval orders</i>
	1.1.2	<i>Appointment delegation, accountability agreements and accountability assessments</i>
	1.1.3	<i>Non-delegated authorities</i>
	1.1.4	<i>Audits, studies and evaluations</i>
	1.1.5	<i>Investigations, inquiries and alternative dispute resolution processes</i>
	1.1.6	<i>Appeals</i>

Program Activity 1 - Appointment Integrity and Political Neutrality: supports priority I - Implement the new *Public Service Employment Act* (PSEA).

In order to ensure that this program activity is on track, the following expected results and performance indicators were established. Performance information against these indicators is provided below, as well as PSC achievements under its key programs and services and related 2005-2006 Report on Plans and Priorities (RPP) commitments. More detailed performance information is also presented in Section V - Other items of interest.

Expected Results and Performance Indicators	Performance Information
<p><i>Enhanced protection of the integrity of public service staffing.</i></p> <p>Performance Indicator: Percentage of small, medium and large departments or agencies with fully satisfactory or better rating of staffing performance with respect to staffing management and expectations for a well managed staffing system.</p> <p>Target: To be determined after one full year of baseline data.</p> <p>Reporting Frequency: Annual</p>	<p>The PSC is developing its performance measurement strategy with regard to this performance indicator. The information presented below is partial and provides results of departmental reporting through the Staffing Management Accountability Framework (SMAF). More rigorous reporting will be provided as additional components of the strategy are developed and integrated.</p> <p>The PSC 2005-2006 Annual Report provides an assessment of the staffing performance of departments and agencies.</p> <p>In 2005-2006, organizations were required to implement essential measures for the coming into force of the new PSEA in four areas: governance, communication, policy and control. The PSC developed specific criteria to assess organizational performance on these measures. The information below presents the overall results of the Fall 2005 assessment of organizational readiness for PSEA implementation.</p> <p>Governance: 79.5 % of organizations met the essential criteria (approved sub-delegation instrument).</p> <p>Communication: 91.0% demonstrated that they met the essential requirements (communication of policies and easy and timely access to information).</p> <p>Policy: 69.2% of organizations met all the requirements specified by the PSC Appointment Framework.</p> <p>Control: 80.8% of organizations met the requirements related to staffing files documentation. Only 32.1% met the measure related to monitoring of staffing.</p> <p>Based on this assessment, the PSC concluded that sufficient progress was being made to implement the new delegations and their related accountability requirements. Organizations that reported concerns were provided with additional support and guidance from the PSC to meet the minimum requirements for the coming into force of the new PSEA.</p> <p>The PSC will continue to monitor staffing practices through centrally generated reports and ongoing discussions with departments and agencies considered more at risk.</p> <p>More information on staffing performance is presented in the PSC 2005-2006 Annual Report. The report is available on the PSC Web site at http://www.psc-cfp.gc.ca/</p>

Expected Results and Performance Indicators	Performance Information
<p><i>Strengthened accountability from the PSC to Parliament regarding the integrity of public service staffing.</i></p> <p>Performance Indicator: The number of potential PSC appearances before parliamentary committees measured against the number of actual appearances.</p> <p>Target: To be determined after one full year of baseline data.</p> <p>Reporting Frequency: Annual</p> <p>Performance Indicator: Number of committee hearings on PSC issues.</p> <p>Target: Increase over previous year.</p> <p>Reporting Frequency: Annual</p>	<p>In 2005-2006, 55 standing committee hearings dealt with matters of interest to the PSC, including official languages, whistleblower legislation, visible minority representation in the public service, and accountability and governance. This is a decrease of 28 hearings over the previous year. The PSC appeared three times before parliamentary standing committees, compared to eight times in 2004-2005. The decrease in committee hearings and appearances is related to a shorter parliamentary calendar. Parliament did not sit during the December 2005 to April 2006 period.</p>
<p><i>Protection of the impartiality of the public service with respect to political activities of employees while respecting the political rights of employees.</i></p> <p>Performance Indicator: Study findings of the effectiveness of policies, procedures and decisions related to the political activities of public service employees.</p> <p>Target: Satisfactory study findings with respect to achieving this expected result.</p> <p>Reporting Frequency: Every three to five years, or timed to coincide with the five-year review of the new <i>Public Service Employment Act</i> (PSEA).</p>	<p>It is too early to assess the effectiveness of policies, procedures and decisions related to political activities of public servants. The measurement of this performance indicator is part of the overall evaluation framework being developed for the new PSEA.</p>

1.1.1 Policy, Regulation, Guidelines and Exclusion Approval Orders

2005-2006 Financial Resources (\$ thousands)

Planned Spending	Total Budget Authority	Actual
9,240	10,704	8,110

RPP Commitment: Complete the development of appointment policies and associated guidelines as well as communications and support tools for departments to implement new *Public Service Employment Act* (PSEA). Develop and provide communication tools, information and orientation sessions to stakeholders, departmental HR and staffing specialists, managers and employees.

Status towards fulfilling commitment:

The coming into force of the new *Public Service Employment Act* (PSEA) required considerable preparation in terms of renewing policy, regulatory, delegation and accountability frameworks.

In 2005-2006, the PSC implemented a suite of policies and developed and adopted regulations under the PSEA to provide direction and guidance to departments and agencies on staffing.

These policies are available on-line at: http://www.psc-cfp.gc.ca/PSEA-lefp/index_e.htm.

To assist departments and agencies in implementing the new PSEA, the PSC provided ongoing support and guidance. The support took various forms, including:

- developing and communicating guides and tools on how to implement the new Appointment Framework (for example, sub-delegation and accountability guides were completed and posted on the PSC Web site);
- developing and delivering three different series of “Get Ready” information sessions for a total of forty-six sessions across Canada (delivered to more than 1,800 participants, some of whom attended more than one serie, from over 50 departments and agencies);
- developing and implementing an Appointment Framework Knowledge Test to assess HR specialists’ knowledge of the new PSEA (administered to more than 1,500 HR professionals);
- developing and implementing new electronic templates to advertise appointments;
- developing and disseminating a guide on how to integrate employment equity into the appointment process; and
- collaborating directly with various organizations such as the Canada School of Public Service (CSPS) and the Public Service Human Resources Management Agency of Canada (PSHRMAC).

The CSPS designed courses to support the learning needs of all public servants. On behalf of CSPS, the PSC delivered several sessions designed for staffing specialists. In addition, the PSC responded to ad hoc requests by delivering 78 presentations and workshops to prepare a variety of audiences in every region, including departments and agencies, inter-departmental networks, and regional councils, for the new PSEA.

The PSC has gathered information on departments' and agencies' readiness to meet their obligations under the new PSEA through an electronic questionnaire produced monthly and through regular follow-up visits. Based on this information and on the work done by PSHRMAC, CSPS and departments and agencies, the PSC concluded that sufficient progress was made to implement the new delegations as planned on December 31, 2005.

The PSC is committed to moving towards a national area of selection for recruitment of all officer-level positions, in order to provide wider access to public service jobs. In 2005-2006, the PSC made progress in this area through amendments to the policy on area of selection and investment in modernizing recruitment tools.

RPP Commitment: Complete the review and revision of the *Public Service Official Languages Exclusion Approval Order* and complete others as necessary.

Status towards fulfilling commitment:

The *Public Service Official Languages Exclusion Approval Order* (PSOLEAO) exempts a public servant from meeting the language requirements of his or her bilingual non-imperative position, while the *Public Service Official Languages Appointment Regulations* (PSOLAR) sets out how persons excluded under the PSOLEAO will be dealt with.

In 2005-2006, the PSC reviewed these two instruments in consultation with various stakeholders such as deputy ministers, the Commissioner of Official Languages, the Treasury Board Secretariat (TBS), the Public Service Human Resources Management Agency of Canada (PSHRMAC) and the Canada School of Public Service (CSPS). The new PSOLEAO and the new PSOLAR came into force in December 2005. While the previous Order had twelve exclusions from the application of merit with respect to proficiency in both official languages in the case of a non-imperative appointment, the new PSOLEAO sets out three exclusions. A person may be excluded if: he or she submits an agreement to become bilingual; for medical reasons; or when the person is eligible for an immediate annuity, if he or she submits an irrevocable resignation to take effect in two years.

The Commission also reviewed all its other Exclusion Approval Orders (EAO) to see if they were still relevant in light of the flexibilities of the new *Public Service Employment Act* (PSEA). As a result of this review, it made the *Order Repealing Certain Exclusion Approval Orders* (P.C. 2005-2284) which repealed fourteen exclusion approval orders and recommended to the Governor in Council the repeal of six regulations. Those EAOs and regulations became redundant or were no longer necessary in order to achieve the purpose for which they were enacted.

RPP Commitment: Develop administrative and operational policies, procedures and operational capacity for investigations, granting permission/leave for political candidacy and defining prohibited political activities to implement the new *Public Service Modernization Act* (PSMA).

Status towards fulfilling commitment:

Under the new PSEA, the PSC is responsible for preserving the political impartiality of the public service. The PSC carries out three sets of activities to ensure this:

- providing guidance on political activities;
- approving or rejecting requests to be a candidate in an election; and
- investigating allegations of improper political activities.

The PSC intends to monitor, assess and report on the state of political impartiality in the public service. In December 2005, we enacted the *Political Activities Regulations* that clarify roles and responsibilities of the employee, departments, agencies and the PSC and that set out the process for receiving permission to be a candidate in an election. Based on a major consultation process with experts, departments and agencies, unions and federal councils, the PSC developed a guide to explain the new Act's requirements and flexibilities.

The PSC developed and implemented a complementary self-assessment tool to help employees make informed decisions about their involvement in political activities. Both the guide and the tool are available on the PSC's Web site at:

http://www.psc-cfp.gc.ca/psea-lefp/political/index_e.htm.

To date, forty organizations have used the self-assessment tool. The PSC also established a network of departmental representatives and provided information sessions in preparation for the coming into force of the new PSEA. We introduced a toll-free number and Web address where departments and individuals can ask specific questions concerning political activity. Interested parties can call (toll-free) 1-866-707-7152 or e-mail pa-ap@psc-cfp.gc.ca.

In 2005-2006, the PSC reviewed requests from public servants for permission to seek nomination or to be a candidate in federal, provincial, territorial and municipal elections. Under the former PSEA, the PSC received 12 requests for leave of absence. One request was denied. Under the new PSEA, the PSC received eight requests to be a candidate in municipal and territorial elections. As of March 31, 2006, three requests were approved and five were pending decision.

In 2005-2006, the PSC dealt with one investigation involving allegation of improper political activities. The investigation concluded that no action was required since the employee's involvement was inadvertent.

1.1.2 Appointment delegation, accountability agreements and accountability assessments

2005-2006 Financial resources (\$ thousands)

Planned Spending	Total Budget Authority	Actual
7,644	9,879	8,615

RPP Commitment: Implement new staffing delegation and accountability agreements, including executive resourcing and recruitment.

Status towards fulfilling commitment:

To ensure that managers exercise their delegated authorities appropriately, the PSC has developed an Appointment Delegation and Accountability Instrument (ADAI) that sets out all the authorities and obligations of deputy heads and heads of agencies who accept delegation. The ADAI forms the basis of the contract between the PSC and the departments and agencies.

As of December 31, 2005 all 80 organizations⁴ subject to the PSEA had a signed ADAI in place. The total of 80 ADAIs included five that were modified as a result of PSC oversight activities identifying certain deficiencies in their management of appointment authority.

RPP Commitment: Support and adjust to respond to risks in departments on management of delegated authorities.

Status towards fulfilling commitment:

During 2005-2006, prior to the delegation of staffing authorities, the PSC conducted a comprehensive risk analysis of all possible delegated authorities under the PSEA and other statutory instruments. It mitigated identified risks by retaining five authorities and establishing conditions and limitations on delegated authorities in the Appointment Delegation and Accountability Instrument (ADAI), as well as developing policy and accountability requirements. The PSC also assessed organizational readiness for PSEA implementation. On December 31, 2005, based on these information, the PSC was prepared to delegate appointment authorities to deputy heads.

During the reporting period, the PSC also monitored trends and activities in order to identify issues and organizations that could pose a risk to the integrity of the staffing system. Such monitoring included using statistical reviews of departmental staffing data, as well as reviews of press coverage and complaints. We have developed a post-audit monitoring and risk management framework to facilitate better risk assessment, ensure regular monitoring of the implementation of audit recommendations, integrate these processes with ADAI management and develop monitoring strategies for departments and agencies at risk.

⁴ As a result of government restructuring between December 31, 2005 and March 31, 2006, three ADAIs were added and four became redundant. As of March 31, 2006, 79 organizations subject to the PSEA had signed ADAIs in place.

The PSC has developed risk assessment profiles of departments and agencies to monitor staffing activities. Risks have already been identified in some organizations and monitoring strategies have been developed. We will provide learning sessions on active monitoring and risk management in 2006-2007.

RPP Commitment: Actively monitor staffing delegation and accountability agreements and report on results.

