

Workforce Planning and Management in the Cayman Islands Government





To help the public
service spend wisely

G

TABLE OF CONTENTS

Executive Summary	1
Key Messages	3
Introduction	6
Staff costs account for around 48 per cent of annual core government spending	6
Workforce planning is an essential component of strategic planning	11
About the audit	13
Workforce Planning in Government	15
The Government recently launched its five-year strategic plan	15
The Government does not have a workforce plan or overarching approach for workforce planning	16
Roles and responsibilities for workforce planning are not clear	18
Workforce Management in Government	21
Better information is needed on staff recruitment and retention	21
The Government needs to improve succession planning	22
Most staff have annual performance assessments but the focus needs to shift to improving their quality	24
A new competency framework for civil servants has been developed	26
Learning and development plans are not tracked or monitored	28
The Government plans to improve its approach to talent management	29
Resources and Information for Workforce Planning and Management	31
A review of human resources capacity and capability is needed	31
HR systems are not integrated and lead to inefficiencies	34
Better HR data are needed to support workforce planning and management	36
Conclusion	38
Appendix 1 – About the Audit	40
Appendix 2 – Recommendations	43

EXECUTIVE SUMMARY

Strategic workforce planning is a major issue for organisations worldwide. No matter whether they are public or private sector organisation, small or large, it is essential that they consider what skills they need to operate and how to manage the talent they have. Demographic, societal and technological changes are affecting both the way services are delivered and the availability of the workforce. Organisations need to plan ahead to ensure that they have the right people in place to meet future business needs, while containing or reducing costs and delivering business as usual.

In June 2016, the Cayman Islands Government (the Government) employed around 3,600 civil servants working across core government - all Ministries, Portfolios and Offices and the Royal Cayman Islands Police Service (RCIPS). In 2015-16 it spent over \$232 million on staff costs, which accounted for approximately 48 per cent of total spending on core government. The entire public sector workforce was 5,916 in 2016.

Over the past decade, the Government has faced significant financial constraints. As a result, it introduced a number of measures aimed at reducing the size and cost of the workforce, including recruitment and pay freezes. The size of the civil service has remained reasonably constant since 2010, while staff costs have increased from \$216.6 million to \$239.5 million over the five years from 2012-13 to 2016-17. The Government lifted the pay freeze in December 2016 although a pay strategy for 2017 onwards has yet to be approved; and relaxed the recruitment freeze in April 2017.

In May 2017, a new Government was formed as a result of the general election. In August 2017 it set out its ambitions and strategic outcomes in the 2018 Strategic Policy Statement (SPS).¹ Since August 2015, the Government has been developing a new five-year strategic plan, which it launched in January 2018. The strategy has an ambitious vision “*to be a world-class civil service*” and aims to “*make the lives of those we serve better.*” Both the Government’s strategic plan and the strategic outcomes set out in the SPS depend on staff to deliver them. It is therefore important that the Government plans and manages its workforce effectively; including having an organisation-wide workforce plan, supported by ministry and departmental workforce plans, to ensure that it achieves its vision and strategic objectives.

Workforce planning helps to ensure that the right people with the right skills are employed in the right places at the right time to deliver an organisation’s short- and long-term objectives. It is a shared responsibility between organisations’ managers and human resources (HR) professionals. However, planning to ensure that the right people are in place to deliver the short-, medium- and longer-term

¹ The 2018 Strategic Policy Statement identifies the following eight strategic broad outcomes: A strong economy to help families and businesses; Achieving full employment – jobs for all Caymanians; The best education opportunities for all our children; Reducing crime and the fear of crime; Access to quality, affordable healthcare; Stronger communities and support for the most vulnerable; Ensuring Caymanians benefit from a healthy environment; and a Stable, effective and accountable government.

objectives of the organisation is challenging. It involves analysing historical information, planning scenarios, making assumptions about the future, assessing the current workforce, defining staffing needs based on business and customer demands now and in the future, identifying potential challenges in the labour market, and developing a plan on how to achieve the strategic and operational priorities through the workforce.

Workforce management is a set of integrated processes that aims to maximise the productivity and performance of an organisation and its employees. It includes a range of HR policies and systems such as recruitment and reward, training and development, and performance appraisal.

Together, the recent developments such as lifting the recruitment and pay freezes, the new five-year strategic plan, and the strategic outcomes specified in the 2018 SPS increase the importance of effective workforce planning and management across government. As a result, the Office of the Auditor General (OAG) decided to carry out a performance audit of this topic. The objective of the audit was to assess how well the Government plans and manages its workforce to achieve its goals and strategic objectives and improve the quality of service delivered to citizens. Specifically, it attempted to answer the following audit questions:

- How well does the Government plan and manage its workforce to meet its strategic goals?
- How effective is the Government at attracting, retaining and supporting its workforce?
- Does the Government have relevant and reliable HR information, and how does it use any such information to support workforce planning and decision making?

Our audit focused on core government only i.e., Ministries, Portfolios and Offices and the departments within them (the civil service). It did not cover workforce planning and management in the wider public sector, i.e. Statutory Authorities and Government Companies (SAGCs), although findings and recommendations may be relevant to them. The Office of the Auditor General (OAG) currently employs 20 staff and is improving its approach to workforce planning.

Our audit specifically focused on four government departments and their related ministries. These departments covered a wide range of government services and professions, and ranged in size (number of employees) from small to the largest. Combined, these four departments employed 1,314 staff in 2016 (36.5 per cent of all civil servants). The workforce data used in the report relates to June 2016 and the organisational structure prior to government reorganisation on 1 July 2017. However, we refer to current Ministries throughout the report. The audit also assessed the role of the Portfolio of the Civil Service (POCS) in providing central HR policies, procedures and support for core government.

KEY MESSAGES

The Government has developed a five-year strategic plan, which it launched in January 2018. The vision of the strategy is to *“build a world-class civil service that is dedicated to supporting elected government by delivering caring, modern and customer-centred public services and programme that deliver value for money.”* The plan rightly recognises that transformation and achievement of the vision need to be delivered through staff and therefore includes some elements of workforce planning and management. For example, it specifically identifies the need for building leadership capability and for training and development in areas such as customer services. To support the delivery of the strategic plan the Government intends to develop annual implementation plans that provide a roadmap for how the strategy will be delivered and monitored. The 2018 annual implementation plan sets out a number of actions that will be taken during 2018, along with measures of success. The Government needs baseline information against which it can measure performance over the five years. It carried out a staff survey in late 2017 that provides a good benchmark against which it can measure staff engagement. It has also started to collect baseline information on customer satisfaction levels across a range of departments. The first report on customer satisfaction was published in March 2018.

The Government does not have an organisation-wide workforce plan. Neither does it have an agreed approach to workforce planning such as a framework, guidance or tools. To date, ministries and departments have submitted proposals for staff costs in the upcoming three years as part of the budgeting process. However, this process is largely driven by funding and is rarely linked to a robust analysis of the anticipated staff numbers and skills required to deliver services and outcomes for service users. Some departments have started to think about their workforce needs over the next few years, but the lack of an agreed approach means that this is done inconsistently and on an ad hoc basis. Where ministries and departments have started to plan their workforces, they have generally focused on short-term vacancies and skills shortages rather than planning for longer-term needs. We found no examples of Ministry or Departmental workforce plans that set out the anticipated workforce needs to deliver strategies, policies and services in the medium to longer term.

The Government supplements its workforce by using consultants and temporary staff to fill temporary vacancies and bring in specialist skills and experience to support the delivery of its objectives. The use of consultants and temporary staff is an essential element of workforce planning. In February 2018 we published a separate report on the Government’s use of consultants and temporary staff. Among other findings, the report highlighted that the Government does not generally plan or project its need for consultants.

Roles and responsibilities for workforce planning are unclear. Legislation and regulations set out some responsibilities in relation to workforce management; and POCS provides cross-government support for workforce management, although it has no specific role in workforce planning. The Government has a network of HR professionals, but they generally focus on operational activities rather than strategic

workforce planning. There is scope to develop a functional leadership approach across government, harnessing the collective skills and expertise that already exist to provide more strategic direction and support to management for workforce planning.

The Government uses a range of processes to manage its workforce and it is currently reforming and improving some of these. However, there is scope for further improvement and for better integration of processes to ensure that the Government manages its workforce as effectively as possible. For example, the Government does not have documented recruitment or retention strategies in place; nor does it capture or use information on the cost, time or success of recruitment campaigns or systematically carry out exit interviews to understand better why people leave employment voluntarily. Most departments have succession plans for Caymanians in place, but the majority of these plans have not been updated since they were developed. It is not clear to what extent wider succession planning for leadership, business-critical roles or high-demand skills is being carried out. The Government has significantly improved the number of staff that have annual performance assessments. It now needs to shift to improving the quality of feedback and the performance ratings. Regular assessments of staff performance are an essential part of workforce management, and when done well, can provide reliable data to inform other HR processes such as talent management, succession planning and training and development. The Government has developed a new competency framework to support the five-year strategic plan. This is a positive step and the framework could be enhanced further by considering additional competencies and levels to ensure sufficient differentiation between roles and grades. Although all staff have training and development plans, these are not monitored or evaluated. The Government's staff survey in late 2017 provides some further insight into areas that can be further improved as well as those already doing well.

The Government employs around 55 HR professionals across the organisation, who work within POCS and Ministries, Portfolios and Offices and their departments. This may be a sufficient number of HR staff overall to support effective workforce planning and management, but they may not be allocated appropriately or focused on the right things. The ratios of HR staff to employees across government range from 0.97 to 3.85 HR staff per 100 full-time equivalent (FTE) staff compared to international benchmarks of 1.03 to 3.40.² The HR-to-employee ratio in some ministries and departments is in line with the benchmarks while others are higher or lower, which may indicate too many or too few HR staff to effectively support the workforce. This suggests that the Government may need to review the structure of its HR function to ensure that there are sufficient resources to support the workforce. We also found that although job descriptions specify that reasonable proportions of time should be spent on strategic duties such as workforce planning, HR staff were spending significant amounts of time on administrative and operational activities. This may be due to a number of factors, including the capacity

² *Workforce analytics: a critical evaluation: how organizational staff size influences HR Metrics*, Society for Human Resource Management (SHRM) (2015). SHRM methodology compares the number of HR full-time equivalent (FTE) staff for every 100 FTE staff dependent on organisation size.

of HR staff to manage the workload, the HR systems being used, or the lack of readily available workforce data.

HR systems are not well-designed or integrated, leading to inefficiencies in the inputting and accessing of information. Data collected is primarily driven by compliance and reporting requirements (i.e., demographic and headcount information) rather than information that may be used by managers and HR to plan and manage their workforce effectively.

In summary, the Government needs to develop an organisation-wide workforce plan that sets out what actions are needed to ensure that it has the right people with the right skills in the right places at the right time to deliver its short and long-term objectives. This needs to be supported by a series of ministry and departmental workforce plans. In doing this, it needs to develop a workforce planning framework and improve some of its workforce management processes.

INTRODUCTION

STAFF COSTS ACCOUNT FOR AROUND 48 PER CENT OF ANNUAL CORE GOVERNMENT SPENDING

THE GOVERNMENT SPENT AROUND \$232 MILLION ON STAFF COSTS IN 2015-16

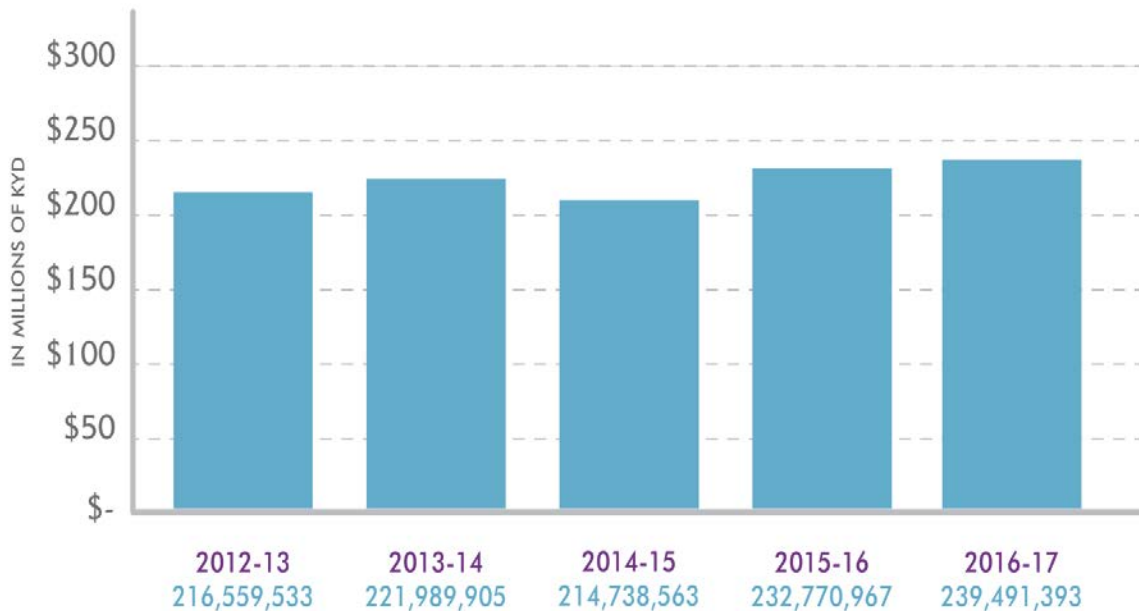
1. In 2015-16 the Government spent \$232.8 million on staff costs. Staff costs generally include base salary, pension and health insurance costs. Exhibit 1 shows that between 2012-13 and 2014-15 spending on staff costs ranged from \$214.7 million to \$222 million. Staff costs increased by \$18 million (8.4 per cent) between 2014-15 and 2015-16; largely as a result of pay stagnation awards being paid to teachers and police officers. By the end of June 2017 staff costs had increased to \$239.5 million.³ In November 2016, the Cabinet approved funding to implement a one-off pay stagnation remedy for civil servants whose salaries had been frozen as a result of austerity measures. This resulted in around 1,500 civil servants who had not had a pay increase for three or more years as of 31 December 2016 to be paid an increment(s) depending on the number of years they had experienced pay stagnation.⁴ This contributed to the increased staff costs in 2016-17. However, a pay policy for 2017 onwards has not yet been approved despite a commitment to revise and reissue this during 2017. Pay and reward are an important part of workforce management and it is important to have a pay strategy to help keep salaries competitive to ensure the right people are recruited and retained to deliver essential services while containing overall staff costs.
2. The Government's workforce is its greatest asset, as only through its people can it deliver its services and achieve its objectives. Spending on staff is the largest element of spending at around 48 per cent of total core government spending (\$486 million in 2015-16).⁵ However, the proportion of total costs spent on staffing varies by department, depending on the nature of the business and the services provided. For example, over the past five years, the Royal Cayman Islands Police Service (RCIPS) has spent an average of 81 per cent of its total costs on staff salaries and wages.

