Courts Administration Service (CAS)

Audit of Internal Controls over Salaries and Employee Benefits

Original signed by
Mr. Daniel Gosselin
Chief Administrator
Courts Administration Service

March 31, 2015
Date
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1. **EXECUTIVE SUMMARY**

1.1. **Background**

The Courts Administration Service (CAS) payroll obligations for its 600-plus employees amount to $53 million, or over three quarters of the department’s annual expenses (based on the 2013/14 DPR). Consequently, it is important that adequate controls be in place as part of CAS’s overall payroll process function, to ensure proper recording of salaries and benefits.

CAS provides services to the Federal Court of Appeal, the Federal Court, the Court Martial Appeal Court of Canada and the Tax Court of Canada. The general purposes set out for the organization in the *Courts Administration Service Act* are to:

- facilitate coordination and cooperation among the four courts for the purpose of ensuring the effective and efficient provision of administrative services;
- enhance judicial independence by placing administrative services at arm’s length from the Government of Canada and by affirming the roles of chief justices and judges in the management of the courts; and
- enhance accountability for the use of public money in support of court administration while safeguarding the independence of the judiciary.

The environment within which CAS must manage its risks is increasingly complex and challenging. The nature of its business, the unique characteristics of the Canadian judicial system, its governance structure and its unique clientele, are inherent factors which pose many challenges and risks to the effective management of CAS’ business priorities.

CAS Finance and Contracting Services Division have recently implemented the Treasury Board (TB) Policy on Internal Control and have documented key financial and administrative processes. Amongst the processes documented are the salaries, employee benefits including leave and overtime.

No internal or external audits on payroll controls have been conducted within CAS since its creation in 2003.

A multi-year internal audit plan for fiscal years 2013-14 to 2019-20 indicated that the risk associated with financial management was ranked as moderate. As a result, Raymond Chabot Grant Thornton Consulting Inc. (RCGT) was retained to conduct an audit of internal controls over salaries and employee benefits.

1.2. **Objectives**

The objective of the audit is to provide assurance that adequate payroll controls are in place and functioning effectively within CAS to ascertain the integrity of pay transactions including leave and overtime transactions.

1.3. **Scope**

This audit focuses on the appropriateness and effectiveness of the existing management framework in place to support pay, leave, and overtime activities and transactions, and compliance with relevant regulations and policies. The scope of our audit includes various types of employee pay transactions and a review and analysis of sample employee files for the period of April 1, 2013 to March 31, 2014.
1.4. Findings and Recommendations

The audit identified some areas with opportunities for improvement that would assist in optimizing the efficiency and performance of the payroll processes while minimizing payroll related risk. We also observed that of the errors noted in the sample of tests conducted during the audit, all except one error identified were identified and subsequently corrected by CAS.

Our findings and recommendations covered Governance, Processing Accuracy and Records Management. A detailed description of our findings and recommendations can be found in Section 3 of this report and Management’s response and action plan included in Appendix B.

We have summarized our recommendations in the table below and grouped the individual recommendations in 3 major themes.

<table>
<thead>
<tr>
<th>Theme</th>
<th>Recommendation</th>
<th>Section</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Key Performance Indicators</strong></td>
<td>Formalizing key performance indicators (“KPI”) for improved management information and oversight would allow for improved decision-making towards CAS’ achievement of its priorities, performance and compliance goals.</td>
<td>3.1 a)</td>
</tr>
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<td><strong>Precision and Automation</strong></td>
<td>We understand that CAS is currently awaiting final approval to implement an on-line system for overtime reporting in the near term. This on-line system will virtually eliminate the possibility of manual adding errors as well as track approvals of overtime electronically. To ensure successful implementation, we recommend that the implementation be monitored to ensure a consistent implementation across the organization. We also recommend some additional training within CAS to sensitize the management team to the importance of timely reporting of changes affecting payroll, as well as, the importance of properly exercising their review function as part of the internal control environment.</td>
<td>3.2 a); 3.1 b); 3.2 b)</td>
</tr>
<tr>
<td><strong>Clarity and Documentation</strong></td>
<td>A timely and well organized file will reduce the risk of lost documentation and undetected errors. Missing or erroneous documentation can more quickly be detected in a well-organized and complete file and cut down the potential number of errors. Payroll should revise the organization of HR files and take steps to improve how documentation is filed.</td>
<td>3.3 a); 3.3 b)</td>
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</table>
2. **INTRODUCTION**

2.1. **Background**

The Courts Administration Service (CAS) payroll obligations for its 600-plus employees amount to $53 million, or over half of the department’s annual expenses (based on the 2013/14 DPR). Consequently, it is important that adequate controls be in place as part of CAS’s overall payroll process function, to ensure proper recording of salaries and benefits.

CAS provides services to the Federal Court of Appeal, the Federal Court, the Court Martial Appeal Court of Canada and the Tax Court of Canada. The general purposes set out for the organization in the *Courts Administration Service Act* are to:

- facilitate coordination and cooperation among the four courts for the purpose of ensuring the effective and efficient provision of administrative services;
- enhance judicial independence by placing administrative services at arm's length from the Government of Canada and by affirming the roles of chief justices and judges in the management of the courts; and
- enhance accountability for the use of public money in support of court administration while safeguarding the independence of the judiciary.