Status towards fulfilling commitment:

The PSC monitors, on an ongoing basis, the performance of the public service organizations that have delegated appointment authorities. Staffing performance is assessed and feedback is provided to deputy heads to ensure continuous improvement in the public service appointment system. The Staffing Management Accountability Framework (SMAF) is the key instrument used to review and assess staffing performance, and to structure feedback to delegated organizations. The SMAF sets out, on an individualized basis, the PSC's expectations for a well-managed appointment system that respects the PSEA.

The 2005-2006 staffing performance assessment is based on an analysis of information gathered from departments and agencies, data from central systems related to pay, and reviews of findings from relevant surveys. The assessment included all 79 federal organizations with ADAIs. Staffing actions in these organizations totalled more than 100,000 during the fiscal year. The assessment results and discussion of associated areas of risks are presented in our 2005-2006 Annual Report. Feedback letters to deputy heads will be sent in the first quarter of 2006-2007.

1.1.3 Non-delegated authorities

2005-2006 Financial resources (\$ thousands)

Planned Spending	Total Budget Authority	Actual
9,317	10,348	10,192

RPP Commitment: Ensure integrity of non-delegated executive appointments and official language exclusions.

Status towards fulfilling commitment:

With the coming into force of the new PSEA, executive (EX) appointments have been delegated to deputy heads and their sub-delegated managers. The PSC continues to offer a range of services to departments and agencies for executives at the EX-01 through EX-03 levels. It includes operational support services for the selection of executives, targeted resourcing and advice related to recruiting members of functional communities and employment equity designated groups. In 2006-2007, executive resourcing activities and resources will be reported against the Recruitment and Assessment Services Program Activity.

In 2005-2006, the PSC received 696 requests (591 requests in 2004-2005) to initiate EX selection processes. The number of appointments also increased in 2005-2006 by 32.3% (606 appointments in 2005-2006 compared to 458 in 2004-2005). Executive retirements, advancement within the cadre, and restructuring within government departments and agencies contributed to this increased level of staffing activity.

External advertised selection processes, to which the Canadian public can apply, increased by 38.3% over 2004-2005, while internal advertised processes open to public service employees rose by 5.6% over 2004-2005. During the reporting year, demand continued to grow for collective staffing initiatives for EX-01 to EX-03 level positions. This approach adds efficiency and enhances the consistency of the assessment and selection process. Collective staffing initiatives are also an effective means to assist organizations in meeting their EX group employment equity objectives without the need to conduct individual selection processes.

As part of its oversight function, the PSC examines practices related to official languages, particularly the application of the *Public Service Official Language Exclusion Approval Order* (PSOLEAO). In 2005-2006, the PSC requested that departments and agencies report on their compliance with the PSOLEAO and provide action plans. The PSC's monitoring of the application of the PSOLEAO over the course of 2005-2006 indicated that departments and agencies have progressed in implementing internal monitoring mechanisms and resolving non-compliant situations. In 2005-2006, PSC officials undertook visits to high-risk departments to facilitate monitoring activities in support of compliance expectations. Similar activities will continue in 2006-2007.

RPP Commitment: Support government priorities through effective management of appointment priority system.

Status towards fulfilling commitment:

The PSEA and the *Public Service Employment Regulations* (PSER) provide certain persons in career and workforce transition situations with an entitlement to be appointed, ahead of all others, to positions in the public service for which they are qualified.

In August 2005, the PSC launched a new Priority Information Management System (PIMS) which has the capability to allow departments and agencies to monitor their adherence to priority entitlements. The system also provides the PSC with an effective mechanism to track departmental and agency performance in respecting priority entitlements.

In 2005-2006, the PSC developed and delivered training sessions on priority administration to organizations across Canada. More than 1,000 HR specialists were trained. A new *Guide to Selecting Employees for Lay-off* was developed. All priority administration operational policies, directives and guides were revamped to ensure compliance with the new PSEA.

Overall, 1,109 new persons met the conditions for consideration for priority appointments in 2005-2006 (958 persons in 2004-2005). Six hundred and seventy-five (675) priority persons were appointed, compared to 697 in 2004-2005. The average time to place priority employees has remained stable, averaging 330 calendar days over the past three fiscal years.

To reduce the risk of perceived political influence in the appointments of ministerial staff, the PSC put in place additional monitoring mechanisms. In 2005-2006, the PSC received more than 80 requests for determination of priority entitlement for ministerial staff. As of March 31, 2006, eleven requests were denied, 66 met the criteria and seven were pending decisions.

1.1.4 Audits, studies and evaluations

2005-2006 Financial resources (\$ thousands)

Planned Spending	Total Budget Authority	Actual
7,781	8,890	9,508

RPP Commitment: Establish audit processes and methodology, including mechanisms to follow up on PSC recommendations.

Status towards fulfilling commitment:

The coming into force of the PSEA required the PSC to redefine its audit scope. This forms part of a longer term strategy to revitalize the audit functions and facilitate the development of our future audit capacity. Integral parts of the strategy achieved this year included development of a PSC Audit Manual, a PSC Code of Professional Conduct for Auditors, training courses and supporting tools and guides.

In 2005-2006, the PSC initiated a project to strengthen its risk assessment framework. The new framework is designed to better integrate audit planning with other PSC oversight activities and to develop a five-year plan for audits, studies and evaluations.

RPP Commitment: Perform audits in accordance with approved Audit Plan (approximately six audits per year).

Status towards fulfilling commitment:

The PSC performs audits, studies and statistical studies as part of its responsibilities to safeguard the integrity of staffing in the public service and the political impartiality of public servants. The PSC selects audits of staffing activities either within a single department or across multiple departments, based on criteria such as the relevance of proposed topics to our vision, mandate and strategic outcome, the assessment of risk using its monitoring activities and availability of resources. The PSC developed an audit plan for 2005-2006 which foresaw completion of approximately six audits and two studies. Three audits and one study were released in October 2005:

- Audit of staffing in the Industrial Security Program of Public Works and Government Services Canada (PWGSC);
- Audit of the Commission for Public Complaints Against the Royal Canadian Mounted Police;
- Audit of Staffing File Documentation; and
- Study on Personal Favouritism in Staffing and Recruitment within the Federal Public Service.

Two audits have been delayed due to organizational restructuring and related staffing issues.

In 2005-2006, the PSC launched its first statistical studies. This initiative was undertaken primarily to support the PSC's oversight role as exercised through its monitoring, audit and investigations functions. The first two statistical studies were published early in 2006-2007:

- Statistical Study of Priority Appointments of Persons Employed in Ministers' Offices to the Federal Public Service; and
- Statistical Study on Time to Staff in the Federal Public Service.

These audit reports and studies are available on-line at
http://www.psc-cfp.gc.ca/audit-verif/reports/index_e.htm

1.1.5 Investigations, inquiries and alternate dispute resolution processes

2005-2006 Financial resources (\$ thousands)

Planned Spending	Total Budget Authority	Actual
4,865	5,436	4,717

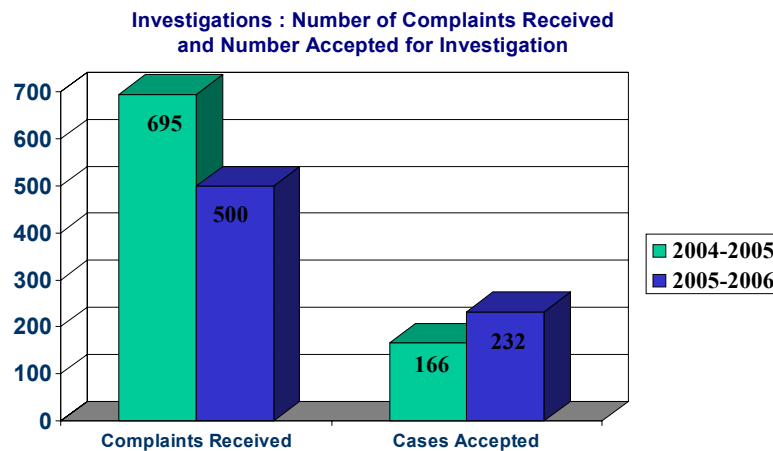
RPP Commitment: Implement a new operational framework and process for investigations to enhance oversight capacity (approximately 700 to 800 investigations requests per year).

Status towards fulfilling commitment:

The new PSEA provides the PSC with the authority to investigate some staffing activities and allegations of improper political activities when a possible problem is indicated. Under the new PSEA, deputy heads are responsible for conducting their own investigations into internal processes they carry out under their delegated authority. However, they have the option of either conducting their own investigations or asking the PSC to do so on their behalf. A number of departments have requested that the PSC conduct investigations.

During 2005-2006, the PSC implemented a new operational framework for appointment processes and political activities, including investigations by the PSC. Policies and regulations were developed that provide guidance and clarification to stakeholders involved in investigations in order to promote transparency and fairness.

In 2005-2006, since the new PSEA came into force on December 31, 2005, the PSC has mainly conducted investigations under the former PSEA. Five hundred requests for investigations were received compared to 695 in 2004-2005. The following chart shows the number of cases opened for investigation compared to 2004-2005.



Source: Investigations Branch Electronic Data Tracking System

In 2005-2006, 159 investigation cases were closed; in 32 cases (20%) the complaints were founded. Sixty-six (42%) were resolved through mediation or some other informal resolution mechanism. Thirty-seven (23%) complaints were deemed unfounded and 24 (15%) were either withdrawn or discontinued.

In 2005-2006, the average disposal time for investigations was 148 days, if all investigation requests are taken into account (down from 153 days in 2004-2005). If we discount requests that did not make it past the ‘jurisdiction’ phase (i.e., an official investigation was not opened), then the average is 267 days for 2005-2006 (up from 234 in 2004-2005). The increase is due to high staff turnover in the branch.

RPP Commitment: Conduct informal conflict resolution processes for PSC investigations.

Status towards fulfilling commitment:

Our informal conflict resolution services, such as mediation in investigations and early intervention in appeals, continue to be a model for departments and agencies as they develop their own informal conflict resolution mechanisms to meet the requirements of the *Public Service Modernization Act* (PSMA). The following table provides 2005-2006 information on early intervention (EI) results compared to 2004-2005.

PERIOD	# EI OFFER	# EI DECLINED	# EI ACCEPTED	RESULT OF MEETINGS	
				ALL APPELLANTS WITHDREW	AN APPEAL HEARING NEEDED TO TAKE PLACE (Note 1)
2004-2005	546	147 (27%)	399 (73%)	107 (27%)	292 (73%)
2005-2006	508	149 (29%)	359 (71%)	101 (28%)	258 (72%)

Source: Investigations Branch Electronic Data Tracking System

Note 1: Includes processes where some appellants withdrew and appeals needed to take place

1.1.6 Appeals

2005-2006 Financial resources (\$ thousands)

Planned Spending	Total Budget Authority	Actual
4,652	4,766	4,070

RPP Commitment: Continue to hear appeals to complete the load of cases received under the former PSEA (approximately 1 000 appeals per year).

Status towards fulfilling commitment:

The coming into force of the new PSEA has changed the way appeals are processed within the federal public service. Under the former PSEA, the PSC was mandated to hear appeals related to

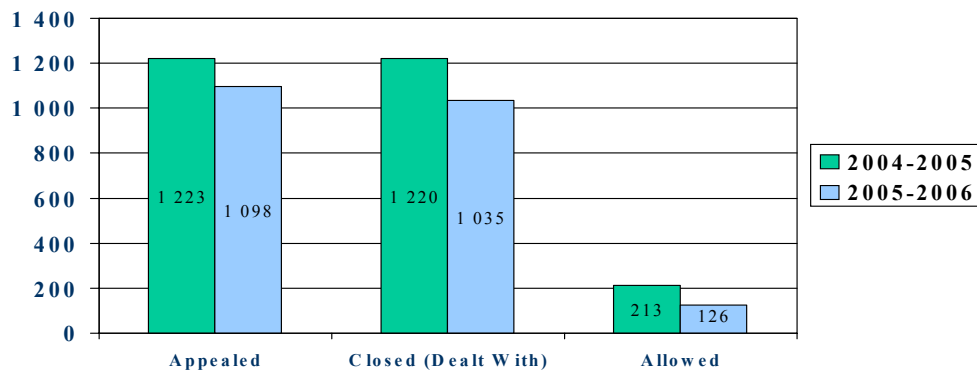
staffing issues. The new PSEA divides the responsibility for dealing with staffing issues concerns among the PSC, departments, and the newly created Public Service Staffing Tribunal (PSST).

In 2005-2006, the PSC continued to hear appeals made under the former Act; it expects to complete most of these outstanding appeals during the course of 2006-2007.

As of March 31, 2006, 196 appealed selection processes under the former PSEA were waiting to be heard. The number of appeals allowed was lower than the previous year. No new trends were noted, since appeals were allowed for similar reasons as in previous years. The 2005-2006 fiscal year is considered typical for appeals under the former PSEA. In total, 1,098 selection processes, involving 2,217 appellants, were appealed to the Commission. While this number is slightly lower than the previous fiscal year (see chart below), it is comparable to other years (in 2003-2004, 1,111 selection processes were appealed). In all, 1,035 appeals were dealt with during the fiscal year 2005-2006, 126 (12%) were allowed and 331 decisions were written compared to 213 (17%) in 2004-2005. Appeals were allowed for a variety of reasons, including the following:

- improper assessment of qualifications by the selection board;
- failure to assess certain qualifications; or
- the conduct of the selection board was questioned (bad faith, bias or unfair advantage).