³ 2016-17 is an 18 month period from 1 July 2016 to 31 December 2017.

⁴ Civil servants were deemed eligible for the pay stagnation remedy if they had remained on the same grade for three years or more and met the following criteria: had completed a 2015/16 performance appraisal and received a rating of 3 or above; were not on required leave or extended sick leave; and were not already receiving the maximum salary for that role.

⁵ Total core government spending is based on the total core government expenses of \$584.5 million minus \$98.5 million representing output payments to Statutory Authorities and Government Companies as reported in the Cayman Islands Government financial statements for 30 June 2016 (page 17).

Exhibit 1 – Government staff costs (2012-13 to 2016-17)



Note: Staff costs reported excludes the salaries of Members of the Legislative Assembly, HE The Governor, Judiciary, political appointments and contributions to past service liability

Source: OAG analysis of IRIS data 2012-13 to 2016-17 (12 months to 30 June 2017)

THE SIZE OF THE GOVERNMENT WORKFORCE HAS REMAINED REASONABLY CONSTANT SINCE 2010

3. As at June 2016, the Government employed 3,600 civil servants.⁶ The Government is the largest employer in the Cayman Islands, employing 8.9 per cent of the total working population.⁷ The entire public sector, including Statutory Authorities and Government Companies (SAGCs), employed a total of 5,961 staff, representing 14.8 per cent of the total working population.
4. The Government introduced a recruitment freeze in October 2008, which aimed to contain government expenditure. Between 2008 and 2015, the number of civil servants employed by the Government reduced by a total of 420 (10.8 per cent) before starting to increase in 2016. Exhibit 2 shows the change in the size of the civil service between 2008 and 2016. The number of civil servants reduced significantly between 2008 and 2011, from 3,904 to 3,619 (a reduction of 7.3 per cent). In the 2012 Strategic Policy Statement (SPS) a commitment was made to cut 360 posts over the next five years. Of these 360 posts, 145 were to be eliminated from the 2012-13 budget.⁸ The

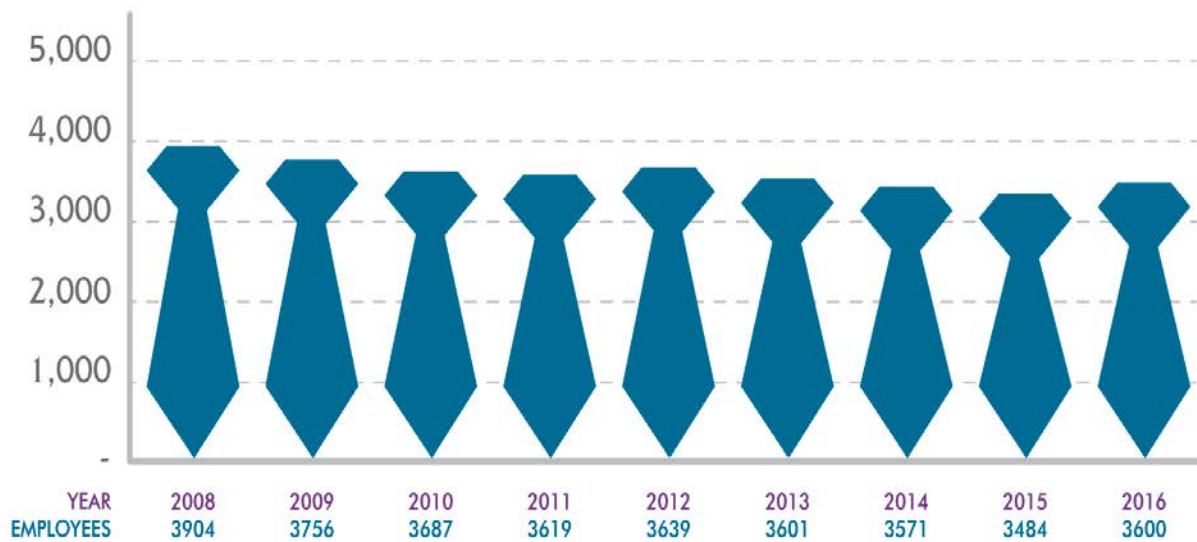
⁶ Civil servants are those staff directly employed by the Cayman Islands Government in Ministries, Portfolios, Offices and related departments.

⁷ At the end of 2016 the Cayman Islands had a population was 61,361, of which 40,411 were employed, according to population statistics produced by the Economics and Statistics Office. Other major employers in the Cayman Islands (per the Cayman Islands Chamber of Commerce) include the Ritz Carlton and Fosters Food Fair- IGA.

⁸ Premier’s speech on the 2012 Strategic Policy Statement.

remainder was to come from the continuation of the recruitment moratorium, a voluntary severance scheme, and a rationalisation and transformation review. The number of civil servants at June 2012 was 3,639 and at June 2016 was 3,600 a reduction of only 39 - although the number of civil servants dipped to a low of 3,484 in 2015 (155 fewer than in 2012).

Exhibit 2 – Core government workforce (2008-2016)



Source: Annual HR Report 2015-16, Cayman Islands Government

- The Government has also used consultants and temporary staff to fill temporary vacancies and bring in specialist skills and experience to support the delivery of its objectives. The use of consultants and temporary staff is an essential element of workforce planning. In February 2018 we published a separate report on the *Government's use of consultants and temporary staff*.⁹ That report highlighted, among other things, that the Government does not effectively plan or projects its need for consultants.

THE GOVERNMENT WORKFORCE IS DIVERSE

- The *Public Service Management Law (PSML)* sets out the Government's requirement for succession planning (i.e., to increase the number of Caymanians in the public sector workforce). Although there is no specific target for the desired percentage of the civil service that is Caymanian, the Government aims to have this percentage as high as possible. Overall, 74.3 per cent of civil servants are Caymanian, with staff from 38 different countries making up the other 25.7 per cent. The

⁹ *Government's use of Consultants and Temporary Staff*, Office of the Auditor General, February 2018

population of the Cayman Islands in 2016 was 55.6 per cent Caymanian and 44.4 per cent non-Caymanian (made up of people from 135 countries).¹⁰ The percentage of civil servants that are Caymanian varies among departments, with some fully staffed by Caymanians and others having fewer than 20 per cent. Three of the four departments we reviewed had a lower than average percentage of Caymanian staff, including RCIPS at 49.2 per cent, DES at 57.2 per cent and DCFS at 61.6 per cent. Historically these departments have struggled to recruit Caymanian staff. However, the NAU workforce is entirely Caymanian.

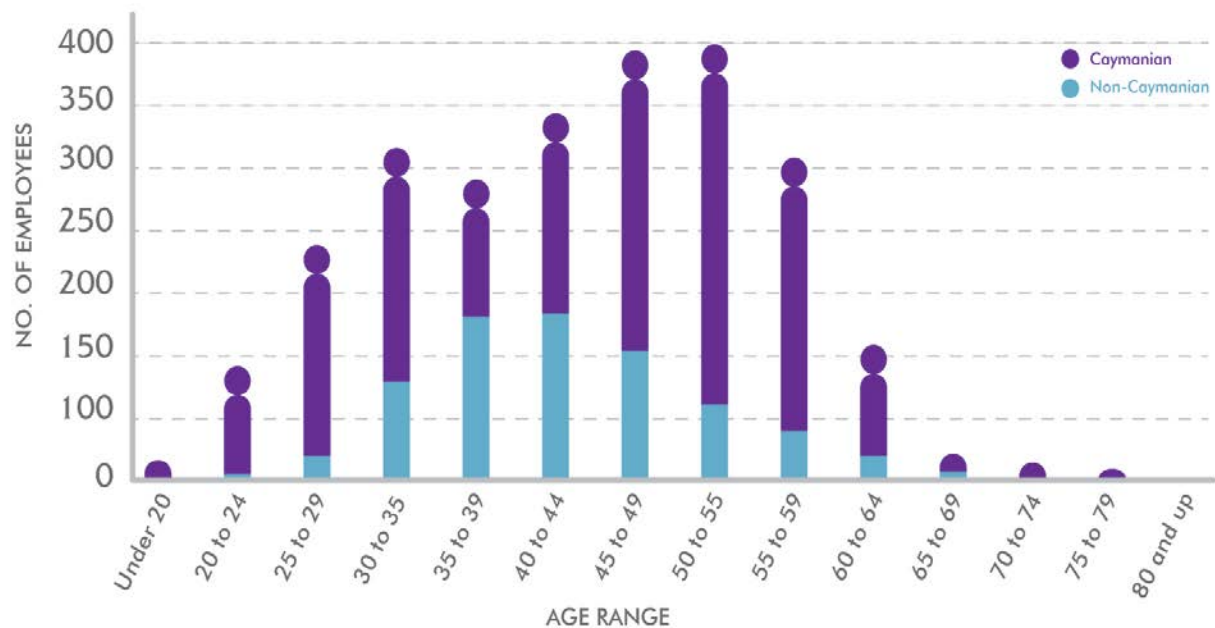
7. The Government's workforce is 54 per cent female and 46 per cent male, compared to the Cayman Islands' workforce, which was 50 per cent female and 50 per cent male in 2016.¹¹ The gender balance is reasonably similar across the majority of grades with the exception of three senior executive positions namely the Deputy Governor, Financial Secretary and Attorney General who are all male; and low-level support staff who are predominantly female (70 per cent). This staff grouping includes special support aides and bus wardens in the Ministry of Education, office support assistants, postal officers, and executive officers.
8. In 2016, government salaries ranged from \$18,492 to \$186,696. However, the majority of civil servants were paid at the lower end of the salary range, with 70 per cent of staff earning less than \$50,000 a year. Just over half of the workforce was paid between \$30,000 and \$49,999.
9. The age of the Government's workforce was between 17 and 75 years in 2016. The median age (that is, the midpoint of the distribution of employees' age) of a civil servant was 44 years and the mean or average was 43 years. Exhibit 3 shows that 30 per cent of staff were between 40 and 50 years old. However, over 17 per cent of civil servants were over 55 years old and are likely to retire over the next decade.¹² The Government needs to plan for and manage this effectively to ensure that it can replace essential skills, expertise and corporate knowledge that it will continue to need in the future.

¹⁰ *Population and Demographics 2016 report*, Economics and Statistics Office

¹¹ *Labour Force and Employment 2016*, Economics and Statistics Office

¹² The normal retirement age for the civil servants is 65. However, they may be re-employed subject to the provisions in the *Public Service Management Law* and Personnel Regulations.