The environment within which CAS must manage its risks is increasingly complex and challenging. The nature of its business, the unique characteristics of the Canadian judicial system, its governance structure and its unique clientele, are inherent factors which pose many challenges and risks to the effective management of CAS’ business priorities.

CAS Finance and Contracting Services Division have recently implemented the Treasury Board (TB) Policy on Internal Control and have documented key financial and administrative processes. Amongst the processes documented are the salaries, employee benefits including leave and overtime.

No internal or external audits on payroll controls have been conducted within CAS since its creation in 2003.

A multi-year internal audit plan for fiscal years 2013-14 to 2019-20 indicated that the risk associated with financial management was ranked as moderate. As a result, Raymond Chabot Grant Thornton Consulting Inc. (RCGT) was retained to conduct an audit of internal controls over salaries and employee benefits.

2.2. **Objectives**

The objective of the audit is to provide assurance that adequate payroll controls are in place and functioning effectively within CAS to ascertain the integrity of pay transactions including leave and overtime transactions.

Specifically, the audit intends to ensure that:

- CAS has documented the salaries and employee benefits processes as well as the leave and overtime processes and identified internal controls;
- That the controls are designed to address existing risks in the management of salaries and employee benefits;
2.3. Departmental Risk

To assist in audit planning and determining areas of audit, a preliminary risk assessment identified the following key risks for inclusion in the audit program:

- **Governance and Accountability:**
  There is a risk that an appropriate and documented control framework may not be in place, with compensation guidelines, policies and procedures developed to ensure consistency and continuity of the payroll process; and governance practices may not be in place to support the achievement of compliance with the prescribed governing and operating framework including transaction requests have been authorized as per sections 34 and 33 of the FAA.

- **Compliance with Policies and Procedures:**
  There is a risk that the policies and procedures on payroll may not be complete or actions may not be in compliance with these policies resulting in errors, over/under payments (financial delegation, Compensation Transaction Processing, Timesheet Processing, Reconciliations and Monitoring and Oversight).

- **Capacity & Knowledge and Ability:**
  There is a risk that compensation managers, advisors and staff may not possess the necessary knowledge and ability to properly carry out their responsibilities or those policies and procedures are not communicated and/or understood by compensation managers, advisors, and staff.

- **Monitoring and Reconciliation:**
  There is a risk that the monitoring and reconciliation performed may be inadequate to ensure compliance, identification of problems, and corrective measures taken, when required.

2.4. Scope

This audit focuses on the appropriateness and effectiveness of the existing management framework in place to support pay, leave, and overtime activities and transactions, and compliance with relevant regulations and policies. The scope of our audit includes various types of employee pay transactions and a review and analysis of sample employee files for fiscal year period from April 1, 2013 to March 31, 2014.

PWGSC’s process does not form part of the Audit nor does the validation of data within the Financial System and controls related to Salary Forecast System (SFS). The scope of the audit does not include a review of severance liquidation payment, pension and fringe benefits (e.g. such as health care plan benefits or bilingual bonus). An audit of electronic systems automated controls does not form part of our scope. The scope of our work does not include the migration process to PeopleSoft and Phoenix pay systems or CAS’s process or readiness for the Government of Canada Consolidation of Pay project resulting in the transfer of CAS pay administration to the new Pay Centre of Expertise in Miramichi.

2.5. Methodology

The audit engagement was conducted in accordance with the Internal Auditing Standards for the Government of Canada which incorporates the Institute of Internal Auditors’ International Standards for the Professional Practice of Internal Auditing. These professional standards require that the internal audit be planned and performed in such a way as to obtain reasonable assurance that audit objectives are achieved.
The audit was performed independently and objectively through various procedures that were considered necessary to provide a high level of assurance.

Based on a comprehensive approach, the audit procedures performed included:

- conduct of interviews with key compensation and finance personnel;
- review of background, financial, and operational documentation;
- detailed process and practices walkthrough related to the processes and control frameworks;
- test of key controls through a sample of active and inactive employees (as of March 31, 2014) and selected pay transactions during the fiscal year from April 1, 2013 to March 31, 2014, and sample of financial reconciliations.

A sample of 25 employee files were selected and examined in detail. The files were selected on a judgmental basis in an effort to have a cross section of different types of pay benefits transactions and processes.

2.6. Criteria

Refer to Appendix A for the detailed audit criteria which guided the audit fieldwork and formed the basis for the overall audit conclusion.
3. FINDINGS AND RECOMMENDATIONS

3.1. Governance

The governance process within the scope of our audit was examined through the conduct of interviews, sample walkthrough with employees and a review of documentation found in a sample of files. Overall, CAS has an appropriate organizational structure and processes in place to ensure that salaries and employee benefits are processed adequately. Our work did identify the following areas for improvement to reinforce governance practices for meeting strategic objective and supporting responsible stewardship over public resources.

a. Management Information and Oversight over Performance and Compliance

We did observe that employees interviewed were clear on their roles and responsibilities, and knowledgeable about processes and material available to conduct their work related to salaries and employee benefits. Internal policies and guidance material also existed through both, central agency information as well as department tools and checklists instated at CAS.