Appeals : Number of Selection Processes Appealed, Number of Selection Processes Involved in Appeals Dealt with and Closed, with Number of those that Resulted in an Allowed Appeal



Source: Investigations Branch Electronic Data Tracking System

In 2005-2006, 12 appointments were revoked following an allowed appeal, compared to eight in the previous fiscal year.


The average disposal time for appeals in 2005-2006 was 84 calendar days compared to 85 in 2004-2005.

PROGRAM ACTIVITY 2 - RECRUITMENT AND ASSESSMENT SERVICES

Program Activity Description

The Recruitment and Assessment Services activity develops and maintains the resourcing systems that link Canadians and public servants seeking employment opportunities in the federal public service with hiring departments and agencies. It provides assessment-related products and services in the form of research and development, consultation, assessment operations and counselling for use in recruitment, selection and development throughout the federal public service. This activity also includes delivering resourcing services, programs and products to departments and agencies, to Canadians and public servants, through client service units located across Canada.

Program Activity Structure

	<i>Priority 2</i>	<i>Provide high-quality service delivery by establishing, within the PSC, a separate recruitment and assessment service agency to serve departmental clients</i>
	<i>1.2.0</i>	<i>Recruitment and Assessment Services</i>
	<i>1.2.1</i>	<i>Recruitment services (jobs posted, applications processed, candidates screened, and referrals made)</i>
	<i>1.2.2</i>	<i>Assessment services (assessment tools, instruments and products)</i>
	<i>1.2.3</i>	<i>Client services (electronic resourcing systems, assessment systems and operational policies)</i>

Program activity 2 – Recruitment and Assessment Services: supports Priority II - Provide high-quality service delivery by establishing, within the PSC, a separate recruitment and assessment service agency to serve departmental clients.

In order to ensure that this program activity is on track, the following expected results and performance indicators were established. Performance information against these indicators is provided below, as well as PSC achievements under its key programs and services and related 2005-2006 Report on Plans and Priorities commitments. More detailed performance information is presented in Section V - Other items of interest.

Expected Results and Performance Indicators	Performance Information
<p><i>Recruitment and assessment services and products meet the business needs of clients and are consistent with PSC staffing policies.</i></p> <p>Performance Indicator: Study findings.</p> <p>Target: Satisfactory study findings.</p> <p>Reporting Frequency: Three-year cycle.</p>	<p>With the implementation of the new PSEA, the Staffing and Assessment Services Branch (SASB) concentrated its efforts on supporting departments and agencies in meeting their more immediate needs by providing advice and assistance for the increased delegation of authorities. Since November 2005, the SASB has complemented that work by consulting with departments and agencies to improve current services, develop new staffing and assessment strategies for the future and discuss how PSC services can best support the needs of delegated managers.</p> <p>With the assistance of external expertise, the SASB conducted research on best practices in staffing. This involved consultations on future needs with various stakeholders such as the HR Council, deputy ministers, departments and agencies. It provided valuable insights into human resources and staffing trends and best practices in the public service and will help the PSC to better anticipate the business needs of its clients in the areas of staffing and assessment.</p> <p>The PSC will pursue its efforts to support client organizations' business needs. It will measure its success through the continued utilization and scope of PSC services by departments and agencies, which prior to December 31, 2005 were required and are now discretionary.</p>
<p><i>Clients are satisfied with recruitment and assessment services and products.</i></p> <p>Performance Indicator: Percentage of departmental clients satisfied or very satisfied overall with recruitment and assessment services.</p> <p>Target: 85%</p> <p>Reporting Frequency: Annual</p>	<p><u>PSC consultations</u> In 2005-2006, the PSC consulted with 23 of its largest client organizations. Consultations revealed that clients are satisfied with the range and quality of services they receive from the PSC and will continue to rely on the PSC's staffing and assessment services.</p> <p><u>Public Service Resourcing System (PSRS) surveys</u> Over 500 departmental hiring managers and human resource professionals were surveyed to gather their feedback on the performance of the PSRS experience screen. The results indicate that the system reduces heavy burdens associated with large competitions but also suggest that some refinements can be made to further differentiate among applicants on experience.</p> <p>As well, SASB surveyed over 700 PSRS applicants on the unsupervised on-line testing component. The results indicate that this form of wide-open unsupervised testing had its merits and risks. Many suggestions were gathered.</p> <p><u>Personnel Psychology Centre (PPC) surveys</u> The Personnel Psychology Centre (PPC) administers PSC tests for clients throughout the public service. PPC service standards are well known. In 2005-2006, results from client questionnaires suggested a high level of satisfaction with the services provided. In fact, 95% of respondents agreed or strongly agreed that PPC staff were friendly and courteous. In addition, 98% indicated that the commitments made to them were kept. Finally, 96% of the respondents agreed or strongly agreed with the statement, "You were completely satisfied with our service". The PPC also surveyed over 500 executive candidates who had applied for entry-level executive positions during 2004-2005 and 2005-2006. Results were very positive regarding the service delivery and the assessment process. The methodology used to assess their qualifications was perceived to contribute to merit, fairness, objectivity and transparency in staffing.</p>

1.2.1 Recruitment services

2005-2006 Financial resources (\$ thousands)

Planned Spending	Total Budget Authority	Actual
25,431	27,958	24,704

RPP Commitment: Finalize implementation of the PSC service agency.

Status towards fulfilling commitment:

The PSC has embarked on a comprehensive business transformation project to guide the evolution of its role within the new human resources management regime. During 2005-2006, the PSC took steps to improve and renew its services in order to reflect the changing environment and staffing needs of its clients. We worked in close collaboration with assistant deputy ministers and functional communities across the public service to review current staffing processes, research best practices and develop innovative staffing models, approaches and services.

The PSC also implemented organizational changes to reflect our role under the new PSEA. In 2005, we consolidated our 16 service centres into seven regional locations based on where the demand for recruitment and assessment services is the highest and where most government departments and agencies are located, namely Halifax, Montreal, Ottawa, Toronto, Winnipeg, Edmonton and Vancouver. These changes have allowed the PSC to reallocate resources to other priority needs, including putting in place a number of bilingual recruitment and assessment services that government clients need under the new PSEA.

In addition, the Staffing and Assessment Services Branch (SASB) supported the evolving policy and operations role of the PSC. The SASB planned the April 2006 expansion of the National Area of Selection policy requirement in the National Capital Region. It also conducted a pilot study and continued the development of an electronic resourcing solution, the Public Service Resourcing System (PSRS), which was deployed to PSC Regions across Canada in 2005-2006. Relationships and plans were established with key departments and agencies to provide them with direct access to the PSRS in 2006-2007.

RPP Commitment: Implement and monitor service standards and client satisfaction.

Status towards fulfilling commitment:

The PSC is committed to providing timely and quality service. As such, the PSC developed core service standards to guide its service delivery to Canadians and the public service, which are posted on the jobs.gc.ca Web site and in PSC offices. Our core service standards are listed below:

<i>"Our Pledge of Service to You"</i>
We provide at least 7.5 hours of reception services each business day (covering lunch). We give callers using our <i>Infotel</i> services the option to speak with a person on request. We provide access to the jobs.gc.ca internet site in our reception areas. We respond to your telephone calls within one (1) business day. We respond to your e-mails within two (2) business days. We respond to letters addressed directly to us within ten (10) business days. We provide a TTY telephone number (telecommunications device for hearing impaired persons). We provide our services in a courteous manner. We provide our services in both official languages.

Detailed service standards have been developed for the Staffing and Assessment Services Branch's (SASB) major business lines. However, these are being revised and will be part of the recently created SASB transformation project.

During fiscal year 2005-2006, the SASB was expected to establish a means by which data relevant to service standards could be gathered, assessed, and reported. Work was undertaken to develop an initial "map" of the operational processes for general recruitment. As part of the transformation project, efforts will continue to implement the measurement strategy and finalize the revision of our detailed service standards.

It should be noted that 95% of PSC employees who provide service to the public meet the language requirements of their position as compared to 89% for the public service as a whole. In addition, recruitment campaigns targeted at, both French and English, universities, colleges and associations, are carried out in both official languages, as is publicity material.

RPP Commitment: Deliver high quality recruitment services, programs and products to departments and agencies and to Canadians and public servants (under the former *Public Service Employment Act* (PSEA) until December 2005 and under the new PSEA after that date), through client service units located across Canada.

Status towards fulfilling commitment:

During fiscal year 2005-2006, the PSC delivered general recruitment services, corporate programs and initiatives (student recruitment programs and university graduate programs) designed to help federal departments and agencies recruit individuals for positions across a range of occupations and hierarchical levels within the public service.

The PSC also supported staffing for those departments or agencies that lost their delegation as well as small organizations that have no in-house human resources management capacity.

General Recruitment

Through its jobs.gc.ca Web site and Infotel toll-free telephone number, the PSC offers Canadians the only common points of access to the full range of career opportunities across the public service of Canada, including links to organizations that do not fall under the PSEA and governmental organizations that conduct their own recruitment.

Departments and agencies submitted a total of 7,899 requests for general external advertisements for which 675,368 applications were received. This resulted in 15,178 new indeterminate and determinate hires entering the public service in 2005-2006, representing an increase of 28.1% compared to the 11,847 new indeterminate and determinate hires reported in 2004-2005. The creation of the Canada Border Services Agency (CBSA) on December 12, 2003 resulted in an additional 9,102 employees being brought into the PSC's jurisdiction as of March 2005. The Canada Border Services Agency accounted for 864 hires or 5.7% of the appointments. Excluding this information, overall appointments saw a smaller increase of 20.8%.

The number of visits to the Web site increased by 22%, from 14,534,000 in 2004-2005 to 17,754,000 in 2005-2006. This increase is offset by the significant decrease (62%) in inquiries received through Infotel (260,673 in 2002-2003 to 100,297 in 2005-2006).

Outreach to Canadians

In addition to annual campaigns for recruitment of students and graduates, the PSC performed various activities across the country such as career fairs, student ambassador programs, information sessions and public presentations to attract Canadians and assist them in applying for positions with the federal public service.

Recruitment of Bilingual Candidates

During 2005-2006, the PSC continued its support of the Recruitment of Bilingual Candidates project, a five-year initiative in partnership with the Public Service Human Resources Management Agency of Canada (PSHRMAC). In 2005-2006, 199 presentations were given to 5,539 participants on the selection process, language requirements and second language testing in order to provide potential applicants with information required to effectively apply for jobs

and to explain the second language requirements of positions in the public service. A total of 64 partnerships with various groups (for example, universities offering immersion or second language training) were established across the country during the fiscal year. In the last quarter of the fiscal year, a communication plan was developed with PSHRMAC which recommended the development of various communication tools and information to support federal organizations with their recruitment activities. The communication plan will be implemented in 2006-2007.

Government-Wide (Corporate) Recruitment Programs

The PSC administers five corporate recruitment programs targeting students and post-secondary graduates. Student recruitment programs include the Federal Student Work Experience Program (FSWEP), the Cooperative Education and Internship Program (CO-OP) and the Research Affiliate Program (RAP). University graduate programs include the Post-Secondary Recruitment (PSR) Program and the Recruitment of Policy Leaders (RPL) Program. In 2005-2006, a total of 112,576 applications were received for these programs.

During 2005-2006, 3,536 requests were received from federal organizations for FSWEP and 76,000 students applied to the program. Across the country, 8,581 students were hired, a significant increase over the 6,556 hires reported in 2004-2005. Increases were also seen in the CO-OP program where 3,434 students were hired across 58 departments (up from 3,153 in 2004-2005).

Introduced in January 2005, the RAP connects government research facilities with post-secondary students whose academic backgrounds and skill sets are well suited for research work. During 2005-2006, 168 students applied for 67 placement opportunities. In its first full year of operation, the RAP resulted in 53 hires. It should be noted, however, that advertisements for job opportunities sometimes result in an appointment in the following fiscal year.

In 2005-2006, the PSR added a spring campaign to its usual fall and winter campaigns to support the recruitment of foreign service officers by Foreign Affairs Canada, International Trade Canada and Citizenship and Immigration Canada. We received a total of 172 requests for PSR use. As a result of the additional campaign and the inclusion of more than twice the usual number of career choices, the number of PSR applications increased from 11,413 in 2004-2005 to 35,227 in 2005-2006. The numbers of applicants also increased from 7,224 in 2004-2005 to 16,211 in 2005-2006. From the 2005-2006 applications, 8,777 referrals were made, resulting in 550 hires (446 hires in 2004-2005).

Created in January 2005, the RPL Program seeks out exceptional Canadian students who will graduate shortly, with a view to enhance the federal public service's capacity for policy analysis and development. The Program conducted two campaigns that attracted more than 2,300 applicants and resulted in 32 employment offers.