Exhibit 3 – The age profile of the civil service (2016)



Source: Annual HR Report 2015-16, Cayman Islands Government

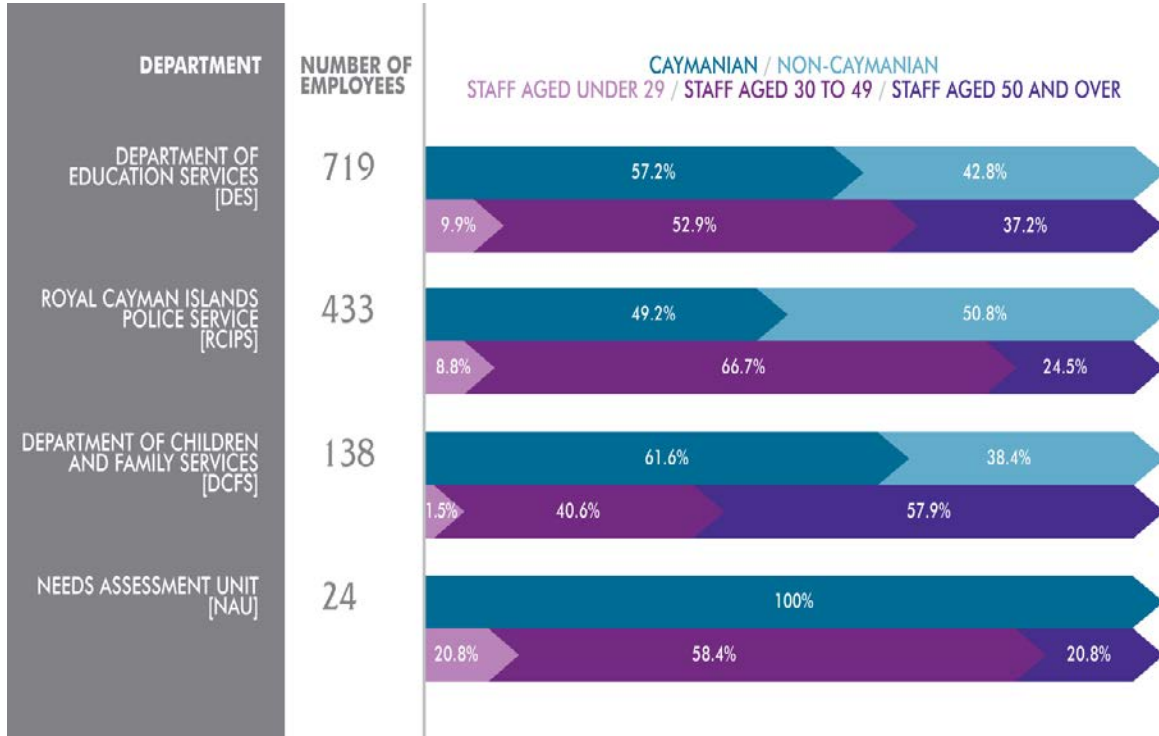
10. Exhibit 4 provides a summary of the demographic information on the workforce in the four departments we reviewed as part of the audit. It shows that in 2016, two of the four departments had a higher than average percentage (17 per cent) of staff aged 50 or over. This could create workforce problems in the future if not carefully managed.

11. For example, almost 58 per cent of DCFS staff are aged over 50. Together with the fact that the department has historically struggled to appoint Caymanians into social worker posts this could create serious workforce planning problems in the future. In addition, almost a quarter of RCIPS staff are aged 50 or older, which means that some officers may need to be redeployed to other roles and duties if they are no longer able to carry out specific roles (for example, due to health issues). RCIPS also has additional challenges in planning its workforce over the longer term, as police officers are able to retire after 21 years' service and so could retire as early as 40 years old depending on when they joined the police service.¹³ As at June 2016, a total of 275 (63.5 per cent) RCIPS staff were aged 40 years or older.¹⁴ This could create significant challenges and risks for delivering police services, now and in the longer term, if not planned and managed effectively.

¹³ Police Law (2006 Revision)

¹⁴ Annual HR Report 2015-16, Cayman Islands Government

Exhibit 4 – Demographic information on the four departments reviewed (2016 data)



Source: Annual HR Report 2015-16, Cayman Islands Government

WORKFORCE PLANNING IS AN ESSENTIAL COMPONENT OF STRATEGIC PLANNING

12. Workforce planning helps ensure that the right number of people with the right skills are employed in the right places at the right time to deliver an organisation’s short- and long-term service delivery and regulatory and legislative objectives. It should be linked to strategic business goals and viewed as an important part of the strategic business planning process. Workforce planning aims to identify, develop and sustain the necessary workforce skills required to achieve organisational objectives now and in the future. It not only helps ensure a more effective workforce but also contributes to the career development of employees.

13. Workforce planning can be challenging and involves thinking about what is needed now and in the future. The size and structure of the workforce should be shaped by the organisation’s current and future strategic objectives; the needs of service users and potential users; the amount and sources of funding available; and the wider policy and legislative environment in which the organisation operates. Workforce planning can be broken down into a number of key stages (Exhibit 5).

Exhibit 5 – The workforce planning cycle



Source: www.kepion.com

14. Workforce planning activity should result in the development of an organisation-wide workforce plan. An organisation-wide plan is generally supported by a range of workforce plans as each department may have specific needs and face different challenges depending on the nature of their business. One of the main benefits of having a workforce plan is that it enables the organisation to respond quickly and adapt to immediate and future changes in its operating requirements. It should sit alongside strategic and business planning and budget cycles, support staff development, succession planning, and talent management.

15. A workforce plan should include:

- Contextual information on key services and priorities for the next few years, linked to the strategic or corporate objectives.
- A summary of planned service provision, outlining any assumptions made; the potential effect on the organisation's service delivery, workforce and finances; and the anticipated demand for services.
- An analysis of the current position (workforce numbers, costs and skills), including any business-critical posts and identifying workforce difficulties, including any recruitment challenges, and financial pressures that the plan should address.
- Forecasting of the workforce numbers and skills needs, including specialist skills or business-critical posts; the expected shape of the workforce and costs over the period of the plan; and a gap analysis.

- Identification of actions required to achieve the desired workforce, including severance schemes, recruitment or training.
- Identification of roles and responsibilities for delivery and implementation of the plan, including responsibilities for approval of the plan and monitoring of delivery.

ABOUT THE AUDIT

16. Over the past decade, the Government has faced significant financial constraints. As a result, it introduced a number of measures aimed at reducing staff costs, including a recruitment freeze and a pay freeze. Since December 2016, the recruitment and pay freezes have been lifted; the Government has set out its strategic outcomes for the four years ahead; and the civil service has launched a new five-year strategy to create a world-class civil service. Together these changes increase the importance of planning and managing the workforce effectively to achieve strategic objectives and priorities, while containing staff costs at a reasonable level.

17. We carried out this audit to assess how well the Government plans and manages its workforce to achieve its goals and strategic objectives and improve the quality of service delivered to citizens. Specifically, we attempted to answer the following audit questions:

- How well does the Government plan and manage its workforce to meet its strategic goals?
- How effective is the Government at attracting, retaining and supporting its workforce?
- Does the Government have relevant and reliable HR information and how does it use any such information to support workforce planning and decision making?

18. The report is structured into three sections:

- Workforce planning in government.
- Workforce management in government.
- Resources and information for workforce planning and management.

19. Our audit covered core government only i.e. Ministries, Portfolios and Offices and the departments within them. It did not cover the wider public sector, i.e. SAGCs, although the findings and recommendations in this report may also be relevant to them. Our audit specifically focused on four government departments and their related ministries, which employed a total of 1,314 staff in 2016 (36.5 per cent of all civil servants). The four departments were:

- Department of Education Services (DES) - 719 staff - within the Ministry of Education, Youth, Sports, Agriculture and Lands (MEYSAL).
- Royal Cayman Islands Police Service (RCIPS) - 433 staff - within the Ministry of Human Resources and Immigration (MHRI).

- Department of Children and Family Services DCFS) - 138 staff; and the Needs Assessment Unit (NAU) - 24 staff - within the Ministry of Community Affairs (MCA).

20. We selected these four departments as they provided a range in size from small through to the two largest departments (DES and RCIPS) and covered a range of professions and services. The selection of DCFS and NAU also allowed us to review workforce planning and management for an entire Ministry (MCA).
 21. In carrying out the audit, we interviewed key officials across government, including staff in the four departments selected for audit and their related ministries; and the Portfolio of the Civil Service (POCS), which provides central HR policies, procedures and support for core government. We did walk-throughs of HR systems to better understand how they work; reviewed a range of documents; and analysed data drawn from a variety of sources. More information about the audit, including the audit criteria, approach and methodology, can be found in Appendix 1.
 22. The assistance and cooperation we received from Government officials in all phases of the audit is gratefully acknowledged. Without their help, the audit could not have been completed.
-

WORKFORCE PLANNING IN GOVERNMENT

23. Workforce planning helps ensure that the right number of people with the right skills are employed in the right place at the right time to deliver an organisation's short- and long-term service delivery and legislative and regulatory objectives. It should be linked to strategic objectives and priorities and viewed as an important part of the strategic business planning process.

THE GOVERNMENT RECENTLY LAUNCHED ITS FIVE-YEAR STRATEGIC PLAN

24. In August 2015, the Deputy Governor announced "The Civil Service Reimagined" project, with the intention of developing a five-year strategic plan for the civil service. The project aimed to develop the plan through a process that actively engaged civil servants and external stakeholders and focused on best practices. The strategic plan took more than two years to develop and finalise; it was launched at the end of January 2018.

25. In developing the plan, the Government carried out wide-scale engagement with civil servants and external stakeholders at the start of the process, through a number of workshops. However, between February 2016 and summer 2017 there was limited communication, and our audit identified gaps in staff awareness about the strategic plan and timescale for its implementation. In February 2017, the draft strategic plan was presented to Chief Officers but the plan was not uniformly communicated across the civil service. Since June 2017 the Deputy Governor has posted a number of blogs updating staff about the plan, which helped increase staff awareness. By the time the 2017 civil service staff survey was completed in late 2017, 78 per cent of civil servants who responded said they were aware of the strategic plan.¹⁵

26. The strategic plan clearly concentrates on delivering quality services and improving customer experience, and acknowledges that these need to be achieved through staff. As a result, it focuses strongly on people: two of its five priorities are "develop exceptional leadership" and "pursue excellence in talent development." It also includes a number of objectives to provide training and development for staff. However, it does not cover all aspects of workforce management and is not supplemented with a workforce plan that considers what the Government needs in its workforce (e.g., size, skills, capabilities, etc.) to achieve its objectives. Good workforce planning and management are necessary to deliver the strategy and help the Government be better prepared to deal with a dynamic operating environment.

27. To support the delivery of the strategic plan the Government provided a range of training opportunities for staff during January and February 2018 and intends to prepare annual

¹⁵ The Civil Service Engagement Survey was conducted between 30 October 2017 and 17 November 2017 and the results were published on 14 December 2017. The response rate to the survey was 61 per cent.

implementation plans. The 2018 implementation plan (which was still being finalised at the time of this report) identifies specific actions to be taken during the year for each of the five goals, and it sets out a range of success measures.

28. The Government also needs to ensure that it has relevant and appropriate baseline information so that it can monitor and measure whether the strategic plan is making a difference. The Government completed its first staff survey at the end of 2017, which will allow it to measure whether staff engagement improves in the years ahead. The overall survey results show that 61 per cent of staff completed the survey, and the overall engagement score was 67 per cent. The survey provides good information against which government can measure improvement. One of the priorities identified in the strategic plan is “delivering outstanding customer experience.” To monitor whether this is being achieved, the Government also needs good baseline information on customer satisfaction levels across the different services it provides. It has started to collect information on customer satisfaction in ten departments, through electronic kiosks and the first set of results was published in March 2018.¹⁶ However, it may need more qualitative feedback to help inform whether and how services need to be improved in certain areas.

THE GOVERNMENT DOES NOT HAVE A WORKFORCE PLAN OR OVERARCHING APPROACH FOR WORKFORCE PLANNING

29. Our audit found that the Government does not have a workforce plan setting out information on its current workforce, or how it should look in the future to successfully deliver government objectives and quality services. Nor do ministries or departments prepare workforce plans to support the achievement of their strategic priorities and objectives. The Government does not have an organisation-wide framework or approach to workforce planning. In organisations such as the Government, with a number of departments and delegated responsibilities, we would expect a standard workforce planning framework to be in place. Such a framework should provide overarching governance arrangements, and guidance and tools to support organisation-wide workforce planning, for example, step-by-step guides to help ministries and departments develop workforce plans.

30. The Government has some workforce management tools that can be used to inform workforce planning to some extent. For example, it has succession plans for Caymanians. However, it does not have the wider range of tools that it needs to support workforce planning, such as:

- Comprehensive workforce information (including training and development completed and other critical information such as sickness absence rates).

¹⁶ The Government identified the following ten departments to participate in its Customer Service pilot programme: Commerce and Investment, Customs, District Administration, General Registry, Immigration, Lands and Survey, Needs Assessment Unit, Planning, Postal Services, Vehicle and Driver’s Licensing.

- Processes or systems to forecast future workforce needs (such as staffing trends and patterns, projection analysis of future workforce skills and needs).
31. We found that that due to the lack of a standardised framework, guidelines and tools, there has been an ad hoc approach to workforce planning across government. Ministries and departments told us that resource constraints have also contributed to the lack of strategic workforce planning. Workforce planning activities are generally limited to filling upcoming or immediate vacancies and addressing staff shortages.
 32. Ministries and departments currently anticipate staff costs for the three years ahead as part of the budgeting process. However, this is largely driven by funding and is rarely linked to a robust analysis of the anticipated staff numbers and skills needed to deliver services and outcomes for service users. It is not clear to what extent any analysis is done of the impact on the workforce of new legislation or requirements before they are introduced. For example, the *Older Persons Law 2016* sets out additional responsibilities for DCFS but it is not clear if the need for additional resources or de-prioritisation of existing services was considered.
 33. Some ministries and departments have started to think about planning their workforce, but generally covering only the short- to medium-terms. For example, in 2017 RCIPS conducted an analysis of the additional resources needed to meet the current and potential scope of services for that year and two years ahead. This was submitted to the Ministry of Human Resources and Immigration (MHRI) to inform the 2018 budgeting process. The analysis identified the need for an additional 150 police officers over three years in order to change the way policing was to be delivered. The 2018 Strategic Policy Statement (SPS) that was approved by the Legislative Assembly included funding for an additional 75 police officers over three years. It is not clear how this has been factored into RCIPS workforce planning.
 34. Other workforce reviews have also been conducted or are underway. For example, an organisational review of the Cayman Islands Fire Service was carried out in late 2017 and the report published in February 2018. This report highlighted, among other things, the need for better workforce planning for operational roles. An organisational review of the Department of Immigration, National Workforce Development Agency and Department of Labour and Pensions was also commissioned in 2017.
 35. We found that the recruitment freeze (lifted in April 2017) and budget restrictions resulted in a perception among departments that there are both budget restrictions and headcount restrictions that make it difficult for them to change their workforce. This has contributed to a lack of long-term thinking about the workforce.