1.2.2 Assessment services

2005-2006 Financial resources (\$ thousands) (Note1)

Planned Spending	Total Budget Authority	Actual
9,570	11,671	16,093

Note 1: During 2005-2006, the PSC had obtained approval to re-spend revenues. This authority, however, was not promulgated for 2005-2006 due to the federal election call and the dissolution of Parliament. Revenues collected were therefore returned to the Consolidated Revenue Fund. This \$4.6M shortfall had to be covered internally and is not included in the total budget authority. For 2006-2007, the PSC has authority to re-spend revenues and plans to seek continued authority for 2007-2008 and beyond.

RPP Commitment: Provide assessment and counselling services and products for use in recruitment, selection and development throughout the federal public service.

Status towards fulfilling commitment:

The PSC's Personnel Psychology Centre (PPC) offers a broad range of assessment products and services to federal government departments and agencies using both cost-recovery and appropriation funding mechanisms. Specifically, the PPC offers consultation and counselling services, assessment services and research and development for assessment tools. In 2005-2006, the PPC's tests were used for a total of 162,200 assessments, representing an increase of 44.4% over the 112,318 assessments reported in 2004-2005.

The increase in testing volumes can be explained primarily by higher volumes of occupational tests, second language evaluation and, in particular, post-secondary recruitment testing. Growing interest in PPC products and services was also reflected in the number of assessment-related inquiries received. Internet inquiries rose by 13% from 1,573 in 2004-2005 to 1,779 in 2005-2006, while telephone inquiries rose by 14.9% from 2,483 in 2004-2005 to 2,853 in 2005-2006.

Through the departmental and agency consultations held starting in November 2005, some feedback and future development suggestions were gathered regarding assessment services. With respect to assessment tools, departments and agencies suggested developing additional e-testing tools and revising existing tests to meet specific organizational needs (for example, Border Services Officer Test). Some work has already been initiated. For instance, we have created some assessment tools for specific operational groups, namely inspectors and social science researchers for Parks Canada and the Canadian Food Inspection Agency.

RPP Commitment: Update the second language evaluation system.

Status towards fulfilling commitment:

The PSC is responsible for all second language evaluation testing for appointment processes in the federal public service. It fulfills this responsibility through the development, maintenance, administration and scoring of second language evaluation instruments (oral, writing and reading).

The demand for second language testing is high and has continued to increase over the past year. In 2005-2006, the PSC administered 26,319 second language reading tests, representing an increase of 27.7% over the previous year (20,610); 28,950 second language writing tests were administered, representing an increase of 24% over the previous year (23,347), and finally, 22,963 second language oral interaction (OI) tests were administered, representing an increase of 13% over the previous year (20,291).

During 2005-2006, concerns persisted about the low pass rates on the OI test, particularly with regard to OI tests administered in French, to candidates requiring a high level of competency (level C). To address this issue, the PSC continued to work closely with the Canada School of Public Service, the Public Service Human Resources Management Agency of Canada, the Office of the Commissioner of Official Languages and various departments.

Two initiatives were undertaken to address the concerns expressed: the work on the development of a new oral interaction test to be implemented in 2007-2008 and the establishment of an Oral Interaction Review Board, a tripartite process for reviewing cases of multiple failures. This process was developed in the fall 2005 and piloted with a limited number of cases as of January 2006. It enables a review board with members from the PSC, Language Training Canada and the candidate's department to study all relevant information and recommend the most appropriate course of action for each case. The results of the pilot phase are currently under study, and recommendations for further implementation will be submitted in September 2006.

Finally, a new second language writing test was initiated in 2005-2006. The new test (in two languages, two forms per language, paper and e-test versions, with large item bank to facilitate future updates) will be ready for implementation at the end of 2006-2007. Plans are also being articulated to develop a new second language reading test.

RPP Commitment: Establish an e-testing implementation strategy and priorities, and stabilize e-testing operations.

Status towards fulfilling commitment:

The Personnel Psychology Centre (PPC) continued during the year to offer a small selection of tests in an electronic format (e-testing). The PPC hopes to capitalize on experience gained with a private sector platform for its e-testing in order to develop a stable, internal solution to providing its tests on-line. At the same time, three PSC regional offices are gradually equipping themselves with the appropriate facilities required to provide e-testing services to regional clients: Quebec, British Columbia and Yukon and the National Capital and Eastern Ontario regions.

1.2.3 Client services

2005-2006 Financial resources (\$ thousands)

Planned Spending	Total Budget Authority	Actual
10,027	18,720	17,978

RPP Commitment: Establish a marketing approach to business development and increase capacity to provide resourcing services responsive to client needs.

Status towards fulfilling commitment:

During the reporting year, the Staffing and Assessment Services Branch (SASB) worked in close collaboration with assistant deputy ministers and functional communities from across the public service to review current staffing processes, research best practices and develop innovative staffing models, approaches and services.

Complementing that work, the Branch has been consulting with heads of human resources and their teams to help sustain and improve current services, develop new staffing and assessment strategies for the future and discuss how PSC services can best support the needs of delegated managers under the new PSEA. Specific interest was expressed in PSC services in areas such as developing and maintaining inventories, providing corporate services for executives (coaching, counselling, reference checks, etc.) and providing additional staffing services. Through its business transformation project, the Branch is preparing to expand the scope of services it offers to include all activities related to internal and external staffing, including assessment services.

RPP Commitment: Customize resourcing products and services to be offered under the new PSEA.

Status towards fulfilling commitment:

Throughout 2005-2006, the PSC worked diligently to assist client departments and agencies in preparing for their roles under the new PSEA. Through information sessions, workshops and other communication activities, regional offices reassured clients that traditional PSC services would continue to be offered following the legislation's implementation.

Regions also introduced new and innovative service offerings to help departments and agencies meet their staffing requirements under the new PSEA. For example, regional offices coordinated testing using the Appointment Framework Knowledge Test (AFKT), demonstrated the functionality of the Public Service Resourcing System (PSRS) to meet changing departmental needs under the new PSEA, and worked with departments to develop effective collective staffing initiatives. A collective staffing initiative is a selection process where hiring managers work together to staff multiple positions within, among or across organizations or regions. These shared initiatives can enhance efficiency by reducing duplication of effort and reinforcing fairness and transparency through use of consistent recruitment and selection processes across organizations. It also enables applicants to be considered for multiple opportunities from a single selection process. During the reporting year, the PSC contributed to many of these types of

initiatives by connecting managers interested in collaborating, and working with them to support joint efforts.

In January 2006, the HR community launched an external recruitment campaign for recruitment officers (PE-01-02) in order to fill approximately 140 positions. The PSC supported the collective staffing initiative through advertising, administering three PSC tests and creating a partially assessed pool of candidates. This initiative is being followed by an external campaign in 2006-2007 to staff approximately 90 PE-03-04 positions.

The Staffing and Assessment Services Branch (SASB) also worked to support the Finance, Communications and Information Technology functional communities in exploring and developing collective staffing initiatives of their own.

As part of PSC's commitment to meet new client needs, the Public Service Resourcing System (PSRS) was successfully deployed across the PSC's regional offices in December 2005. This electronic tool offers hiring managers unprecedented capabilities to find the appropriate candidate with significantly increased efficiency while taking advantage of the flexibilities introduced by the new legislation. The PSRS also introduced the utilization of standard radii across Canada to determine areas of selection for job opportunities (local and regional). The introduction of this methodology in March 2006 responded to concerns raised by the public and parliamentarians with respect to consistent and equitable access to job opportunities in the federal public service.

It is expected that the PSRS will be invaluable to organizations as they manage the increased volume of applications anticipated as a result of the expanded use of the National Area of Selection (NAOS) when advertising job opportunities.

In December 2005, the SASB conducted a study to determine how the flexibilities afforded by the new PSEA, combined with the functionalities of PSRS, could be leveraged to meet the challenge of higher application volumes expected with expanded use of a national area of selection (NAOS) in external recruitment. The study showed that although there was a 76% increase in the number of applications received, the use of PSRS resulted in a 57% time savings as compared to the time it would have taken to manually screen all applications. Additional scenarios were also tested, confirming the potential for even more efficiencies if other flexibilities of the PSEA had been considered (for example, asset qualifications, operational requirements and organizational needs).

The requirement to use a NAOS, for all officer-level jobs open to the public in the National Capital Region (NCR) in federal organizations whose appointments are made in accordance with the PSEA, took effect on April 1, 2006. In the last quarter of 2005-2006, the PSC focussed its resources on preparing organizations to meet this requirement. We developed and offered information sessions and tools to organizations in advance of implementation and, on an ongoing basis, PSC regional officers have supported organizations by providing advice on the staffing flexibilities under the new Act and on the best use of the PSRS. Work also began to design pilot projects with volunteer organizations in selected regions in order to broaden our assessment of

the impact of this new policy requirement from the perspective of different regions of the country.

RPP Commitment: Implement e-resourcing policies, processes, partnerships and technologies by developing an overall resourcing business strategy to re-engineer staffing and recruitment processes, aligned with the Government's agenda on Corporate Administrative Shared Services and HR modernization.

Status towards fulfilling commitment:

In September 2005, the Public Service Staffing Modernization Project (PSSMP) received Treasury Board (TB) approval to continue its work to develop a staffing solution that leverages the use of technology and comprises best practices for all elements of the staffing process - both internal and external. During the reporting year, the PSSMP made considerable progress in establishing a long-term transformation program for staffing across the federal government, as well as addressing immediate priorities associated with the further development and deployment of the Public Service Resourcing System (PSRS).

The PSRS is now capable of supporting direct access by select organizations, meaning they can use the System on their own instead of going through the PSC. Planning is currently underway that would make the Department of National Defence one of the first organizations to adopt the PSRS. We are developing a deployment strategy for future expansion of the direct access model to other departments.

As part of the PSRS improvement strategy, the Staffing and Assessment Services Branch (SASB) measured the level of satisfaction of Canadians using the PSRS electronic tool and process. Over 15,000 applicants responded to the on-line survey, of whom 90% considered the e-recruitment methodology to be comparable or better than private sector methods. We also launched empirical research into methods to enhance the screening process. In this regard, a pilot on-line skills test was implemented for volunteers applying to clerical, secretarial and some administrative positions. This has added to our knowledge of both assessment technology and assessment methodologies.

MANAGEMENT PRIORITIES

Striving for Management Excellence

The Public Service Commission's 2005-2006 Report on Plans and Priorities highlighted our strong commitment to management excellence. With the coming into force of the *Public Service Employment Act* (PSEA), the strengthening of governance and management structures within the PSC is viewed as integral to realizing an independent and accountable organization capable of responding efficiently and effectively to the demands of an evolving and modernized public service. Our independence and capacity to demonstrate management excellence are linked and are essential for the PSC to effectively fulfil its oversight commitments to Parliament.

Evolving PSC Governance System and Organizational Structure

The PSC's governance system and organizational structure have evolved significantly to support the implementation of the new PSEA. Our governance structure changed from three full-time Commissioners to one full-time and two part-time Commissioners appointed for a maximum period of seven years. In the future, we anticipate that additional part-time Commissioners will be appointed. Transition to an oversight/delegation model has also required revision of PSC By-laws and Operating Principles. These, along with other structural changes, mark a philosophical evolution in the principles defining how the Commission operates, shares responsibility, oversees staffing system integrity and ensures accountability within the PSC and from organizations to which it has delegated its appointment authority.

More specifically, realignment of our organizational structure to refocus on our oversight mandate has necessitated evolution of business functions in the Staffing and Assessment Services, Investigations and Audit branches. Capacity building will remain a key management priority for each branch in the near future. The Staffing and Assessment Services Branch (SASB) must strengthen its identity as a centre of excellence in staffing and recruitment, in order to establish itself as the service provider of choice. As the Investigations Branch moves its business functions away from appeals towards investigations, changes to recruitment and training programs will continue to be needed to build stronger capacity within the organization. The Audit Branch faces similar challenges in building audit capacity. The PSC has introduced new training programs and developed new support manuals for auditors. Recruitment and retention of qualified staff will continue to be a major challenge throughout the PSC, in light of government-wide shortages in human resources specialists and audit professionals.

Corporate Services has also been proactive in implementing new systems, processes and structures to enhance the PSC's capacity to respond to opportunities and challenges introduced by the new PSEA. Organizational structure realignments have closely mirrored the new PSC Program Activity Architecture which emphasizes our commitment to improving our accountability to Parliament. Integration of corporate planning and reporting functions into a dedicated unit has provided the structural framework essential to achieving an integrated planning process that includes information technology and human resources planning, as well as operational and financial planning. A new dedicated parliamentary affairs unit has improved the quality of our communications with parliamentarians.

Finally, the PSC's capacity to respond effectively and efficiently to an evolving public service environment and associated risks and opportunities has required on-going and proactive participation from all management levels in day-to-day decision-making processes. This involves fora such as Executive Management Committee and sub-committees such as Finance and Administration, Information Technology/Information Management and Human Resources. In line with Treasury Board Policy on Internal Audit, the PSC has established a new Internal Audit Committee that includes independent outside members. We will continue to share the results of our internal audits with parliamentarians through our departmental performance report and web site. We have also initiated the review of our internal evaluation function.

Focus on Human Resources

To build the PSC's internal capacity to meet current and future priorities, and ensure workforce sustainability, we have and will continue to undertake activities in four critical areas:

- Building the PSC's human resources capacity: the PSC spent over \$260K in direct costs on our Corporate Learning Strategy to facilitate employee reskilling and training, and initiated succession planning for the EX and EX-minus-one population;
- Building an integrated planning system that includes human resources requirements: the PSC established a dedicated corporate planning and reporting unit;
- Placing employees occupying at-risk positions: 60 of a total of 84 employees declared surplus as a result of Staffing and Assessment Services Branch restructuring have been placed; and
- Modelling human resources management practices throughout the implementation of the *Public Service Modernization Act* (PSMA): the PSC has initiated a number of pilot recruitment projects for the human resources community (PE category) that explore the staffing flexibilities provided by the new PSEA.

Enhanced Financial and Management Practices

The PSC has undertaken the integration of financial management practices and systems with planning processes to ensure senior management can respond to changing priorities. It has initiated and is committed to continue to be proactive in implementing the following practices to support decision-making processes and improve accountability:

- Introducing zero-based budgeting as part of our strategy to meet short and long-term priorities using solid risk-based management practices and facilitating continuous reallocation of financial resources from low to high priorities;
- Having our financial statements independently audited by the Office of the Auditor General and included in this Departmental Performance Report (DPR);
- Making progress in implementing performance measurement practices under the Program Activity Architecture;
- Developing guidelines for reducing discretionary expenditures to ensure responsible stewardship of public funds;
- Obtaining responding authority for cost-recovery activities related to some of our services, and initiated the development of a new costing methodology;
- Reviewing key financial, administration, information management and information technology policies and procedures including forecasting techniques, contracting, security, and assets management.

SECTION III - PSC FINANCIAL STATEMENTS
PUBLIC SERVICE COMMISSION
Statement of Management Responsibility

Responsibility for the integrity and objectivity of the accompanying financial statements of the Public Service Commission (PSC) for the year ended March 31, 2006 and all information contained in these statements rests with PSC's management. These financial statements have been prepared by management in accordance with Treasury Board accounting policies which are consistent with Canadian generally accepted accounting principles for the public sector.

Some of the information in the financial statements is based on management's best estimates and judgment and gives due consideration to materiality. To fulfil its accounting and reporting responsibilities, management maintains a set of accounts that provides a centralized record of PSC's financial transactions. Financial information submitted to the *Public Accounts of Canada* and included in the PSC's *Departmental Performance Report* is consistent with these financial statements.

Management maintains a system of financial management and internal control designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded and that transactions are in accordance with the *Financial Administration Act* and with prescribed regulations and the *Public Service Employment Act*, are within Parliamentary authorities, and are properly recorded to maintain accountability of Government funds. Management also seeks to ensure the objectivity and integrity of data in its financial statements by careful selection, training and development of qualified staff, by organizational arrangements that provide appropriate divisions of responsibility, and by communication programs aimed at ensuring that regulations, policies, standards and managerial authorities are understood throughout the PSC.

Management is also supported and assisted by a program of internal audit services. The PSC has an Internal Audit Committee. The responsibilities of the Committee are to provide the President with independent, objective advice, guidance and deliberation on the adequacy of the PSC's control and accountability processes.

The PSC's financial statements have been audited by the Auditor General of Canada, the independent auditor for the Government of Canada.



Maria Barrados, Ph.D.
President, Public Service Commission

Ottawa, Canada
July 21, 2006



Anne-Marie Robinson
Senior Financial Officer
Vice-President, Corporate Management



AUDITOR'S REPORT

To the Speaker of the House of Commons and the Speaker of the Senate

I have audited the statement of financial position of the Public Service Commission as at March 31, 2006 and the statements of operations, equity of Canada and cash flow for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Further, in my opinion, the transactions of the Commission that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with the *Financial Administration Act* and regulations and the *Public Service Employment Act*.

Sheila Fraser, FCA
Auditor General of Canada

Ottawa, Canada
July 21, 2006

PUBLIC SERVICE COMMISSION

Statement of Financial Position

At March 31

(in thousands of dollars)

	2006	2005
Assets		
Financial assets		
Due from the Consolidated Revenue Fund	10,529	7,065
Accounts receivable and advances (Note 4)	<u>2,135</u>	<u>10,030</u>
	12,664	17,095
Non-financial assets		
Prepaid expenses	635	117
Tangible capital assets (Note 5)	<u>14,557</u>	<u>10,389</u>
	15,192	10,506
Total assets	27,856	27,601
Liabilities		
Accounts payable and accrued liabilities (Note 6)	8,755	4,721
Accrued salary	3,090	3,754
Accrued vacation leave	3,749	3,645
Employee severance benefits (Note 7)	<u>14,872</u>	<u>14,404</u>
	30,466	26,524
Equity of Canada (Note 8)	(2,610)	1,077
Total liabilities and Equity of Canada	27,856	27,601
Contingent liabilities (Note 9)		
Contractual obligations (Note 10)		

The accompanying notes form an integral part of these financial statements.

Approved by:



Maria Barrados, Ph.D.
President, Public Service Commission



Anne-Marie Robinson
Senior Financial Officer
Vice-President, Corporate Management

PUBLIC SERVICE COMMISSION

Statement of Operations

For the year ended March 31

(in thousands of dollars)

	2006
Expenses (Note 11)	
Recruitment and assessment services	
Recruitment	29,148
Assessment	19,380
Client services	<u>15,773</u>
	64,301
Appointment integrity and political neutrality	
Policy, regulation, exclusion approval orders and orders in Council	9,650
Delegation and accountability	10,194
Non-delegated authorities	11,415
Audit, studies and evaluations	11,357
Investigations and inquiries	5,495
Appeals	<u>4,643</u>
	52,754
Total expenses	117,055
Revenues	
Assessment, diagnostic and career counselling services	4,812
Activities on behalf of:	
Canada School of Public Service	1,081
Treasury Board Secretariat of Canada	<u>327</u>
	1,408
Less: Costs recovered	(1,408)
Net cost of operations	112,243

The accompanying notes form an integral part of these financial statements.

PUBLIC SERVICE COMMISSION

Statement of Equity of Canada

For the year ended March 31
(in thousands of dollars)

	2006
Equity of Canada, beginning of year	1,077
Net cost of operations	(112,243)
Net cash provided by Government of Canada	88,183
Change in Due from the Consolidated Revenue Fund	3,464
Services received without charge from other government departments and agencies (Note 13)	16,909
Equity of Canada, end of year	(2,610)

The accompanying notes form an integral part of these financial statements.

PUBLIC SERVICE COMMISSION

Statement of Cash Flow

For the year ended March 31

(in thousands of dollars)

	2006
Operating activities	
Net cost of operations	112,243
Non-cash items:	
Services received without charge from other government departments and agencies	(16,909)
Amortization of tangible capital assets	(2,558)
Gain on disposal and write-down of tangible capital assets	2
Variations in Statement of Financial Position:	
Decrease in accounts receivable and advances	(7,895)
Increase in prepaid expenses	518
Increase in liabilities	<u>(3,942)</u>
Cash used by operating activities	81,459
Capital investment activities	
Acquisitions of tangible capital assets	6,729
Proceeds from disposal of tangible capital assets	(5)
Cash used by capital investment activities	<u>6,724</u>
Net cash provided by Government of Canada	88,183

The accompanying notes form an integral part of these financial statements.

PUBLIC SERVICE COMMISSION

Notes to the Financial Statements

For the year ended March 31, 2006

1. Authority and objectives

The Public Service Commission (PSC) of Canada is an independent agency established under the *Public Service Employment Act* (PSEA) and listed in schedules 1.1 and IV of the *Financial Administration Act* (FAA). The PSC is dedicated to building a public service that strives for excellence by protecting merit, non-partisanship, representativeness of Canadian society and the use of both official languages. This responsibility is performed in the best interests of the public service as part of Canada's governance system, by administering parts of the PSEA, a merit-based staffing system and by carrying out other responsibilities as provided for in the PSEA and the *Employment Equity Act* (EEA). The new *Public Service Employment Act* (PSEA) came fully into force in December 2005. This legislation emphasizes the PSC's accountability to Parliament for overseeing the appointment system in order to safeguard the integrity of staffing in the public service. It also charges the PSC with maintaining the impartiality of the public service through a new regime governing the political activities of public servants.

The PSC, from its offices in Ottawa and its seven regional offices, recruits talented Canadians to the public service, drawn from across the country and continually renews staffing services to meet the needs of a modern and innovative public service. The PSC has two program activities that contribute to the achievement of its objectives:

The **Appointment Integrity and Political Neutrality** activity develops, maintains and monitors the implementation of a policy and regulatory framework for safeguarding the integrity of public service staffing and ensuring political neutrality. This activity includes establishing policies and standards, delegation and oversight of appointment authorities to departments and agencies, and administering non-delegated authorities such as priority administration. This activity also includes conducting audits, studies, investigations and inquiries, as well as administering the appeal process under the former *Public Service Employment Act* and reporting to Parliament on the integrity of public service staffing.

The **Recruitment and Assessment Services** activity develops and maintains the resourcing systems that link Canadians and public servants seeking employment opportunities in the federal public service with hiring departments and agencies. It provides assessment-related products and services in the form of research and development, consultation, assessment operations and counselling for use in recruitment, selection and development throughout the federal public service. This activity also includes delivering resourcing services, programs and products to departments and agencies, to Canadians and public servants, through client service units located across Canada.

2. Summary of significant accounting policies

(a) Basis of presentation

The financial statements have been prepared in accordance with Treasury Board accounting policies which are consistent with Canadian generally accepted accounting principles for the public sector.

(b) Parliamentary appropriations

The PSC is financed by the Government of Canada through Parliamentary appropriations. Appropriations provided to the PSC do not parallel financial reporting according to Canadian generally accepted accounting principles for the public sector since appropriations are primarily based on cash flow requirements. Consequently, items recognized in the Statement of Operations and the Statement of Financial Position are not necessarily the same as those provided through appropriations from Parliament. Note 3 provides a high-level reconciliation between the bases of reporting.

(c) Due from the Consolidated Revenue Fund

The PSC operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by the PSC is deposited to the CRF and all cash disbursements made by the PSC are paid from the CRF. Due from the CRF represents amounts of cash that the PSC is entitled to draw from the CRF, without further appropriations, in order to discharge its liabilities. The net cash provided by Government is the difference between all cash receipts and all cash disbursements including transactions between departments of the federal government.

(d) Accounts receivable

Accounts receivable are stated at amounts expected to be ultimately realized; a provision is made for receivables where recovery is considered uncertain.

(e) Tangible capital assets

All tangible capital assets and leasehold improvements having an initial cost of \$5,000 or more are recorded as capital assets at their acquisition cost. Similar items under \$5,000 are expensed in the statement of operations. The PSC does not capitalize intangibles. The cost of assets under development by the PSC includes material, direct labour and related overhead. Amounts included in assets under development are transferred to the appropriate class of asset upon completion, and are then amortized. Amortization of tangible capital assets is done on a straight-line basis over the estimated useful life of the asset as follows:

Asset class	Amortization period
Office equipment	3 and 10 years
Informatics hardware and infrastructure	4 and 5 years
Computer software	3 years
In-house developed software	5 to 10 years
Furniture and fixtures	15 years
Vehicles	6 years
Leasehold improvements	Lesser of 10 years or term of lease

(f) Salaries and benefits, and vacation leave

Salaries and benefits, and vacation leave are expensed as the salary benefits accrue to employees under their respective terms of employment. The employee salaries and benefits liability is calculated based on the respective terms of employment using the employees' salary levels at year end, and the number of days remaining unpaid at the end of the year. The liability for vacation leave is calculated at the salary levels in effect at March 31st for all unused vacation leave benefits accruing to employees. Employee vacation pay liabilities payable on cessation of employment represent obligations of the PSC that are normally funded through future years' appropriations.

(g) Employee future benefits

I. Pension benefits

The PSC's eligible employees participate in the Public Service Pension Plan administered by the Government of Canada. The PSC's contributions to the Plan are charged to expenses in the year incurred and represent the total pension obligation of the PSC. The PSC is not required under current legislation to make contributions with respect to any actuarial deficiencies of the Plan.

ii. **Severance benefits**

Employees are entitled to severance benefits under labour contracts or conditions of employment. These benefits are accrued as employees render the services necessary to earn them. The obligation relating to the benefits earned by employees is calculated using information derived from the results of the actuarially determined liability for employee severance benefits for the Government as a whole.

(h) **Revenues**

Revenues are accounted for in the period in which the underlying transaction or event occurred that gave rise to the revenues. Revenues that have been received but not yet earned are presented as deferred revenues.

(I) **Services received without charge**

Services received without charge from other federal government departments and agencies are recorded as operating expenses at their estimated cost. A corresponding amount is reported directly in the Statement of Equity of Canada.

(j) **Measurement uncertainty**

The preparation of these financial statements in accordance with Treasury Board accounting policies which are consistent with Canadian generally accepted accounting principles for the public sector requires management to make estimates and assumptions that affect amounts of assets, liabilities, revenues and expenses reported in the financial statements. At the time of preparation of these statements, management believes the estimates and assumptions to be reasonable. The most significant items where estimates are used are contingent liabilities, the liability for employee severance benefits and the estimated useful life of tangible capital assets. Actual results could significantly differ from those estimated. Management's estimates are reviewed periodically and, as adjustments become necessary, they are recorded in the financial statements in the year they become known.