Recommendation 1: The Government should ensure that Ministries and large departments develop workforce plans to ensure that they can deliver their long-term strategic objectives. These plans should be combined to develop an organisation-wide workforce plan for the whole of the Government that sets out its workforce needs in the longer-term and how it plans to address these.

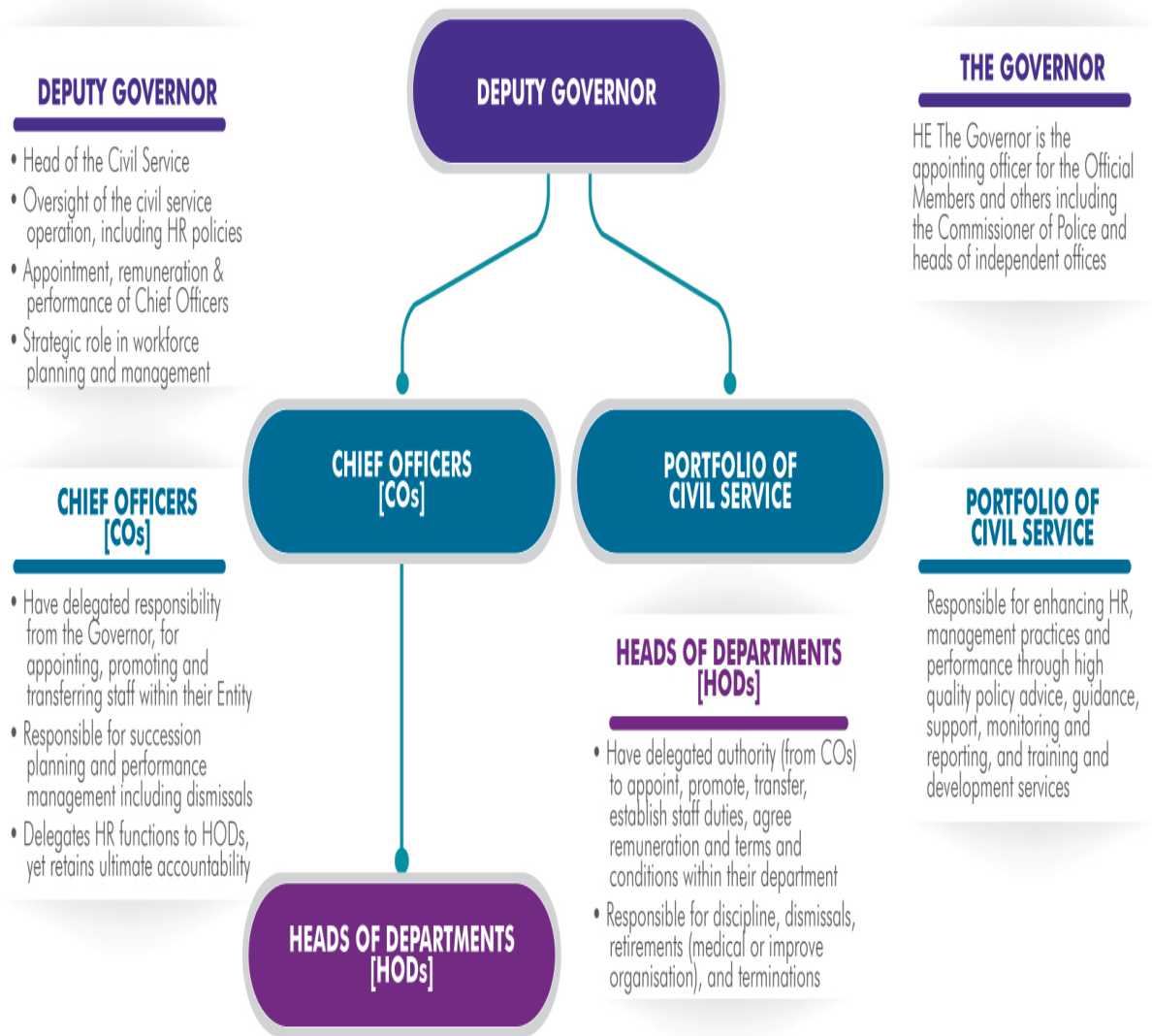
Recommendation 2: The Government should develop a workforce planning framework that includes guidelines and tools to ensure that an efficient and effective approach to workforce planning is adopted across government.

ROLES AND RESPONSIBILITIES FOR WORKFORCE PLANNING ARE NOT CLEAR

36. The Government introduced the *Public Service Management Law (PSML)* in 2005, which decentralised workforce decisions and delegated them to Chief Officers within each Ministry.¹⁷ The *PSML* is supported by government-wide regulations and policies, such as the Personnel Regulations (2017 Revision) and the Hiring Practices Policy (2017). It sets out roles and responsibilities for those responsible for workforce planning and management, including the HE The Governor, Deputy Governor, Portfolio of the Civil Service (POCS), Chief Officers and Heads of Departments. These roles and responsibilities are summarised in Exhibit 6.

¹⁷ The latest version is the *Public Service and Management Law (2017 Revision)*

Exhibit 6 – Key roles and responsibilities for workforce planning and management



Note: HE The Governor is the Appointing Officer for the Official Members, Commissioner of Police, Deputy Commissioners of Police, Assistant Commissioners of Police, Auditor General, Director of Public Prosecutions, Ombudsman and Cabinet Secretary.

Source: Public Service Management Law and Personnel Regulations

37. In addition, some departments have specific legislation that sets out additional workforce management requirements. For example, RCIPS must also comply with the *Police Law (2017 Revision)*, which states that “the Commissioner shall have the command, superintendence and direction of the Police Service and may, amongst other things, make standing orders for the RCIPS in relation to appointments, enlistments, service, discharge and promoting efficiency.”

38. Chief Officers have a clear responsibility for workforce management and an implied responsibility for workforce planning, although this is not specifically stated. Our review of Chief Officers' job descriptions found that they made reference to workforce management responsibilities but not workforce planning.
39. All ministries have HR units, and some departments have separate HR units. Chief Officers rely on their HR units (led by Chief HR Officer or equivalent) to provide support across the ministry. Where departments have separate HR units, they provide a similar level of support for Heads of Departments. We discuss the range of HR structures in the ministries and departments we reviewed at paragraph 80.
40. POCS is responsible for providing support for HR management, although it does not currently have a formal role in workforce planning. We found that ministries and departments were unclear about who was responsible for workforce planning and the role of POCS' in this. As a result, there is a perception across government that POCS is not providing the assistance and guidance on workforce planning that is needed. Workforce planning should be a shared responsibility between management and HR professionals as it needs to be clearly linked to delivering strategic objectives. There is an appetite from ministries and departments for POCS to provide functional leadership and direction to support workforce planning, as well as workforce management. Having a centralised function to provide support and develop guidance, tools, and a framework for workforce planning would help to better ensure that good practices are identified and embedded across government, resulting in a more efficient and effective approach. POCS could extend its role to provide functional leadership and support for workforce planning, working with HR professionals and managers across government.

Recommendation 3: The Government should clarify roles and responsibilities for, and develop a functional leadership approach to workforce planning across government.

WORKFORCE MANAGEMENT IN GOVERNMENT

41. Effective workforce management is how organisations get the most out of their staff. It should include an integrated set of processes, tools and software that support managers and staff across the organisation with the recruitment, selection, retention, training and performance management of staff. The implementation and maintenance of effective and integrated workforce management systems and processes are important for attracting and growing talent to ensure that the necessary skills are in place to achieve strategic objectives now and in the future.
42. The Government is in the process of reforming some of its HR processes, which will aid in workforce management. To date, it has increased the retirement age from 60 to 65; improved the availability of learning and development opportunities in the civil service; and adopted a secondment policy.¹⁸ While the Government is continuing to change how it manages some workforce issues through the five-year strategic plan, there is scope for HR systems and processes to be more integrated and there are opportunities to enhance them to improve the efficiency and effectiveness of workforce management.

BETTER INFORMATION IS NEEDED ON STAFF RECRUITMENT AND RETENTION

43. In 2015-2016, the Government recruited 389 new staff (10.8 per cent of its workforce). Of these, 248 were Caymanian and 141 were non-Caymanian; four fifths were recruited from within and one fifth from outside the Cayman Islands. The area where the highest number of non-Caymanian staff was hired was education, including teachers and education specialists. In addition to these staff recruitments, the Government employed 151 interns on short-term contracts (2-3 months over the summer). However, these figures potentially understate the level of recruitment, as they do not include posts that were filled by moving existing civil servants to new posts or renewing contracts of existing employees.
44. Each department is responsible for its own recruitment campaigns. HR staff told us that their ability to carry out strategic activities such as workforce planning is limited because of the amount of time spent on recruitment initiatives. However, we found that neither recruitment success rates nor cost or timelines to recruit are collected or monitored to assess the efficiency and effectiveness of recruitment activities or to identify areas for improvement.
45. Recruitment campaigns can be resource-intensive. To help limit the number of recruitment campaigns, entities are allowed to appoint candidates without specific recruitment if a similar recruitment campaign has been carried out recently and there were additional applicants that the

¹⁸ Deputy Governor's blog – Investing in HR reforms, 28 November 2017.

recruitment panel deemed appointable. In certain circumstance, with the Deputy Governor's approval, Chief Officers can appoint individuals to posts temporarily.

46. In 2015-16, 310 staff left the Government. The majority of them reached the end of their contracts (42.6 per cent) or resigned (38.1 per cent). The overall turnover rate for the civil service is 8.7 per cent, which is a reduction from previous years. However, the turnover rate of staff varies considerably across departments, from zero in some to 40 per cent in others.¹⁹ Most departments that have a staff turnover rate of more than 20 per cent are small (i.e. less than 25 staff) so a few staff leaving can result in a high turnover rate. In the four departments we reviewed, the NAU had the highest turnover rate at 12.5 per cent (representing three staff); 62 staff (8.7 per cent) left DES, four staff (3 per cent) left DCFS, and 29 staff (6.6 per cent) left RCIPS. Although the Government compiles data on turnover rates and broad reasons for turnover such as end of contract, retirement, dismissal or resignation, it does not systematically carry out exit interviews or exit surveys with employees who leave so the reasons for resignations are often not known.²⁰
47. The Government has not developed specific recruitment or retention programmes to maintain employees with high-demand skills, experience and competencies. This is because high-demand skills have not been identified.

Recommendation 4: The Government should collect and monitor additional information to support future recruitment and retention strategies, such as the cost and elapsed time of recruitment campaigns, including staff time spent on them; the success of recruitment campaigns, including information on barriers to successful recruitment; and conduct exit interviews with staff.

THE GOVERNMENT NEEDS TO IMPROVE SUCCESSION PLANNING

48. Succession planning is the process of identifying and developing potential future leaders or senior managers and people for business-critical roles in the short- and long-terms. It is seen as good practice to ensure a smooth transition and limited downtime when key people leave critical positions.
49. Within the Cayman Islands, the *PSML* defines succession planning as developing a pool of Caymanians within the civil service that have the skills and experience to make them potential candidates for key managerial and technical positions when they becomes vacant.²¹ Our review of the Government's approach to succession planning was limited to the requirements set out in the *PSML*.

¹⁹ The Office of the Commissions Secretariat had the highest turnover rate of 40 per cent, which represented two staff leaving.

²⁰ The Ministry of Education, Youth, Sports, Agriculture and Lands requests exit interview forms and offers exit interviews to staff when they resign although not all staff participate.

²¹ Section 55(1)(c) of the *PSML*.

50. Chief Officers are required to establish and regularly review and update a staff succession plan for their entity. The Personnel Regulations (2017) specify that succession plans should identify:
- key managerial and technical positions;
 - the current and future skill set required to develop the required capability;
 - sources or means to develop the related skill sets;
 - at least two Caymanians for each managerial or technical position whose skills can be developed to the required level; and
 - the process and timeline for developing those staff members.
51. At the executive level, succession plans were developed in 2013-14 to identify the future supply and demand for Chief Officers. However, these plans have not been updated since then.
52. Ministries and departments are responsible for developing and monitoring the implementation of their own succession plans and this information is not collated centrally. However, a report prepared by the Office of the Deputy Governor in 2014-2015 stated that seven major entities had yet to complete succession plans. The report also indicated that 85 per cent of succession plans that existed needed to be updated.
53. Four of the seven ministries and departments that we reviewed had developed succession plans. We found that the succession plans were a good starting point for a comprehensive programme at the senior level, but they were not periodically reviewed and updated. For example, MHRI developed succession plans at the ministry level, but asked departments to postpone implementing their plans because there was insufficient capacity to put them in place. The Ministry of Education, Youth, Sports, Agriculture and Lands (MEYSAL) has developed succession plans for primary schools and libraries but it has not monitored their implementation. Regularly reviewing and updating succession plans is essential to ensure that employees are being supported and developed to fill future roles.
54. Historically, the Government has struggled to recruit Caymanians for certain professions - for example, teachers, social workers and police. To improve this, some departments with the support of POCS have developed recruitment strategies aimed at attracting Caymanians into the workforce. For example, in November 2017, RCIPS together with the Cayman Islands Prison Service, the Cayman Islands Fire Service, and other departments, held a law enforcement and public safety recruitment fair.²²
55. In addition to developing succession plans for Caymanians, the Government also needs to consider succession planning in the widest sense to ensure that it has sufficient staff at the right levels and

²² Other government departments that participated in the recruitment fair included the Department of Immigration, Department of Labour and Pensions, Department of Public Safety Communications and the Customs Department

with the right skills to deliver services. This may mean recruiting non-Caymanians, where necessary, to fill business-critical posts or high-demand skills. As already noted, the Government has historically struggled to fill certain posts with Caymanians, for example teachers, social workers and police officers. Non-Caymanian staff are on fixed-term appointments (generally up to three years). This means that managers and HR staff need to plan effectively to ensure that posts are re-advertised well in advance and time is built in to the process, where necessary, for obtaining work permits and meeting other additional requirements for non-Caymanian staff.

Recommendation 5: The Government should improve its approach to succession planning to ensure that it is able to fill leadership and business critical posts and high-demand skills in the future. This should include tracking and monitoring the progress of succession plans for Caymanians.

MOST STAFF HAVE ANNUAL PERFORMANCE ASSESSMENTS BUT THE FOCUS NEEDS TO SHIFT TO IMPROVING THEIR QUALITY

56. Assessing staff performance is a key aspect of workforce management and is used to measure and improve the capabilities of the workforce. The performance management system in place needs to be an effective process and tool that is valued by staff. It should also provide useful management information that may be used to inform workforce planning and management, including talent management and succession planning. To achieve this, performance assessment information needs to be complete, accurate and credible.
57. The *PSML* (sections 49-50) requires that annual performance agreements be prepared, and specifies what performance agreements should cover and the process to be used. It states that every member of staff should have a performance agreement within 60 days of the annual budget's approval by the Legislative Assembly. Staff performance is expected to be reviewed at the end of each financial year, through an annual performance assessment carried out by the individual's manager or supervisor. The performance assessment should be completed as soon as possible after the year end (and no later than 30 days after the annual report of the civil service entity has been tabled in the Legislative Assembly). Setting a target completion date for performance agreements and assessments is helpful. However, it may be more useful for these completion dates to be more specific. For example, completing performance agreements and assessments within a prescribed number of days after the review period or yearend may be a better indicator because there may be delays in approving the annual budget or laying annual reports in the Legislative Assembly. Chief Officers may provide performance incentive arrangements, including performance-related remuneration, as long as it is directly linked to performance assessments.
58. In 2012-13, the Government introduced a revised approach to staff performance management. To support this, POCS developed a performance management and assessment tool and process and provided training and refresher courses. We noted that training documents, training sessions and

email instructions for managers and staff provided clear timelines and processes for performance reviews. Information on performance assessments is captured in an electronic performance management (EPM) system (discussed in Exhibit 10). However, currently there is no process in place to aggregate, track and monitor results, especially for top talent.

59. Until recently, annual performance assessments were not completed regularly. Because of this, the Deputy Governor and POCS focused attention on their completion. As a result the percentage of staff who have had an annual performance assessment increased from 17 per cent in 2012 to 100 per cent in 2015. This is commendable. However, during our audit we found that many Chief Officers, Heads of Departments and HR staff had concerns about the quality and integrity of performance assessment information. These concerns included the following:

- Some performance assessments were carried out as a remote paper exercise, with no discussion between the manager and staff member.
- Managers were not having difficult discussions with staff about poor performance.
- Scoring was inconsistent with some managers more generous in their scoring of performance than others.
- Performance objectives were changed, making it difficult in some cases to compare performance across staff groupings or similar roles.
- There was limited calibration of performance evaluations by senior management to ensure that performance assessment scores appeared reasonable and that application of the process across government was consistent.
- Mid-year performance reviews and regular check-ins with staff were not part of usual practice.

60. The Government now needs to focus on changing the culture and behaviour to improve the quality of the performance management process and outcomes. This could include:

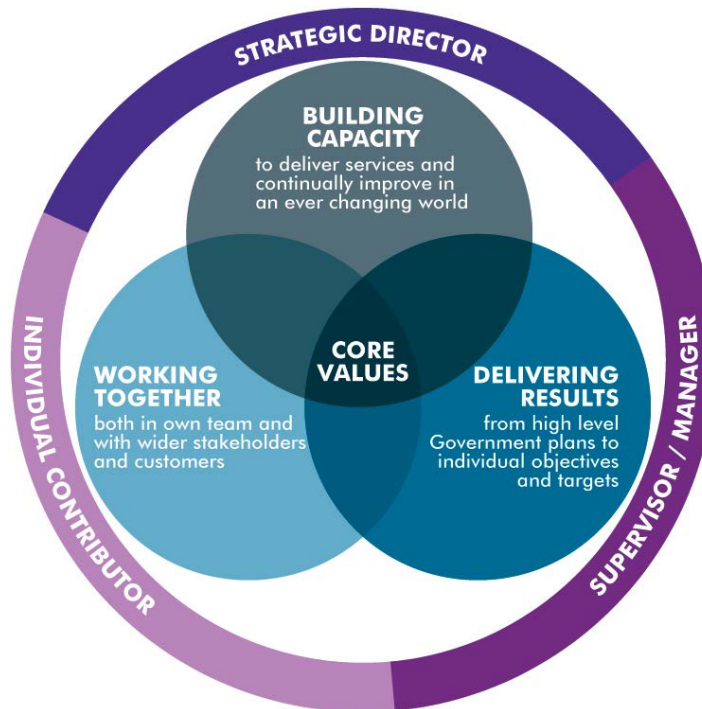
- Building more regular performance discussions in to business as usual. This is generally viewed as good practice in managing staff performance.
- Equipping managers with the skills to have difficult conversations about poor performance.
- Building calibration or moderation of scores by senior management in to the process. Many other organisations do this to ensure that the process is fair and any inconsistencies are addressed.
- Using information to identify staff areas for development and employees who have the potential to grow and develop in to future leaders.

Recommendation 6: The Government should introduce measures to improve the quality of staff performance management.

A NEW COMPETENCY FRAMEWORK FOR CIVIL SERVANTS HAS BEEN DEVELOPED

61. Competency models are often used for recruitment and selection, learning and development, assessing performance and managing talent. To support the five-year strategic plan, POCS has developed a new competency framework to identify a common set of skills and behaviours that are applicable across government. This will support recruitment, performance management and training and development for all civil servants. The framework has three competencies and three hierarchical (or profile) levels. Exhibit 7 provides an illustration of the competency framework.

Exhibit 7 – New competency framework for civil servants



Source: Cayman Islands Government Core Competency Framework

62. In developing this framework, a working group of HR professionals within POCS reviewed frameworks from other jurisdictions, including the United Kingdom (UK), Australia, New Zealand and Canada. This working group consulted with members of the UK Cabinet Office and, where possible, maximised the participation of stakeholders at all levels across government including consultation with Chief Officers, Heads of Departments, HR specialists, and staff representatives.
63. The new competency framework is a good first step in clarifying job expectations and improving performance assessments across government. However, the Government is a complex organisation providing a vast array of services and programmes. This may call for a framework with more than three competencies and hierarchical levels.

64. The framework sets out three competencies: Building Capability, Working Together, and Delivering Results. In reviewing competency frameworks of other organisations we noted that they generally have more than three competencies. Additional competencies in other frameworks include leadership and setting direction, decision making, communication, analytical thinking, organisational knowledge, negotiating and influencing. The Government could weave some of these areas into the three competencies in its new framework or could add them as competencies at a later date.
65. The framework also has three hierarchical (or profile) levels: Individual Contributor, Supervisor/Manager, and Strategic Director. Three levels may not adequately reflect the complexity of the Government. It is also not clear how the three levels are linked to the current hierarchical structure within the Government, which has seven grades of staff (covering 24 pay scales) ranging from low-level support roles to senior executive roles.²³
66. The new framework applies the same three competencies to each of the three hierarchical levels. We noted that the 2018 performance agreement guidance suggests behaviours for each of the three competencies of Chief Officers and Heads of Departments. This provides sufficient differentiation between the two grades. However, as mentioned above, it is not clear whether the new framework has Chief Officers and Heads of Department in the same or different hierarchical levels. There is also no guidance on competency behaviours for other grades of staff.
67. Competency frameworks for the civil service in other jurisdictions (UK, Australia, New Zealand and Canada) align competencies around “job families”. Job families are groupings of jobs related by common vocations or professions, such as policy and research, corporate administration, leadership and executive, and direct service delivery. Competencies and performance objectives are aligned around job families, making them more representative of the nature and type of work performed and the associated behaviours and competencies necessary to perform that type of work.

Recommendation 7: The Government should clarify how the new competency framework fits with the current organisational structure to ensure that all staff are clear about how to apply it.

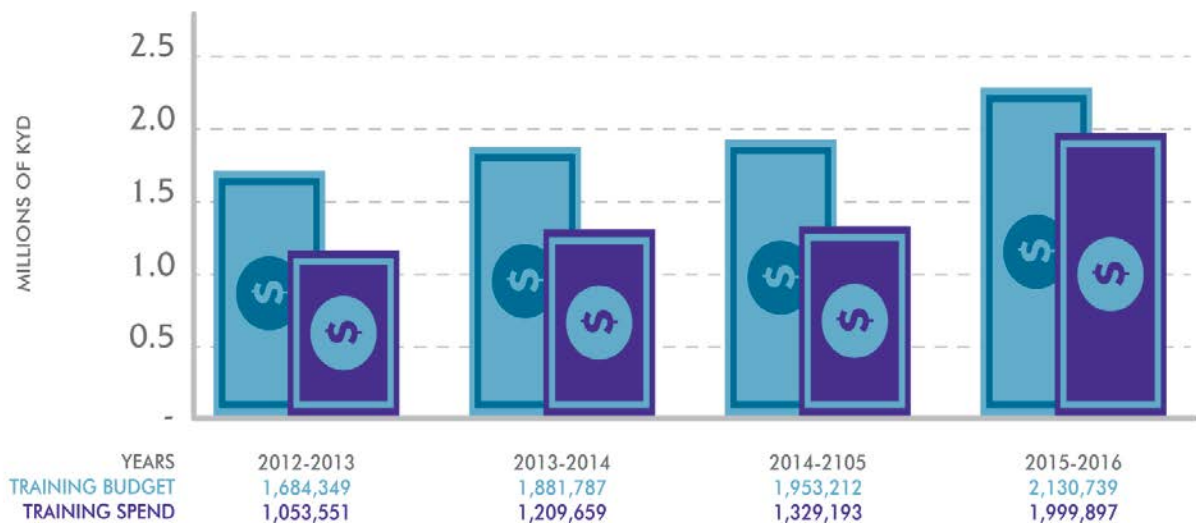
Recommendation 8: The Government should consider enhancing the competency framework in the longer term by including additional competencies and hierarchical levels, in order to better reflect the complexity of government by more clearly distinguishing what is expected of different grades and groupings of staff.

²³ The Cayman Islands Government Annual HR Report specifies seven hierarchical grades: senior executive roles (salary grade A-B); organisational executive roles (C-G); middle/junior management and specialist technical roles (H-K); operational roles (L-O); support roles (P-R); higher level wage workers (GFF-GDD); and lower level wage workers (GCC-GAA).

LEARNING AND DEVELOPMENT PLANS ARE NOT TRACKED OR MONITORED

68. Learning and development are key elements of workforce management. Investing in learning and development ensures that the workforce continues to develop its capabilities and learn new skills that will benefit both the individual and the organisation now and in the future. The new five-year strategic plan identifies a number of training and development priorities, including developing exceptional leadership. It is important to measure the effectiveness of this training and development to ensure that the Government is on track to deliver its strategic objectives.
69. Exhibit 8 shows the Government’s spending on training over the four years 2012-13 to 2015-16 and compares this to budgets for each year.²⁴ It shows that the Government has spent over \$1 million a year on training and that spending increased over the four years with a significant increase in 2015-16. Our analysis also shows that over the four years, only 73 per cent of the training budget was used. Between 2012-13 and 2014-15, 62-68 per cent of the training budget was spent. In 2015-16 almost the entire training budget was spent (94 per cent).

Exhibit 8 – Government’s annual budget and spending on training (2012-13 to 2015-16)



Source: OAG analysis of IRIS data 2012-13 to 2015-16

70. Learning and development needs are identified through the annual performance assessment process and included in civil servants’ performance agreements. As part of the annual performance assessment process, civil servants are asked to identify learning objectives for their current roles as well as for succession planning and future roles. Ministries and departments also use learning and

²⁴ Financial year 2016-17 was an 18-month period that ended on 31 December 2017. Financial information for 2016-17 used in this report is for the 12 months to 30 June 2017.

development plans to identify specific training or development needed to address any performance-related issues.