3. Parliamentary appropriations

The PSC receives most of its funding through annual Parliamentary appropriations. Items recognized in the statement of operations and the statement of financial position in one year may be funded through Parliamentary appropriations in prior, current or future years. Accordingly, the PSC has different net results of operations for the year on a government funding basis than on an accrual accounting basis. The differences are reconciled in the following tables:

(a) Reconciliation of net cost of operations to current year appropriations used:

	(in thousands of dollars)
	2006
Net cost of operations	112,243
Adjustments for items affecting net cost of operations but not affecting appropriations:	
Services received without charge	(16,909)
Amortization of tangible capital assets	(2,558)
Revenue not available for spending	4,812
Employee severance benefits	(468)
Vacation leave	(104)

Other	(276)
	<u>96,740</u>

Adjustments for items not affecting net cost of operations but affecting appropriations:

Acquisitions of tangible capital assets	6,729
Prepaid expenses	518
	<u>7,247</u>

Current year appropriations used	103,987
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(b) Appropriations provided and used:

(in thousands of dollars)

2006

Parliamentary appropriations provided:

Vote 95 - Operating expenditures	96,427
Statutory contributions to employee benefit plans	11,937
Spending of proceeds from disposal of surplus assets	8
	<u>108,372</u>

Less: Lapsed appropriations - operating expenditures	(4,385)
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Current year appropriations used	103,987
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(c) Reconciliation of net cash provided by Government to current year appropriations used:

(in thousands of dollars)

2006

Net cash provided by Government	88,183
Revenue not available for spending	4,812
Variation in accounts payable, accrued liabilities and accrued salary	3,370
Variation in accounts receivable and advances	7,895
Other adjustments	(273)
	<u>103,987</u>
Current year appropriations used	103,987

4. Accounts receivable and advances

(in thousands of dollars)

	2006	2005
Receivables from Federal Government departments, agencies and Crown corporations	2,030	9,753
Receivables from external parties	98	254
Advances to PSC's Employees	7	23
Total	2,135	10,030

5. Tangible capital assets

(in thousands of dollars)

	2006				2005	
	Cost				Net book value	Net book value
	Opening balance	Acquisitions	Disposals, write-offs & transfers	Closing balance		
Office equipment	824	18	-	842	407	457
Informatics hardware and infrastructure	6,472	287	387	6,372	1,401	2,058
In-house developed software	8,355	1,706	-	10,061	7,204	7,004
Furniture and fixtures	237	6	-	243	76	77
Vehicles	42	-	17	25	16	24
Leasehold improvements	272	30	-	302	197	194
Assets under development	575	6,354	1,673	5,256	5,256	575
Total	16,777	8,401	2,077	23,101	14,557	10,389

(in thousands of dollars)

	2006			
	Accumulated amortization			
	Opening balance	Amortization	Disposals & write-offs	Closing balance
Office equipment	367	68	-	435
Informatics hardware and infrastructure	4,414	944	387	4,971
In-house developed software	1,351	1,506	-	2,857
Furniture and fixtures	160	7	-	167
Vehicles	18	6	15	9
Leasehold improvements	78	27	-	105
Total	6,388	2,558	402	8,544

Amortization expense for the year ended March 31, 2006 is \$2,558,000.

6. Accounts payable and accrued liabilities

	(in thousands of dollars)	
	2006	2005
Payables to Federal Government departments, agencies and Crown corporations	1,666	876
Payables to external parties	7,089	3,845
Total	8,755	4,721

7. Employee benefits

(a) Pension benefits

The PSC eligible employees participate in the Public Service Pension Plan, which is sponsored and administered by the Government of Canada. Pension benefits accrue up to a maximum period of 35 years at a rate of 2 percent per year of pensionable service, times the average of the best five consecutive years of earnings. The benefits are integrated with Canada/Quebec Pension Plans benefits and they are indexed to inflation.

Both the employees and the PSC contribute to the cost of the Plan. The 2005-06 expense amounts to \$8,833,000, which represents approximately 2.6 times the contributions by employees.

The PSC's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the financial statements of the Government of Canada, as the Plan's sponsor.

(b) Employee severance benefits

The PSC provides severance benefits to its employees based on eligibility, years of service and final salary. These severance benefits are not pre-funded. Benefits will be paid from future appropriations. Information about the severance benefits, measured as at March 31, is as follows:

	(in thousands of dollars)
	2006
Accrued benefit obligation, beginning of year	14,404
Expense for the year	2,253
Benefits paid during the year	(1,785)
Accrued benefit obligation, end of year	14,872

8. Equity of Canada

The deficit represents liabilities incurred by the PSC, net of capital assets and prepaid expenses, that have not yet been funded through appropriations. Significant components of this amount are employee severance benefits and vacation pay liabilities. These amounts are expected to be funded by appropriations in future years as they are paid.

9. Contingent liabilities

Claims have been made against the PSC in the normal course of operations. Legal proceedings for claims totalling approximately \$6,255,000 were still pending at March 31, 2006. Some of these potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded in the financial statements. In the opinion of management, the outcome of these suits is not determinable at this time.

10. Contractual obligations

The nature of the PSC's activities can result in some large multi-year obligations whereby the PSC will be obligated to make future payments when the goods are received. Significant contractual obligations that can be reasonably estimated are summarized as follows:

	(in thousands of dollars)					
	2007	2008	2009	2010	2011 and thereafter	Total
Service contracts	1,893	130	-	-	-	2,023
Operating leases	190	136	78	45	30	479
Total	2,083	266	78	45	30	2,502

11. Expenses by major classification

	(in thousands of dollars)
	2006
Salaries and employee benefits	82,467
Professional and special services	12,071
Accommodation	10,532
Transportation and telecommunications	3,536
Informatics, office equipment, furniture and fixtures	3,409
Amortization of tangible capital assets	2,558
Repair and maintenance	1,831
Printing and publications services	617
Utilities, materials and supplies, and other	34
Total	117,055

12. Related party transactions

The PSC is related in terms of common ownership to all Government of Canada departments, agencies and Crown Corporations. The PSC enters into transactions with these entities in the normal course of business and on normal trade terms.

During the year, the PSC incurred expenses of \$36,534,000 and recovered costs of \$21,015,000 from transactions in the normal course of business with other federal government departments, agencies and Crown Corporations. These expenses include services received without charge as described in Note 13.

13. Services received without charge

During the year, the PSC received services that were obtained without charge from other government departments and agencies. These services without charge have been recognized in the PSC's Statement of Operations as follows:

	(in thousands of dollars)
	2006
Accommodation	10,532
Employer's contributions to the Public Service Health Care Plan and the Public Service Dental Plan	5,270
Legal services	802
Audit services	170
Worker's compensation coverage	135
Total	16,909

14. Comparative figures

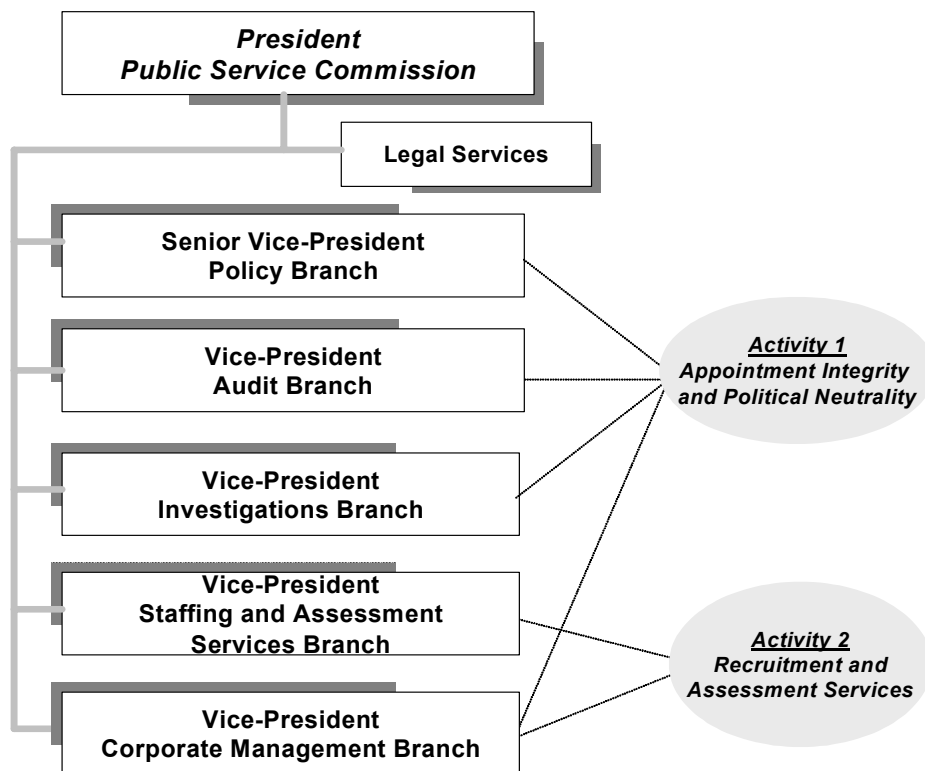
This is the first year that a set of financial statements including Statement of Financial Position, Statement of Operations, Statement of Equity of Canada, and Statement of Cash Flow have been subject to audit. It is neither practical nor cost effective for the PSC to show certain comparative amounts because some previous year amounts would not be able to be substantiated with the required degree of precision.

SECTION IV - SUPPLEMENTARY INFORMATION

ORGANIZATIONAL INFORMATION AND ACCOUNTABILITY

The Public Service Commission (PSC) is an independent agency reporting to Parliament on matters under its jurisdiction. The Commission consists of a president and two or more part-time commissioners appointed for a maximum period of seven years. The president and the commissioners are appointed by the Governor in Council. The appointment of the President shall be made under the Great Seal after approval by the Senate and the House of Commons. The President's position is currently held by Maria Barrados; the two Commissioner positions are held by Manon Vennat and David Zussman. The President is the Chief Executive Officer and is accountable to the Commission under the *Public Service Employment Act* (PSEA). She is also accountable to the Minister of Canadian Heritage for specific duties and responsibilities under the *Financial Administration Act* (FAA).

Five branches headed by vice-presidents support the President in her role as Chief Executive Officer and contribute to the achievement of the PSC's strategic outcome. An organization chart outlining the PSC's internal structure and accountability is presented below.



The **Senior Vice-President, Policy** carries out key policy development and oversight functions in support of the PSEA. The Senior Vice-President is accountable for: the interpretation, application and development of policies under the PSEA, including aspects related to equity and diversity and the political activities of public servants; negotiating, monitoring and evaluating deputy heads' exercise of their delegated staffing authorities and recommending corrective action as needed; managing the administration of priority entitlements; contributing to the future-oriented vision of the PSC as an independent agency and developing strategic policy frameworks; managing the development of the PSC's annual report; coordinating with central agencies and departments the full implementation of the PSEA.

The **Vice-President, Audit** conducts public service-wide independent audits, studies and evaluations to provide objective information, advice and assurance to Parliament, and ultimately Canadians, on the integrity of the appointment process, including the protection of merit and non-partisanship. In addition, the Vice-President, Audit, provides appointment data and analysis in support of the PSC's oversight role and information needs of departments and agencies.

The **Vice-President, Investigations** conducts investigations and promotes the use of alternative dispute resolution methods. The Vice President is mandated to conduct several types of investigations related to external appointment processes: non-delegated internal appointment processes; allegations of politically influenced appointments and fraud; improper political activities; and, at the request of deputy heads, investigations of delegated internal appointment processes. In addition, the Vice-President, Investigations, conducts appeal hearings and investigations related to selection and staffing processes that were initiated under the old PSEA.

The **Vice-President, Staffing and Assessment Services** develops, implements and delivers recruitment, staffing and assessment systems, programs, services and products for use across the public service; provides recruitment services to all clients and staffing services to organizations (under non-delegated and delegated authorities) which require our services, or who have lost all or part of their delegation as a result of a PSC oversight activity; and develops and implements service strategies, policies and structures.

The **Vice-President, Corporate Management** develops and monitors corporate management planning frameworks and policies related to the management accountability framework, finance, human resources management, information technology, communications and other administrative and support services; provides central services and systems in support of all PSC programs, including the offices of the president and commissioners; and formulates and implements policies, plans, guidelines, standards, processes and procedures to support the decision-making process of the Commission.

KEY RELATIONSHIPS

The Public Service Commission (PSC) works collaboratively with the following major organizations and stakeholders:

- **Parliament**, to which we are accountable for the overall integrity of the appointment system and the political neutrality of the public service, through regular and special reports, including those related to audit findings; appearances before committees (for example, Commons Committees on Government Operations and Estimates, Official Languages, and Access to Information, Privacy and Ethic and Senate Committees on National Finance and Human Rights); and direct communication with members of Parliament when required. Additionally, we maintain our capacity to independently interpret and exercise our powers in the best interests of Canadians.
- **The Clerk of the Privy Council**, who is the Head of the Public Service and with whom we provide support in strengthening and renewing the Public Service.
- **Public Service Human Resources Management Agency of Canada (PSHRMAC)**, whose mandate is to oversee the general implementation of the new *Public Service Modernization Act* and the renewal of human resource management throughout the public service.
- **Canada School of Public Service (CSPS)**, who is the common learning service provider for the Public Service of Canada and with whom we consult in providing departments and agencies support and learning tools during the transition to the new PSEA.
- **Deputy Ministers Human Resources Management Advisory Committee (HRMAC)**, to discuss emerging issues and major initiatives, review policy coherence and inter-organizational alignment of priorities and resources.
- **Public Service Commission Advisory Council**, where we participate in regular meetings with departments and bargaining agents to discuss issues and receive advice related to the PSC's responsibilities under the new PSEA.
- **Hiring managers and human resources specialists**, who, together with the PSC, are responsible for creating a modernized human resources management system for the benefit of Canadians.
- **Human Resources Council (HRC)**, who works in partnership with departmental HR organizations, central agencies and the PSC in identifying and addressing human resource management concerns and interests with respect to strategic HR matters.
- **Academics and external experts**, to develop effective and innovative practices under the Appointment Framework, to strengthen the PSC's approach to oversight, and to develop a new regime for the political activities of public servants.
- **Public Service employees** who receive support managing their careers and applying for positions and **Canadians**, for whom the PSC provides access to a wide range of challenging public-service employment opportunities.

Table 1: Comparison of Planned to Actual Spending and Full-Time Equivalents

(\$ thousands)	2005-2006					
	Actual 2003-04 (Note 1)	Actual 2004-05	Main Estimates	Planned Spending	Total Budget Authorities	Total Actual
Program Activity 1: Appointment Integrity and Political Neutrality		39,349	43,499	43,499	50,023	45,212
Program Activity 2: Recruitment and Assessment Services		52,518	45,028	45,028	58,349	58,775
Resourcing	65,038					
Learning	27,308					
Recourse	6,745					
Oversight and Outreach	14,796					
Corporate Services	26,257					
Total	140,144	91,867	88,527	88,527	108,372	103,987
Less: Non-responsible revenues (Note 2)	73	4,786	-	-	-	4,795
Plus: Cost of services received without charge	22,171	17,587	N/A	15,723	N/A	16,909
Total PSC spending	162,242	104,668	88,527	104,250	108,372	116,101
Full-time equivalents	1,495	942	N/A	916	953	932

Note 1. As a result of PSMA, effective April 1, 2004, resources were transferred from the PSC to the Public Service Human Resources Management Agency (PSHRMAC) and the Canada School of Public Service (CSPS). This has resulted in a reduction in resource levels for future years.

Note 2. In 2003-2004, actuals include discretionary language training, which was later transferred to CSPS. In 2004-2005 and 2005-2006, the figures are attributable to the Assessment and Counselling Services and Products.

Table 2: Resources by Program Activity

2005-2006				
(\$ thousands)	Budgetary			
	Operating	Total: gross budgetary expenditures	Less: respensible revenue	Total: net budgetary expenditures
Appointment Integrity and Political Neutrality				
Main estimates	43,499	43,499		43,499
<i>Planned spending</i>	43,499	43,499		43,499
Total budget authorities	50,023	50,023		50,023
Actual spending	45,212	45,212		45,212
Recruitment and Assessment Services				
Main estimates	45,028	45,028		45,028
<i>Planned spending</i>	45,028	45,028		45,028
Total budget authorities	58,349	58,349		58,349
Actual spending	58,775	58,775		58,775
Total				
Main estimates	88,527	88,527		88,527
<i>Planned spending</i>	88,527	88,527		88,527
Total budget authorities	108,372	108,372		108,372
Actual spending	103,987	103,987		103,987
Other revenues and expenditures				
Non-respensible revenues (Note 1)				
Actual spending				4,795
Cost of services provided by other departments				
Main estimates				N/A
<i>Planned spending</i>				15,723
Total budget authorities				N/A
Actual spending				16,909
Net cost of the program				
Main estimates				88,527
<i>Planned spending</i>				104,250
Total budget authorities				108,372
Actual spending				116,101

Note 1: Consists of Assessment and Counselling Services and Products.

Table 3: Voted and Statutory Items

Vote or Statutory Item	Truncated Vote or Statutory Wording	2005-2006 (\$ thousands)			
		Main Estimates	Planned Spending	Total Budget Authorities	Actual
95	Operating expenditures	76,791	76,791	96,435	92,050
(S)	Contributions to employee benefit plans	11,736	11,736	11,937	11,937
	Total	88,527	88,527	108,372	103,987

Table 4: Services Received Without Charge

(\$ thousands)	2005-2006
Accommodation provided by Public Works and Government Services Canada (PWGSC)	10,532
Contributions covering Employer's share of employees' insurance premiums and expenditures paid by TBS	5,270
Workers' compensation coverage provided by Social Development Canada	135
Salary and associated expenditures of legal services provided by Justice Canada	802
Audit services by the Office of the Auditor General	170
Total 2005-2006 services received without charge	16,909

Table 5: Source of Respendable and Non-Respendable Revenues

Respendable Revenues (\$ thousands)

Program Activity	Actual 2003-04	Actual 2004-05	2005-2006			Actual
			Main Estimates	Planned Revenue	Total Budget Authorities	
Learning:						
Staff Development and Training Revolving Fund (Note 1)	14,301					
Total respendable revenues	14,301					

Note 1: As a result of PSMA, effective April 1, 2004, the Staff Development and Training Revolving Fund was repealed.

Non-Respendable Revenues (\$ thousands)

Program Activity	Actual 2003-04	Actual 2004-05	2005-2006			Actual
			Main Estimates	Planned Revenue	Total Budget Authorities	
Learning:						
Discretionary language training (Note 1)	73					
Recruitment and Assessment Services:						
Assessment and Counselling Services and Products		4,786	0	0	0	4,795
Total Non-respendable Revenues	73	4,786	0	0	0	4,795

Note 1. As a result of the PSMA effective April 1, 2004, resources were transferred from the PSC to the Canada School of Public Service (CSPS).

Table 6: User Fees

A- User Fees Act

A- User fee description	2005-2006	Planning years		
		Fiscal year	Forecast revenue \$	Estimated full cost \$
<p>Fees charged for the processing of access requests under the <i>Access to Information Act</i> (ATIA)</p> <p>Fee Type: Other products and services</p> <p>Fee-setting authority: <i>Access to Information Act</i></p> <p>Date last modified: 1992</p>	<p>Forecast revenue: N/A Actual revenue: \$663.40 Full cost: \$63,900(salary and O&M)</p> <p>Performance standard: Response provided within 30 days following receipt of request; the response time may be extended pursuant to section 9 of the ATIA. Notice of extension to be sent within 30 days after receipt of request. The ATIA provides more details: http://laws.justice.qc.ca/en/A-1/218072.html</p> <p>Performance results: Statutory deadlines have been met for 98.9% of requests. Extension notices were sent within 30 days following the receipt of the request in 16% of cases.</p>	2006-2007	700	60,000
		2007-2008	750	92,000
		2008-2009	800	95,000
<p>B. Date last modified: 05 May 2006</p>				
<p>C. Other information: It is the practice of the PSC ATIP Office to waive fees where (a) the total reproduction costs that could be assessed amount to less than \$25; (b) the information being requested is publicly available; or c) when no response or notice of extension is forwarded within 30 days following receipt of the request. Fees amounting to more than \$25 were waived for five requests in 2005-2006.</p>				

B- Policy on service standards for external fees

External fee	Service standard	Performance results	Stakeholder consultation
<p>Fees charged for the processing of access requests filed under the <i>Access to Information Act</i> (ATIA)</p>	<p>Response provided within 30 days following receipt of request; the response time may be extended pursuant to section 9 of the ATIA. Notice of extension to be sent within 30 days after receipt of request. The ATIA provides more details: http://laws.justice.qc.ca/en/A-1/218072.html</p>	<p>Statutory deadlines have been met for 98.9% of requests. Extension notices were sent within 30 days following the receipt of the request in 16% of cases.</p>	<p>The service standard is established by the ATIA and the Access to Information Regulations. Consultations with stakeholders were undertaken by the Department of Justice and the Treasury Board Secretariat for amendments made in 1986 and 1992.</p>

TABLE 7: RESOURCE REQUIREMENTS BY BRANCH

2005-2006 (\$ thousands)			
BRANCH	Appointment Integrity and Political Neutrality	Recruitment and Assessment Services	Total
Policy (Note 1)			
Planned Spending	18,754		18,754
Actual Spending	13,800		13,800
Audit (Note 2)			
Planned Spending	5,569		5,569
Actual Spending	7,149	354	7,503
Investigations			
Planned Spending	6,812		6,812
Actual Spending	5,802		5,802
Services (Note 1)			
Planned Spending		31,633	31,633
Actual Spending	4,463	43,252	47,715
Corporate Management			
Planned Spending	11,918	12,911	24,829
Actual Spending	13,602	14,740	28,342
Commissioners' Office			
Planned Spending	446	484	930
Actual Spending	396	429	825
Total Planned Spending	43,499	45,028	88,527
Total Actual Spending	45,212	58,775	103,987

Note 1: EX Resourcing Services was included in the Planned Spending figure for Policy Branch. Due to an in-year Branch transfer, is now reflected as Actual Spending against the Services Branch under the Appointment Integrity and Political Neutrality Program Activity.

Note 2: Library Services was reflected against one Program Activity in the Planned Spending figure. However, it is indicated in both Program Activities as Actual Spending by applying respective Corporate Services ratio.

Table 8: Response to Parliamentary Committees, Audits and Evaluations

Response to Parliamentary Committees

The Second Report of the Standing Committee on Official Languages outlined four recommendations (out of 14) aimed at the Public Service Commission (PSC). Recommendations 9, 10, 11 and 12 dealt with: identifying reasons for the high failure rate on French second language evaluation tests for oral communications skills; ensuring that the exclusion order is used only in exceptional cases; broadening geographic areas of selection before using the exclusion order; and reporting on the use of the exclusion order in the PSC Annual Report to Parliament. The PSC's responses to these recommendations were included in the Government's response to the Standing Committee which is available at: <http://cmte.parl.gc.ca/cmte/CommitteePublication.aspx?COM=8987&Lang=1&SourceId=133786>.

The 2005-06 PSC Annual Report to Parliament is scheduled to be tabled in October 2006.

Response to the Auditor General

Post-Secondary Recruitment (PSR) (Chapter 5 of the 2003 Status Report of the Auditor General of Canada (OAG)) - Program effectiveness

During 2005-2006, the PSC responded to the OAG recommendation related to information on PSR outcomes and effectiveness. A communication strategy was developed and specific activities were put in place to support the OAG's recommendation. These activities include regular departmental visits to highlight the Program's effectiveness in attracting recent post-secondary graduates; communication of quantitative data, such as proven successes attracting employment equity members; a kiosk at a managers conference to facilitate contact with hiring managers; and focus groups to communicate the usefulness of PSR. These discussions are also guiding the evolution of the Program's framework.

Modernization of Human Resources Management - Managing the Reforms (Chapter 3 of the February 2005 Report of the Auditor General of Canada)

During 2005-2006, the PSC responded to the OAG recommendation related to performance measurement and reporting on progress in implementing the new staffing regime. In 2004, a project management structure was established to ensure smooth implementation of the new PSEA. The PSC and the Public Service Human Resources Management Agency of Canada (PSHRMAC) produced joint readiness reports on PSEA implementation and presented them on a monthly basis to the DM Sub-committee on Staffing and Staffing Recourse as well as to the deputy-level Human Resources Management Advisory Committee. A separate financial tracking system was established for implementation, and regular updates and reports were presented at the implementation steering committee.

The PSC has done work on performance measures through the Staffing Management Accountability Framework (SMAF) and on the collection of benchmarking data through the PSC Survey of Appointments. In 2006-2007, the PSC will be developing an evaluation framework to prepare for the five-year review of the new legislation. The evaluation framework will help the PSC to further establish meaningful performance measures, gather critical benchmarking data, and contribute to the continuous improvement of our ongoing oversight activities.

Response to the Public Service Commission on External Audits

During 2005-2006, we did not receive recommendations from the PSC on external audits.

Internal Audits or Evaluations 2005-2006

During 2005-2006, the PSC completed the audits described below according to its audit plan.

The PSC posts all its completed audit reports on its Web site at:

http://www.psc-cfp.gc.ca/centres/internal_audits/index_e.htm

Audit of Cost Recovery

This audit examined the PSC's compliance with government cost-recovery policy. The auditors found that some services, largely those of the Personnel Psychology Centre, were provided and charged to clients outside the PSC's core mandate. Furthermore, PSC was respending the revenues without either respending authority or proper disclosure. This activity was known to TBS, but the PSC had not been successful in regularizing it. Management's action plan was comprehensive, including: defining its potential clients and service offerings; accounting for and disclosing revenues properly; seeking respending authority; and returning 2004-2005 revenues collected to the Consolidated Revenue Fund.