71. Formal training is available to civil servants through supported programmes such as the Cayman Islands Civil Service College (CICSC), which offers online learning, workshops and seminars. Formal learning and development programmes cover a wide spectrum of disciplines. The CICSC offers diplomas and certificate programmes in leadership through, for example, the Institute of Leadership and Management and other development programmes through Civil Service Learning in the UK and other providers.
72. The Government also uses acting-up assignments and secondments to provide development and career progression opportunities. While secondments provide an opportunity to develop talent and contribute to succession planning, we found that the secondment programme could be improved. For example, it is not clear how people are identified or selected for secondments. There is also limited tracking or monitoring of the progress and development of those seconded to ensure that they are gaining the skills and experience needed.
73. There are a number of training and development opportunities for civil servants, but we found that the Government does not track or monitor the take-up of training and development by staff. HR systems are not used to centrally monitor training provided to employees.

Recommendation 9: The Government should ensure that it tracks and monitors the take-up of training and development and ensure that it is in line with learning and development plans.

THE GOVERNMENT PLANS TO IMPROVE ITS APPROACH TO TALENT MANAGEMENT

74. Talent management seeks to attract, identify, develop, engage, retain and deploy staff who are considered to be particularly valuable to an organisation. For talent management to be successful, it must be fully integrated into all of the employee-related processes, such as recruitment, retention, succession planning, performance management and learning and development. It also generally requires a formal talent management programme to identify potential employees for leadership and critical skills vacancies now and in the longer term.
75. While the Government does not have a talent management programme or approach to identify potential candidates for leadership or business-critical skills positions in the short and longer terms, there is a good understanding of the value of talent management at the executive and management levels across government. Some departments told us that they are taking steps to identify and develop talent but we found that the approaches are siloed and patchy and are not formalised in plans or programmes. Competing priorities, a lack of resources, and a lack of integrated and quality HR data have hindered the Government's ability to effectively manage talent.

76. The five-year strategic plan identifies a strategic goal to “pursue excellence in talent development”. It sets out three objectives to achieve this:

- Maximise participation in effective training and development opportunities.
- Develop and implement a competency framework across government, identifying the core behaviours needed at all levels of the civil service to realise the vision to be a world-class civil service.
- Develop a civil service talent plan.

77. We therefore expect a more formal approach to talent management to be introduced across government to achieve this over the five years to 2023. The 2018 implementation plan for the five-year strategic plan includes some specific actions on talent management.

Recommendation 10: The Government should establish a formal talent management programme that identifies potential employees for leadership and identifies critical skills vacancies, now and in the longer term, to ensure successful implementation of its five-year strategic plan.

RESOURCES AND INFORMATION FOR WORKFORCE PLANNING AND MANAGEMENT

78. Managers and decision makers need access to good management information to ensure that they are able to plan and manage their workforce efficiently and effectively. Information needs to be timely, complete, reliable, and capable of providing insights on past trends and future projections. The availability of good management information will be influenced by the HR resources available to support operational and strategic activities; by the data collected and analysed; and by the systems in place to capture information and generate reports.

A REVIEW OF HUMAN RESOURCES CAPACITY AND CAPABILITY IS NEEDED

79. Organisations need to have sufficient HR staff to support effective workforce planning and management. As at December 2017, the Government employed a total of 55 HR staff to support 3,778 staff.²⁵ POCS provides central guidance and support on HR policies and management (8 staff). In addition, ministries and departments employ 47 HR staff to support Chief Officers and Heads of Departments.

80. HR staff need to be able to support management by carrying out both strategic and operational functions covering both workforce planning and management. The setup of HR teams varies across government, as each Chief Officer has organised staffing differently. Some ministries have centralised HR functions that support all of the departments within it while others have dedicated HR teams to support individual departments. For example:

- The Ministry of Education, Youth, Sports, Agriculture and Land (MEYSAL) previously set up a central HR team for the whole Ministry in 2011. Since reorganisation in July 2017 it has a central HR team and an additional HR team for the Department of Agriculture.
- The Ministry of Human Resources and Immigration (MHRI) has three HR teams: one team supports RCIPS; one team supports the Department of Immigration (DOI); and the other team supports the Ministry, National Workforce Development Agency (NWD) and the Department of Labour and Pensions (DLP).
- The Ministry of Community Affairs (MCA) restructured its HR teams during our audit, moving from two teams to a centralised team to support the entire Ministry's workforce.

81. All ministries have senior HR professional expertise (e.g., Chief HR Officers). From a review of Chief HR Officers' job descriptions we determined that between 60 and 85 per cent of their time should

²⁵ Note the data used in this section are for December 2017 (the most recent information available at the time of this report).

be spent on strategic HR functions. However, we were told that they routinely spend most of their time on operational and administrative activities. We also found that the Chief HR Officers were being used differently across ministries, with some more involved than others in strategic planning and supporting Chief Officers. It is important that executive and senior managers across government make the most of the specialised, professional HR expertise that exists.

82. Ensuring that there is a sufficient number of qualified and experienced HR staff to support management and staff at both the strategic and operational levels is essential. The Society for Human Resource Management (SHRM) has set a range of benchmarks that provide an indication of the number of HR staff needed to effectively support the workforce and management of an organisation.²⁶ The HR-to-employee ratio compares the number of full-time-equivalent (FTE) HR staff for every 100 FTE staff in an organisation and identifies four benchmarks, depending on the size of the organisation:

- An organisation with 1-250 FTEs should have a ratio of 3.40.
- An organisation with 251-1,000 FTEs should have a ratio of 1.22.
- An organisation with 1,001-10,000 FTEs should have a ratio of 1.03.
- Overall, the average HR-to-employee ratio should be 2.57.

83. The benchmarks suggest that if an organisation with fewer than 250 FTE staff has an HR-to-employee ratio of 3.40 or more it should have enough HR staff to support its workforce, while a ratio less than 3.40 may indicate a shortage of HR staff. However, it is worth noting that these ratios are based solely on numbers of staff and do not take into account the complexity of the workforce.

84. We compared each of the four departments and three ministries in our audit against these benchmarks. Exhibit 9 shows that some departments and ministries are in line with, or compare favourably when benchmarked against, the SHRM ratios, whereas some others compare poorly. This does not necessarily mean that the Government needs to employ more HR staff. For example, in MHRI, both the Department of Immigration and RCIPS appear to have a shortfall of HR staff to support the size of the workforce, and yet overall HR staffing across the Ministry is in line with the benchmark. Overall, the Government has a ratio of 1.46, which appears reasonable for an organisation of its size. A redistribution or reorganisation of HR staff may therefore be sufficient to address any potential shortfalls.

²⁶ *Workforce analytics: A critical evaluation: How organizational staff size influence HR metrics*, Society for Human Resources Management, 2015.

Exhibit 9 – Government HR staff to workforce ratios compared to SHRM benchmarks (December 2017)

MINISTRY OR DEPARTMENT	HEADCOUNT	HR STAFF	ACTUAL RATIO	SUGGESTED SHRM RATIO	COMPARISON OF ACTUAL RATIO TO SHRM BENCHMARK INDICATES:
MINISTRY OF EDUCATION, YOUTH, SPORTS, AGRICULTURE AND LANDS [MEYSAL]	1031	10	0.97	1.22	HR staffing levels are below suggested benchmark
MINISTRY OF HUMAN RESOURCES AND IMMIGRATION [MHRI]:	659	8	1.21	1.22	HR staffing levels are in line with benchmark
• MINISTRY, NWDA AND DLP	52	2	3.85	3.40	HR staffing levels are higher than the benchmark
• RCIPS	435	4	1.16	1.22	HR staffing levels are in line with benchmark
• DEPARTMENT OF IMMIGRATION [DOI]	172	2	1.16	3.40	HR staffing levels are below suggested benchmark
MINISTRY OF COMMUNITY AFFAIRS [MCA]	183	3.75	2.05	3.40	HR staffing levels are below suggested benchmark

Note: Data used in this exhibit are as at December 2017

Source: OAG analysis of Final Draft - Annual HR Report 2016/17

85. We believe there is scope for a functional leadership approach to HR across government that provides both strategic and operational functions. POCS currently provides functional leadership in a range of operational HR activities, such as providing guidance and support on HR practices, leading the removal of the recruitment and pay freezes, and carrying out job evaluations. There is scope to extend this to include providing a central role of developing workforce planning across government. This could involve POCS and HR teams together providing Chief Officers and Heads of Departments with the necessary support and guidance to improve workforce management and working jointly to develop an effective organisation-wide approach to workforce planning.

Recommendation 11: The Government should review the resource levels and capacity of HR staff in ministries and departments to ensure that they are sufficient to support workforce planning and management at both strategic and operational levels.

HR SYSTEMS ARE NOT INTEGRATED AND LEAD TO INEFFICIENCIES

86. Reliable and timely HR data are an essential component of workforce planning and management. To effectively inform decision making, HR data need to be accessible in real-time, analysed to show historical trends, and modelled to provide forecasts and projections.
87. The Government uses five different HR systems to collect and manage a range of workforce information. These include HR IRIS, an extension of the financial management system IRIS; electronic content management (ECM); electronic performance management (EPM); Time Recording System (TRS); and Leave Tracker system. All of these systems require staff to input data. Some data such as time recording and leave requests are input by individual staff members and some data are input by HR staff. Exhibit 10 (opposite) provides an overview of each of the HR systems.
88. The Government's HR systems are not integrated or user-friendly, which has led to inefficiencies. A significant amount of time is spent retrieving data from the different systems in order to compile meaningful reports that provide essential information for planning and managing the workforce. For example, the ECM system was found to provide little reporting functionality, and in general, HR staff found reporting capabilities of each of the systems limited. This presents risks and challenges for managers and HR staff, and leads to inefficiencies, including the following:
- Tasks are carried out manually, which is time consuming and increases the risk of human error.
 - Systems are not designed to support predictive analysis, which could result in poor information being used to inform management decisions.
 - Compiling information is time consuming and inefficient.
 - Information may be out of date or not provided in sufficient time to make proactive or informed decisions.
89. The Government's HR systems do not have any predictive decision-making capabilities. Enhancing the quality of data collected and predictive analysis would help to identify current and future skills gaps, training completed or required, employee turnover or shortage information, retirement trends, etc. The current systems are limited and do not support efficient or effective workforce planning and management.

Exhibit 10 – HR systems used by the Cayman Islands Government

System	Purpose
HR IRIS	Used to capture, store and report on human resource data, including demographic information such as Caymanian status, age, nationality, hire date, employment type and category, length of service, gender, marital status, etc.
Electronic Content Management (ECM)	ECM has the capability to store personnel-related records for all departments, such as employment agreement information, employment history, health and safety, performance management, remuneration and payroll information, selection processes and training and development. ECM also stores data such as immigration work permit applications, vehicle and licensing forms, trade and business applications and personnel records for all departments.
Time Recording System (TRS)	Tracks staff time allocated across projects and tasks (entered by staff). Has historical reporting capabilities and is used to generate various HR reports such as timesheets, overtime, sick leave, vacation and other leave, etc.
Electronic Performance Management (EPM)	Stores performance agreements and completed assessments and has a reporting mechanism that provides the number of assessments completed across government. Performance assessment ratings are compiled in Excel, and Heads of Departments can access reports for their staff.
Leave Tracker	Electronic leave tracking system that is used to record employees' leave.

Source: OAG analysis of the Government's HR Systems

Recommendation 12: The Government should prioritise the integration of its Human Resource systems to ensure that they are more efficient, making better information more easily accessible to managers and HR staff to help them plan and manage the workforce.

BETTER HR DATA ARE NEEDED TO SUPPORT WORKFORCE PLANNING AND MANAGEMENT

DATA COLLECTION IS MAINLY FOR COMPLIANCE AND REPORTING

90. The Government collects a wide range of information on its workforce. HR data are largely generated by ministries and departments to capture demographic and performance information and monitor compliance with legislation and regulations. This includes:

- historical analysis such as current employee information or employee history, turnover percentages, contract end dates, new hires and leavers from HR IRIS;
- recording and accumulating performance assessments data on EPM to ensure compliance with legislative requirements.

91. POCS extracts data from HR IRIS to produce its Annual HR Report, which is prepared for the Cabinet and Deputy Governor. This report provides government-wide information on demographics and HR activities such as remuneration, recruitment and retention for the civil service. It also includes some high-level information on the entire public sector, including number of employees and Caymanian status.

ADDITIONAL INFORMATION, ANALYSIS AND FORECASTING ARE NEEDED TO INFORM WORKFORCE PLANNING

92. Although HR systems capture good demographic and performance data for compliance and reporting purposes, the information is not used to support workforce planning. Effective workforce planning involves a number of stages, including analysing the current workforce (numbers and skills and current workforce challenges); forecasting needs (numbers and skills needed in the future to deliver priorities and objectives); and identifying gaps. The Government has some of the building blocks in place and information needed to develop a workforce plan but it needs to capture and analyse some additional information to fully inform decisions about the workforce.

93. The Government has a wide range of demographic and other information about its workforce. This provides a good start in developing an analysis of the current workforce. However, there are some gaps in current information, which we have identified throughout this report. For example, information is not centrally held on staff skills, including training and development received. Information on the number of staff on fixed-term contracts (with contract end-dates) and on the age profile is available but is not being used effectively to predict future gaps or recruitment. We could find no evidence that the Government has up-to-date information on business-critical posts or identifies high-demand skills. While it carries out a lot of recruitment each year, largely related to the number of staff on fixed-term contracts, the Government does not monitor information on the success rates of recruitment campaigns or time spent on recruitment. It therefore does not have sufficient evidence of any recruitment challenges it might face. Although the Government measures

the number of sick days each staff member takes, it does not calculate sickness absence rates to inform workforce planning or management. The cost of days lost through sickness can be significant; it is good practice for organisations to monitor sickness absence levels and have policies in place to manage absences and reduce sickness rates over time if necessary.

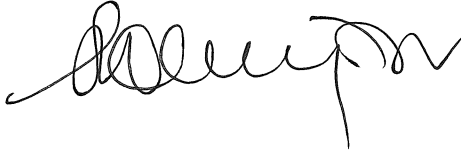
94. The Government recently launched its five-year strategic plan, which identifies some priorities for developing the workforce (e.g. leadership capacity and customer service) and a number of reviews have been completed or are underway on service delivery (e.g. work permits and border protection). However, it is not clear if the Government has identified what service provision will look like in the future across the whole range of functions it delivers, making it difficult to identify future demand for services. This information is essential to help forecast future workforce needs, including business-critical or specialist posts; to identify any skills gaps; and to identify training and development needs.

Recommendation 13: The Government should address gaps in its workforce information, including sickness absence, and carry out regular analysis to provide better information for workforce planning and management.

CONCLUSION

95. The Government is dependent upon its staff to deliver its strategic objectives and a wide range of public services for the Cayman Islands. It has recently developed and launched a five-year strategic plan to help it achieve its ambition of becoming a world-class civil service. However, it does not have organisation-wide, ministry or department workforce plans that set out what the workforce needs are in the longer term to support the delivery of strategy, policies and services. Neither does it have a pay strategy setting out how it plans to maintain salaries at competitive levels to ensure that it can continue to recruit and retain staff to deliver essential public services, whilst containing overall staff costs at a reasonable level.
96. The Government has a range of workforce management tools in place but these are not being used as effectively as they could be. Succession plans have been created but many of these are out of date. I am pleased to see that most civil servants now have an annual performance appraisal but the focus now needs to shift to improving how these are done. This would help ensure better quality information to inform decisions about workforce planning and management. The Government has launched a new competency framework for civil servants from 2018. This is an important development and there is scope to enhance this in future years to further promote talent development and performance management. The Government offers a significant amount of training and development and all staff have training and development plans as part of their annual performance assessment but these are not monitored or evaluated. Given that the Government is spending more than \$1 million a year on training and development it is important that the take-up and effectiveness of this is monitored and evaluated.
97. Overall, the Government appears to have sufficient numbers of HR professionals. However, there is scope to develop a functional leadership approach to HR that could provide strategic support to managers and work with them to develop a government-wide approach to workforce planning. There is also an opportunity to review and reallocate HR staff to ensure that all areas have sufficient support for effective workforce planning and management.
98. The IT systems in place for HR management are not well-designed, integrated or user-friendly. This has led to inefficiencies in both inputting information and extracting data to inform decision making. The Government needs to address this urgently.

99. We gratefully acknowledge the cooperation and assistance received from Government officials in all phases of our audit work.

A handwritten signature in black ink, appearing to read 'Sue Winspear', written in a cursive style.

Sue Winspear, CPFA
Auditor General
George Town, Grand Cayman
Cayman Islands

30 April 2018

APPENDIX 1 – ABOUT THE AUDIT

OBJECTIVE

1. The objective of this audit was to assess how well the Government plans and manages its workforce to achieve its goals and strategic objectives and improve the quality of service delivered to citizens. Specifically it attempted to answer the following audit questions:
 - How well does the Government plan and manage its workforce to meet its strategic goals?
 - Does the Government have relevant and reliable HR information and how does it use any such information to support workforce planning and decision making.
 - How effective is the Government at attracting, retaining and supporting its workforce.

CRITERIA

2. Audit criteria are a key component of a performance audit, setting out the expectations against which the auditor will assess performance and conclude on the audit objectives. Normally, the criteria reflect regulatory requirements and established business practices that management uses to assess its own performance. In the absence of such practices, it is the auditor’s responsibility to develop criteria that are reasonable under the circumstances based on best or reasonable practices and, to the extent possible, to obtain agreement from the organisation being audited.
3. The 11 criteria below were shared with and agreed by the Deputy Governor and Chief Officers at the conclusion of the planning phase of the audit.
4. The following audit criteria were used to assess the Government’s performance against the audit questions:

Workforce Governance

- 1) There is a government-wide strategy/plan setting out workforce needs that is in line with good practice and is clearly communicated and understood.
- 2) There is a government-wide strategic workforce planning framework to guide workforce planning at Ministry and Department levels.
- 3) Roles and responsibilities for workforce planning are clearly defined and communicated.
- 4) Human Resource (HR) units are sufficiently resourced to effectively support workforce planning.

Workforce Information

- 5) Information collected is sufficient to support planning, forecasting and decision-making.

6) Tools, technology and training are sufficient to support data analysis.

Workforce Tools

7) Recruitment and retention initiatives are in place to attract and retain quality talent.

8) Defined talent management programmes are in place.

9) A government-wide policy or framework has been established to guide performance management.

10) Learning and development plans are in place for employees.

11) A programme is in place to attract, retain and develop Caymanians.

AUDIT SCOPE

5. The audit covered core government only i.e. Ministries, Portfolios and Offices. Statutory Authorities and Government Owned Companies were excluded from the scope of this audit, although the findings and recommendations may also be relevant to them.
6. We reviewed the role played by POCS in providing HR advice and support to core government and focused on the following four departments (and their related Ministries):²⁷
 - Department of Education Services (719 staff) within the Ministry of Education, Youth, Sports, Agriculture and Lands,
 - Royal Cayman Islands Police Service (433 staff) within the Ministry of Human Resources, Immigration and Community Affairs,
 - Department of Children and Family Services (138 staff) within the Ministry of Human Resources, Immigration and Community Affairs, and
 - Needs Assessment Unit (24 staff) within the Ministry of Human Resources, Immigration and Community Affairs.
7. These four departments cover a range of government services, provide a range of department sizes from small through to the two largest (DES and RCIPS) and cover a range of professions. The selection of DCFS and NAU also allowed us to review workforce planning and management for an entire Ministry (MCA). Together these four departments account for approximately 37 per cent of all core government staff as at 30 June 2016.
8. The Government reorganised on 1 July 2017. This resulted in some departments moving to create new Ministries. We have referred to the new Ministries throughout this report.

²⁷ HR data used in this report are based on the CIG Annual HR Report 2015/16 produced by Strategic and Corporate HR Services – Portfolio of the Civil Service. The latest published information at the time of this report.

AUDIT APPROACH

9. The audit was conducted in accordance with International Standards on Assurance Engagements.

The approach to the audit included:

- obtaining the agreement of relevant government officials to the audit criteria;
- documenting statutory requirements, policies and practices for the management and planning of the workforce within our audit scope;
- conducting interviews of senior officials, including the Deputy Governor, Chief Officers and Heads of Departments, who are responsible for workforce management and planning;
- reviewing documents such as the annual HR reports, the *Public Service Management Law*, HR policies, and other applicable documentation;
- analysing human resource data and relative demographic information;
- reviewing strategies, plans and other documents in relation to workforce planning and management;
- analysing audit evidence and assessing it against agreed criteria to develop findings, recommendations and a conclusion on the audit objective;
- providing a draft report to relevant government officials for review of factual accuracy and obtaining responses to the report's recommendations (see Appendix 2); and
- presenting a final report on the audit to the Legislative Assembly.

AUDIT STAFF

10. The audit was carried out under the direction of Angela Cullen, Director of Performance Audit and assisted by Julius Aurelio (Audit Manager), Sasha Rochester (Audit Project Leader) and external consultants from a professional services firm in the Cayman Islands.

APPENDIX 2 – RECOMMENDATIONS

Recommendation	Management Response	Responsibility	Date of planned implementation
<p>1. The Government should ensure that Ministries and large departments develop workforce plans to ensure that they can deliver their long-term strategic objectives. These should be combined to develop an organisation-wide workforce plan for the whole of the Government that sets out its workforce needs in the longer-term and how it plans to address these.</p>	<p>The Government accepts this recommendation.</p> <p>Given the diversity of public services delivered by the Government, localised ownership by senior leaders is required as both business strategy and critical skills differ widely by functional area - e.g. the skillsets required for Waste Management will be different than those for Education as will be different from those for Policing. Consequently, strategic workforce plans must be developed from the ground up. From this work, common themes can be identified and tackled centrally.</p> <p>Central tools are currently being used to identify common skills gaps and to deploy central responses to the same. An example of this is the use of the CIG-wide Employee Engagement Survey and the resulting prioritization of leadership and management training within the Civil Service 5 Year Strategic Plan (the “5YSP”).</p> <p>Generally, the 5YSP contains a roadmap for addressing organization-wide themes which underpin workforce planning. Specifically, the CIG has committed to the following areas of workforce improvements, among others:</p> <ul style="list-style-type: none"> • Objective 2.1 – Foster World Class Leadership (Initiatives: Establish Leadership Academy, Enhance Succession Planning, Develop Strong Managers) • Objective 2.3 – Demonstrate Accountability and 	<p>Office of the Deputy Governor (ODG)/ Strategic Reforms and Implementation Unit (SRIU) – Deliver workforce planning methodology and tool.</p> <p>Chief Officers and HoDs of large departments (i.e. 100+ staff) – deliver workforce plans underpinning ministry/department strategic plans.</p> <p>PoCS – Deliver existing 5YSP workforce plans and develop new centralized workforce plan based upon Ministry/Department input.</p>	<p>PoCS implement 5YSP’s workforce strategy Jan 2018- Dec 2022.</p> <p>ODG/ SRIU produce CIG policy position and conduct readiness assessment by December 2018 and adopt workforce planning framework (tool and guidelines) by December 2019.</p> <p>Chief Officers/ HoDs develop and adopt workforce plans on a rolling basis 2020-2022.</p> <p>PoCS update central workforce plan by December 2023.</p>

Recommendation	Management Response	Responsibility	Date of planned implementation
	<p>High Performance (Initiatives: Provide a framework for improved goal setting which aligns broad outcomes with departmental and employee performance, Facilitate recognition and incentives for high performance, Provide leadership training and coaching on giving effective feedback, Extend use of 360 feedback, Streamline disciplinary process, Enhance management systems available to support and better integrate HCM functions)</p> <ul style="list-style-type: none"> • Objective 3.1 - Maximise Participation in Effective Learning and Development Opportunities (Initiatives: Develop learning and development policy, Expand range of learning opportunities, Establish curriculum advisory committees comprising internal experts...within respective professional/vocational clusters, Establish methodology for assessing effectiveness of training in accordance with...training priorities.) • Objective 3.3 - Develop a Civil Service Talent Plan (Initiative: Develop a [Talent] Plan to identify the workforce requirements for being a World-class Civil Service, Strengthen succession planning for scarce skillsets or areas where Caymanians are historically underrepresented, Establish development pathways for cross-government professions and vocations, Adopt a common framework for strategic workforce planning which can be operated within ministries and departments.) <p>Whilst the 5YSP provides a solid platform for initiating workforce planning, adopting Recommendation #1 will</p>		

Recommendation	Management Response	Responsibility	Date of planned implementation
	ensure more consistent workforce planning at the functional-level and enable more targeted workforce planning centrally.		
2. The Government should develop a workforce planning framework that includes guidelines and tools to ensure that a consistent approach to workforce planning is adopted across government.	CIG agrees that a workforce planning framework should be developed for use by Ministries and Departments across the CIG. This work is planned as part of the 5yrSP under Strategic Initiative 3.3d “Adopt a common framework for strategic workforce planning which can be operated within ministries and departments to fulfil their mandates in accordance with the elected Government’s policy priorities.”	ODG/SRIU and PoCS	See Response to Recommendation #1.
3. The Government should clarify roles and responsibilities for, and develop a functional leadership approach to, workforce planning across government.	The Government accepts this recommendation and agrees that more can be done to reinforce the roles and responsibilities outlined in the <i>PSML</i> , Personnel Regulations and job descriptions for strategic leaders and HR professionals. Workforce planning envisions significant involvement of management at all levels (strategic directors, managers and supervisors) as well as HR and data modelling professionals. This clarification will be made as part of the work to establish policy guidelines for workforce planning.	ODG/SRIU and PoCS	By December 2018
4. The Government should collect and monitor additional information to support future recruitment and retention strategies, such as the cost and elapsed	With the exception of exit interviews which are conducted inconsistently, the CIG already collects a significant amount of data necessary to support recruitment and retention strategies, including data linked to employee engagement, recruitment, learning and development, time recording, leave and absence	Chief Officers and HoDS.	Exit surveys to be routine practice by December 2018 and Ministry/Department improved use of HR data by December