Audit of Test Management Controls

The objective of this audit was to determine whether management had adequate controls over the security of PSC test instruments, including those used to assess job candidates. It was found that many good controls were in place, including policies, procedures and guidelines for administering departments units, clear responsibilities, and knowledgeable staff. Some elements were unacceptably weak: undocumented internal procedures, an unreliable database, and a risk management strategy unable to address increasing volumes, a more electronic test environment and the potential for compromises. The PSC developed a broad-based action plan.

Follow-up Audit of Contracting

The objectives of this follow-up audit to an earlier 2002 audit were to assess compliance with contracting rules, particularly in some higher-risk areas, and review implementation of the earlier action plan. The audit disclosed that the PSC's contracting control framework has been strengthened. Furthermore, measures have been taken to reduce risks related to certain situations such as non-competitive contracts and contracts with former public servants. The overall framework was sound, although some improvement opportunities existed, for example, the organization of files and payment verification processes. Management provided a suitable action plan.

Financial Audit of E-Resourcing Project Expenditures (Public Service Staffing Modernization Project)

This internal audit was initiated on the recommendation of the Secretary of the Treasury Board. The audit objectives were to determine: the accuracy of the recording of expenditures, the inclusion of all relevant costs, the appropriateness of the accounting policy for cost capitalization and its consistent application throughout the period of the audit (April 1, 2004 to July 31, 2005). Overall, the auditors concluded that project costs were accurately and completely recorded and that capitalization policy was adequate, although necessary accounting entries were not always made on a timely basis. Management has developed an action plan to improve its accounting processes.

Table 9: Service Improvement Initiative (SII)

TBS reporting requirements on Service Improvement Initiative	PSC activities, targets, and achievements
<p>Programs and services covered by a service improvement plan</p>	<ul style="list-style-type: none"> • The Common Measurements Tool (CMT), led by Treasury Board Secretariat (TBS), was initiated to measure and improve the quality of services offered to Canadians. Although the direct recipients of services are the departments and agencies, the PSC’s CMT is focussed on maintaining client satisfaction with the information provided to Canadians about job opportunities in the federal public service and the application process. • Survey tools based on the CMT have been in place since 2001 and surveys are ongoing. Recruitment is listed as a service component in the 2004 Government On-Line Report. • Client satisfaction results on services provided prior to the publication of our service standards are posted in PSC offices and on the intranet, at http://www.jobs-emplois.gc.ca/menu/survey2003_e.htm
<p>Client satisfaction measurement and progress toward achieving satisfaction targets</p>	<ul style="list-style-type: none"> • We surveyed over 500 executive candidates who had applied for entry-level executive positions during 2004-2005 and 2005-2006. Results were positive regarding the service delivery and the assessment process. The methodology used to administer the assessment process and to assess qualifications was perceived to contribute to merit, fairness, objectivity and transparency in staffing. • A report on PSRS applicants’ impressions of unsupervised on-line testing was prepared. Over 700 respondents who had taken the pilot skills test thought that this form of wide-open unsupervised testing had its risks and benefits. . • We surveyed over 500 departmental hiring managers and human resource professionals to gather their feedback on the performance of the PSRS experience screen. The results indicate that the system reduces heavy burdens associated with large competitions but also suggest that some refinements can be made.
<p>Service standards for all key public services</p>	<p>Core service standards for applicants are posted in PSC offices and on the Internet at www.jobs-emplois.gc.ca/menu/sii_standards_e.htm</p>

TBS reporting requirements on Service Improvement Initiative	PSC activities, targets, and achievements
Main achievements in improving service from a client-centred perspective	<ul style="list-style-type: none"> • In 2005-2006, the Staffing and Assessment Services Branch (SASB) continued to serve Canadians by providing them with accessible, responsive, timely, and professional services to assist them in applying for employment opportunities in the federal public service. Canadians can get the answers they seek either by contacting the PSC through Infotel, which will direct calls to the closest regional centre, or through the Web via jobs.gc.ca. For Canadians without access to the Internet, Service Canada provides access to computers which enable Canadians to link to jobs.gc.ca. • SASB is committed to continuously improving its service level. The level of satisfaction of Canadians using the PSRS electronic tool and process was measured. In December 2005, a report was completed concerning the performance of the PSRS experience screen. Over 15 000 applicants responded to the on-line survey. Over 90% of respondents considered the e-recruitment methodology to be comparable or better than private sector methods. • In several regions, SASB led initiatives to educate the Canadian public, and in particular students, to attract and better prepare them for the public service recruitment process. We held information sessions on how to search and apply for jobs on jobs.gc.ca., how to prepare for job testing and interviews, and provided information on the federal government's official languages policy.

Table 10: Travel Policies

Comparison to the Treasury Board Secretariat (TBS) Special Travel Authorities

The PSC follows the TBS Special Travel Authorities.

Comparison to the Treasury Board Secretariat (TBS) Travel Directive, Rates and Allowances

The PSC follows the TBS Travel Directive, Rates and Allowances.

SECTION V - OTHER SUBJECTS OF INTEREST

PERFORMANCE INFORMATION AT THE PROGRAM ACTIVITY AND SUB-ACTIVITY LEVEL

Program activity/ sub-activity	Performance indicator	Performance information
Appointment Integrity and Political Neutrality		
Policy, regulation, guidelines and exclusion approval orders	Study finding of the effectiveness of selected policy areas	The study of the Part-Time Exclusion Approval Order was completed in April 2005. The performance indicator and the measurement strategies are not relevant for the remainder of this year and probably for 2006-2007 because the impact of the policy instruments will not be known. The assessment of policy effectiveness will be part of the PSEA evaluation framework.
Appointment delegation, accountability agreements and accountability assessments	Number of delegations restricted or removed by the PSC	In October 2005, the PSC imposed a condition on the Commission for Public Complaints against the Royal Canadian Mounted Police (RCMP) restricting sub-delegation of appointment and appointment-related authorities to the executive director of the organization. Effective December 31, 2005, the PSC withdrew all EX appointment and appointment-related authorities and imposed a number of conditions on non-EX delegated authorities on the Canadian Space Agency, including restricting delegation of non-EX appointment and appointment related authorities to positions at the director general level. Effective December 31, 2005, the PSC withdrew all EX appointment and appointment-related authorities at the North American Free Trade Agreement (NAFTA) Secretariat, Canadian Section.
	Number of departments fully meeting reporting requirements.	The PSC assessed the staffing performance of 79 organizations. The process included quality control by peers and review by the risk management committee.
Non-delegated authorities	Percentage of individuals with priority rights appointed	New priorities registered - 1109; number of appointments - 682; number of entitlements that expired - 201.

Program activity/ sub-activity	Performance indicator	Performance information
Audits and studies	Percentage of audit recommendations implemented	<p>The PSC is tracking implementation of audit recommendations.</p> <p>A chapter has been incorporated in the PSC Audit Manual for the follow-up phase of audits, including the policies and process for follow-up. Next steps will include guides and tools to be developed as part of the audit support framework.</p> <p>The PSC will determine the appropriate timing for follow-up according to the PSC audit policies and report on the adequacy of the corrective action taken to resolve previously reported issues.</p>
Investigations, inquiries and alternative dispute resolution processes	Study findings of the fairness, effectiveness and timeliness of the resolution of staffing complaints	<p>An analysis of fairness and timeliness regarding resolution of staffing complaints has been completed. The study shows that the average disposal time of appeals has improved significantly between 2002-2003 (102 days) to 2005-2006 (84 days). In 2005-2006, the average disposal time for investigations was 148 days (down from 153 days in 2004-2005). If we discount requests that did not make it past the 'jurisdiction' phase (i.e., an official investigation was not opened), then the average is 267 days for 2005-2006 (up from 234 in 2004-2005). The increase is due to high staff turnover in the branch.</p> <p>A comparison with other similar organizations also shows that the PSC disposes of appeals and investigations in a timely manner. The study also reveals that very few appeal and investigations decisions are questioned.</p>
	Percentage of complaints resolved through informal methods	<p>Mediation is not always possible in the course of an investigation; however, the PSC was able to offer this option in 122 cases, and 43 cases were resolved through this process. With respect to appeals, early interventions were offered in 508 cases, and 359 were accepted, resulting in a withdrawal of 101 appeals</p>
Appeals	Average disposal time	<p>In 2005-2006, the average disposal time for appeals was 84 calendar days compared to 85 calendar days in 2004-2005.</p>

Program activity/ sub-activity	Performance indicator	Performance information
Recruitment and Assessment Services		
Recruitment services	Percentage of recruitment services delivered meeting service standards	During fiscal year 2005-2006, the Staffing and Assessment Services Branch was expected to establish a means by which data relevant to service standards could be gathered, assessed, and reported. However, the Branch reorganization increased demands for services and a lack of available personnel did not allow time to complete this task. Our existing standards for applicants through jobs.gc.ca have been posted on the Web. Our recruitment standards for federal departments and agencies are currently under revision. Once these are revised, an appropriate communication strategy will be developed.
Assessment services	Percent of assessment services delivered meeting service standards.	The Test Services unit of the Personnel Psychology Centre (PPC) ships, receives and scores tests for public service clients. In 2005-2006, client satisfaction questionnaires suggest a high level of satisfaction with the services. 95% of respondents agreed or strongly agreed that PPC staff were friendly and courteous. In addition, 98% indicated the commitments made to them were kept. Finally, 96% of the respondents agreed or strongly agreed with the statement "You were completely satisfied with our service".
Client services	Average time to supply candidates to departments and agencies	The performance measurement strategy is being developed.
	Percentage of recruitment activities using electronic recruitment system	We completed the expansion and implementation of the Public Service Resourcing System (PSRS) to all seven PSC regions, and organized staff training sessions. The PSRS is required for, and enables, plans to implement the national area of selection (NAoS) policy requirement. A number of technical infrastructure upgrades were carried out in preparation for the larger volumes anticipated with NAOs.

CONTACTS FOR FURTHER INFORMATION

Maria Barrados
President

Telephone: (613) 992-2788

Fax: (613) 996-4337

maria.barrados@psc-cfp.gc.ca

Linda Gobeil
Senior Vice-President

Policy Branch

Telephone: (613) 995-6135

Fax: (613) 995-0221

linda.gobeil@psc-cfp.gc.ca

Mary Clennett
Vice-President

Audit Branch

Telephone: (613) 992-5354

Fax: (613) 995-6044

mary.clennett@psc-cfp.gc.ca

Yvette Mongeon
Vice-President

Investigations Branch

Telephone: (613) 992-5418

Fax: (613) 995-6985

yvette.mongeon@psc-cfp.gc.ca

Donald Lemaire
Vice-President

Staffing and Assessment Services Branch

Telephone: (613) 992-0894

Fax: (613) 992-9905

donald.lemaire@psc-cfp.gc.ca

Anne-Marie Robinson
Vice-President

Corporate Management Branch

Telephone: (613) 992-2425

Fax: (613) 992-7519

anne-marie.robinson@psc-cfp.gc.ca

Information on the Public Service Commission may be obtained at: <http://www.psc-cfp.gc.ca/>

Supplementary information on Project Spending for the Public Service Staffing Modernization Project can be found at: <http://www.tbs-sct.gc.ca/est-pre/estime.asp>.

COMMON ACRONYMS

Acronyms	Description
ADAI	Appointment Delegation and Accountability Instrument
ATIP	Access to Information and Privacy
CSPS	Canada School of Public Service
DPR	Departmental Performance Report
EEA	<i>Employment Equity Act</i>
EMR	Expenditure Management Review
ERC	Expenditure Review Committee
FTE	Full-Time Equivalents
HR	Human Resources
HRC	Human Resources Council
MRRS	Management Resources and Results Structure
OAG	Office of the Auditor General
PAA	Program Activity Architecture
PIMS	Priority Information Management System
PSC	Public Service Commission
PSEA	<i>Public Service Employment Act</i>
PSHRMAC	Public Service Human Resources Management Agency of Canada
PSMA	<i>Public Service Modernization Act</i>
PSOLEAO	<i>Public Service Official Languages Exclusion Approval Order</i>
PSOLAR	<i>Public Service Official Languages Appointment Regulations</i>
PSSMP	Public Service Staffing Modernization Project
PSST	Public Service Staffing Tribunal
PSRS	Public Service Resourcing System
RPP	Report on Plans and Priorities
TBS	Treasury Board Secretariat

Details on Project Spending

Program Activity	Current Estimated Total Cost	Actual 2003-04	Actual 2004-05	2005-2006 (\$ thousands) (Note 1)			
				Main Estimates	Planned Spending	Total Budget Authorities	Actual (Note 2)
Recruitment and Assessment Services:							
Public Service Staffing Modernization Project (definition phase)	12,737	5,592	3,946	1,181	1,181	7,795	10,567

Note 1: The variance between planned spending and total authorities is due to re-profiling from 2004-2005 (\$1,181K) and additional funding approved by TB (\$6,614K). As part of its 2005-2006 operational planning exercise, the PSC made internal reallocations to the Project. These changes are not considered in the "Total Budget Authorities" figure.

Note 2: Reflects direct costs (excludes allocation of corporate services).