Recommendation	Management Response	Responsibility	Date of planned implementation
<p>time of recruitment campaigns, including staff time spent on them; the success of recruitment campaigns, including information on barriers to successful recruitment; and exit interviews with staff.</p>	<p>management, formal qualifications, job evaluations, employee demographics, remuneration and benefits for employees and their dependents, Performance Management and 360 Feedback, and Recruitment costs.</p> <p>However, the data is extremely fragmented and stored in systems that are not fit for purpose and require inordinate amounts of staff time to facilitate manual processing and analysis. The extent of data fragmentation renders the information at best labour intensive to access and at worse unusable. However, the solution lay in improving information management systems more often than collecting additional data.</p> <p>Notwithstanding the pronounced challenges previously described, each year the PoCS produces high-level analysis of Annual HR Trends in a report which it publishes. An extensive range of HR indicators are tracked at both a CIG-wide and department-specific level, many of which would aid recruitment and retention.</p> <p>Personnel in each Ministry are trained in the use of government's HR and Financial systems and can themselves access identical data, albeit specific to the staff within their own Ministry/Department. To enable more evidenced-based workforce planning, information management tools need to be improved and Ministry/Departments have to become more intimately familiar with their data.</p> <p>We therefore do not accept the recommendation to</p>		<p>2020, following improvement in CIG's HR management systems.</p>

Recommendation	Management Response	Responsibility	Date of planned implementation
	<p>increase the amount of data collected but rather will seek to improve our system capabilities that allow us to better utilise existing data.</p> <p>The 5YSP anticipates the need to improve HR system capabilities under Strategic Initiative 2.3f (Refer to recommendation # 12 below.). With respect to exit surveys, CIG will adopt a routine practice of using exit surveys.</p>		
<p>5. The Government should improve its approach to succession planning to ensure that it is able to fill leadership and business critical posts in the future. This should include tracking and monitoring the progress of succession plans for Caymanians.</p>	<p>The Government agrees and has already committed to this action within the 5yrSP under:</p> <ul style="list-style-type: none"> • Strategic Initiative 2.1C “Develop and Support Succession Planning Arrangements Across the Civil Service”, and <p>Strategic Initiative 3.3b “Strengthen succession planning for scarce skillsets or areas where Caymanians are historically underrepresented.”</p>	<p>PoCS - 2.1C(i) (Enhancing policy guidance, tools and management support).</p> <p>Chief Officers - 2.1c (ii) and 3.3b (Develop, monitor and maintain entity-level succession plans.)</p>	<p>2.1C (i) by Jun. 2019.</p> <p>2.1c(ii) and 3.3b by Dec. 2020.</p>
<p>6. The Government should introduce measures to improve the quality of staff performance management.</p>	<p>During the last fiscal year, the PoCS has appointed a dedicated HR Advisor, whose focus is to support leaders in managing the performance of teams across the civil service. Since June 2016, numerous training sessions have been delivered to hundreds of managers and rank and file staff to better understand the objectives and proper conduct of performance management. Managers are more consistently using performance improvement plans as part of the disciplinary process for persons identified</p>	<p>PoCS, Cabinet Office, and Ministry of Finance and Economic Development - 2.3a</p> <p>PoCS and Chief Officers - 2.3b and 2.3d</p> <p>PoCS - 2.3c, 2.3e, 2.3f</p>	<p>In 2018, the following will be pursued: 2.3b, 2.3d and 2.3e.</p> <p>The other strategic initiatives will be implemented in phases to be completed by 2022.</p>

Recommendation	Management Response	Responsibility	Date of planned implementation
	<p>for underperformance.</p> <p>Notwithstanding recent improvements, the CIG accepts that more can and must be done. The 5yrSP anticipates continual improvements in performance management under Strategic Initiatives:</p> <ul style="list-style-type: none"> • 2.3a “Provide a framework and training to improve goal setting which better aligns broad outcomes with departmental and employee performance”, • 2.3b “Facilitate Recognition and incentives for achieving high performance” • 2.3c “Provide leaders with training and coaching on giving effective feedback and holding direct reports accountable”, • 2.3d “Extend the use of 360 feedback to all formal leadership roles”, • 2.3e “Streamline disciplinary procedures to ensure more timely resolution of [...] poor performance”, • 2.3f “Enhance management systems available to support [...] performance management.” <p>Approval has been sought and gained for drafting instructions to make changes to the Personnel Regulations in 2018.</p>		<p>The scheduling of work will be communicated each year via Annual Implementation Plans.</p>
<p>7. The Government should clarify how the new competency framework fits with the current organisational structure to ensure that all staff are clear</p>	<p>This recommendation is partially accepted. The CIG contends the competency framework already sets out how the framework is to be applied within the current organisational structure (see Core Competency Framework page 4 – “Profile Levels & Profile Level Expectations” and pg. 2 – “Competency Framework”</p>	<p>DG, PoCS, Chief Officers - 3.2a</p> <p>PoCS, Chief Officers, HR</p>	<p>3.2a –Completed January 2018.</p> <p>3.2b – By 2020</p>

Recommendation	Management Response	Responsibility	Date of planned implementation
<p>about how to apply it in the short term.</p>	<p>which states: “In addition to the core competencies contained in this framework, some Civil Servants may also have a set of functional competencies which speak to the professional or technical skills required to do their job”).</p> <p>The Core Competency Framework linked to the 5YSP, is the first competency framework adopted within the CIG, and following extensive consultation was specifically designed for ease of understanding and application.</p> <p>There are 3 profiles: Strategic Directors for senior leaders on Grades D and above, Managers/Supervisors for anyone who manages at least 1 member of staff and Individual Contributors for all other civil servants who do not have responsibility for leading or managing others.</p> <p>The Competency Framework was launched in January 2018 and incorporated into the 2018 performance agreements for Chief Officers and Heads of Departments. In 2019, the core competencies will be adopted for all employees.</p> <p>Embedding the Competency Framework across the CIG is anticipated in the Strategic Plan under Strategic Initiatives:</p> <ul style="list-style-type: none"> • 3.2a “Develop and adopt a competency Framework which underpins the behaviours and skills necessary within a WCCS and which underpin the 5 Goals: Customer Experience, Leadership, Talent Development, Communications and Governance,” 	<p>personnel - 3.2b</p>	

Recommendation	Management Response	Responsibility	Date of planned implementation
	<p>and</p> <ul style="list-style-type: none"> • 3.2b “Align the competency framework to recruitment, performance management, succession planning and learning and development”. <p>A communication strategy for the Competency Framework is anticipated for quarter 3 of 2018, to ensure non-managerial employees receive awareness training prior to experiencing core competencies in their performance agreements in 2019.</p>		
<p>8. The Government should consider enhancing the competency framework in the longer term by including additional competencies and hierarchical levels, in order to better reflect the complexity of government by more clearly distinguishing what is expected of different grades and groupings of staff.</p>	<p>This recommendation is agreed as the Framework document clearly states that the core competencies will be periodically reviewed and updated.</p> <p>The review will not be undertaken immediately, given that the current framework was adopted in January 2018. However, following its roll out to all staff in 2019, there will be an opportunity to review the breadth of competencies and adequacy of the existing hierarchical profiles.</p> <p>Functional competencies will also be developed for various professional groups as part of the 5YSP.</p>	PoCS	<p>A decision of whether to Review the Framework to be taken by March 2020, following the first full performance cycle where all employees have adopted the core competencies within their performance management.</p>
<p>9. The Government should ensure that it tracks and monitors the take up of training and development and ensure that it is in line with learning and</p>	<p>This recommendation is agreed.</p> <p>It should be noted that centrally sponsored learning and development is tracked. Many departments also track L&D using bespoke systems underpinned by annual performance documents. However, previously identified</p>	PoCS	By December 2022

Recommendation	Management Response	Responsibility	Date of planned implementation
development plans.	<p>data fragmentation make alignment with other HR functions including personal development plans limited.</p> <p>It is anticipated in the 5YSP under Strategic Initiative 2.3f “Enhance management systems available to support and better integrate HCM functions” (See Recommendation #12 below).</p>		
<p>10. The Government should establish a formal talent management programme that identifies potential employees for leadership and identifies critical skills vacancies, now and in the longer-term, to ensure successful implementation of its upcoming five-year strategic plan.</p>	<p>This recommendation is agreed and partially anticipated under Strategic Initiative 2.1B “Coordinate Leadership Cohorts [...] including aspirational leaders (i.e. high potentials in leadership pipeline.)”</p> <p>Cohorts of leaders and aspiring leaders are already undertaking Continuing Professional Development (CPD) in 2018 including the following:</p> <ul style="list-style-type: none"> • Attendance of over 30 leaders and aspiring leaders at the IPAC Leadership Conference in Toronto (Feb 2018), • PoCS-sponsored CPD for senior and aspiring leaders: <ul style="list-style-type: none"> ○ Nita Clarke presenting on Engaging for Success ○ ORC delivering training on Engagement and Engagement Action Planning. • UK National School of Government International delivered training on change management, • Chamber of Commerce Leadership Cayman programme, • UCCI and FIU Executive Certificate in Global Leadership for senior and mid-level leaders and persons who aspire to such roles. 	PoCS	2018 – 2022

Recommendation	Management Response	Responsibility	Date of planned implementation
	<p>Additionally, work is contemplated to be performed by the curriculum advisory committees (Strategic Initiative 3.1c), which is comprised of internal experts in various professions who are led by the “Head of Profession”, and who identify critical skills at present and forecasted for the future, to inform career pathways, training priorities, succession planning and talent acquisition strategies.</p> <p>Subject to future budgetary approvals, an accelerated development programme is contemplated for persons with high-potential for future promotion.</p> <p>Policy consideration is currently being given to re-assess the approach to internal promotions to better balance the requirements of open recruitment and meritocracy with the need to more easily facilitate promotions resulting from succession planning.</p>		
<p>11. The Government should review the resource levels and capacity of HR staff in ministries and departments to ensure that that they are sufficient to support workforce planning and management at both strategic and operational levels.</p>	<p>This recommendation is accepted to be completed in phases as initiatives contemplated within the 5YSP will significantly impact HR delivery.</p> <p>In the short term, the PoCS will clarify organisational understanding of the role of HR and identify functional competencies, skills gaps and training priorities for HR professionals at all levels. This work is anticipated in the 5YSP under strategic initiative 3.1c “Establish curriculum advisory committees comprising internal experts to provide guidance on identifying annual training priorities for persons within the respective professional/vocational</p>	<p>PoCS – Establish HR Curriculum Advisory Committee</p> <p>ODG, PoCS, Chief Officers – HR Decentralisation Policy discussion.</p>	<p>December 2018</p> <p>December 2021</p>

Recommendation	Management Response	Responsibility	Date of planned implementation
	<p>clusters.”</p> <p>In the medium term, it is agreed that a policy discussion will take place with the Deputy Governor and Chief Officers about improving HR outcomes across Ministries and Departments. This will include a re-examination of the effectiveness of decentralisation and whether a modified approach is required.</p>		
<p>12. The Government should urgently integrate its Human Resource systems to ensure that they are more efficient, making better information more easily accessible to managers and HR staff to help them plan and manage the workforce.</p>	<p>This recommendation is agreed and anticipated within the 5YSP under strategic initiative 2.3f “Enhance management systems available to support and better integrate HCM functions including workforce planning, performance management, succession planning, training and development, etc.”</p>	<p>PoCS</p>	<p>By December 2019.</p>
<p>13. The Government should address gaps in its workforce information, including sickness absence, and carry out regular analysis to provide better information for workforce planning and management.</p>	<p>See response to Recommendation 12 above in respect to improving HR systems to facilitate analysis of workforce information.</p> <p>Currently, the PoCS already carries out significant analysis of HR information which is available to Ministries in the form of the Annual HR Trends Report. On behalf of the ODG, the SRIU recently carried out an analysis of sick leave and is in the process of making recommendations to improve sick leave management.</p> <p>However, there remains a need for individual</p>	<p>N/A</p>	<p>N/A</p>

Recommendation	Management Response	Responsibility	Date of planned implementation
	Ministries/Departments to monitor, analyse and respond to trends emerging at their civil service-entity levels, particularly as these correlate to their forecasted demand of services, scarcity of supply of talent, and the format of future service delivery in their respective agencies.		

Contact us

Physical Address:

3rd Floor Anderson Square
64 Shedden Road, George Town Grand Cayman

Business hours:

8:30am - 4:30pm

Mailing Address:

Office of the Auditor General
P. O. Box 2583 Grand Cayman KY1- 1103
CAYMAN ISLANDS
Email: auditorgeneral@oag.gov.ky
T: (345) 244 3211 Fax: (345) 945 7738

Complaints

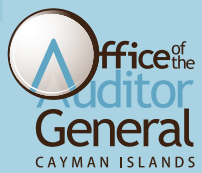
To make a complaint about one of the organisations we audit or about the OAG itself, please contact Garnet Harrison at our address, telephone or fax number or alternatively email: garnet.harrison@oag.gov.ky

Freedom of Information

For freedom of information requests please contact Garnet Harrison at our address, telephone or fax number. Or alternatively email: foi.aud@gov.ky

Media enquiries

For enquiries from journalists please contact Angela Cullen at our phone number or email: Angela.Cullen@oag.gov.ky



April 2018