However, in considering how CAS manages information and exercises oversight, we noted that although service standards have been developed in the past as it pertains to the operational expectations, the performance against those standards has not been measured, monitored, documented, and reported periodically. The service standards have reportedly been developed based on the primary indication of the volume of transactions processed and may not align with other essential objectives of effective and efficient processes (e.g. accuracy, timeliness, volume, cost, and resources capacity).

Furthermore, the notable increase in transactions being processed for payroll and benefits in the past few years in combination with a reduced work force in the Payroll department (“Payroll”) has resulted in an increased workload and risk of error.

Recommendation

Formalizing key performance indicators (“KPI”) for improved management information and oversight would allow for improved decision-making towards CAS' achievement of its priorities, performance and compliance goals. The utilization of these KPIs could assist in work allocation, maximizing the efficiency of the processing of salaries and benefits transactions and for minimizing related risk (e.g. timeliness, accuracy, completeness).

The adoption of automated tools for the processing of transactions (specifically overtime and timesheets), will facilitate the accumulation of management information on a continuous and comparative basis.

Management Response and Action Plan

Management agrees with the recommendations and will take the following actions:

- Update the current Service Standards and communicate it to staff by June 30, 2015.
- Formalize essential KPIs (quantitative and qualitative) and monitoring and reporting strategy by September 30, 2015. *

* Following the implementation of My GCHR (PeopleSoft 9.1), which is planned for late 2015, the Compensation function will be transferred to Miramichi.
b. Supervisor Approval

In two instances of the 25 employee files tested, we noted that two monthly overtime reports had been signed by a delegated authority (Section 34 approval), but not by a supervisor. When we discussed this with Payroll, we were told that on occasion this does happen when the delegated authority is also the supervisor of the individual submitting an overtime report.

Although this may be the case for some, by only signing the Section 34 approval there is no evidence that there has been a verification that sufficient funding is available.

We reviewed other monthly overtime reports submitted by the individuals in question throughout the year and did notice that both approvals had been signed throughout the rest of the year, with the exception of the two monthly reports we observed above.

We also noted that the pre-approval of overtime is not included in the employee files and that there is a risk that these pre-approvals are not properly documented within CAS.

Recommendation

Payroll should ensure there is clear and consistent evidence of approval of overtime reports at all required levels. This should be done regardless of whether the delegated authority is also the supervisor for the person requesting overtime to avoid any confusion in the future. We also understand an on-line system for overtime reporting, currently awaiting final approval for implementation, may help eliminate this issue in the near term.

In addition, we recommend that CAS sensitize those with the authority to pre-approve overtime hours that they need to keep and track these pre-approvals within their files.

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<td>• Implement the automated overtime management function by October 31, 2015 conditional upon PWGSC’s timing constraints.</td>
</tr>
<tr>
<td>• Raise employees’ and management’s awareness regarding their responsibilities in the overtime management process. This includes but is not limited to the pre-approval requirements and the approval of overtime sheets. Communication will be issued by April 30, 2015.</td>
</tr>
<tr>
<td>• Remind employees’ and management of their responsibilities when implementing the automated overtime management function.</td>
</tr>
</tbody>
</table>

3.2. Processing Accuracy

a. Compilation errors

Employees report overtime by filling out a template prescribed by Public Works for the hours and category of overtime worked, having it approved by their supervisor and a delegated authority before submitting the report to the Payroll. Payroll then verifies the hours and enters them into the HRIS system. These overtime reports are filled out manually, which increases the risk of human error in reporting of overtime.

In one instance of the 25 employee files tested, we noted that an individual’s time was inaccurately complied causing a 5 hour difference between what was entered into the system and what was actually worked (the
amount entered was 5 hours less than what was actually worked). The error was caused simply by the misreading of the handwritten information and a manual adding error.

**Recommendation**

We understand that CAS is currently awaiting final approval to implement an on-line system for overtime reporting in the near term. This on-line system will virtually eliminate these manual adding errors as well as track approvals of overtime electronically. As such, CAS indicated that they are already in the process of implementing a feasible solution to the above finding. To ensure successful implementation, we recommend that the implementation be monitored to ensure a consistent implementation across the organization.

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### Management Response and Action Plan

Management agrees with the recommendation and will take the following actions:

- Implement the automated overtime management function by October 31, 2015 conditional upon PWGSC’s timing constraints.
- Identify project success criteria (quantitative and qualitative), monitor, adjust as we go and report to DCA Corporate Management and CFO. Identification of success criteria to be approved by DG HRD as part of the implementation plan of the new function.

**Additional information:**

The implementations of My GCHR (PeopleSoft 9.1) and of government-wide pay system (Phoenix), which are planned for late 2015 or early 2016, will automate additional processes, such as but not limited to time sheets, employee work schedules and leave.

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b. **Overpayments**

In testing 25 employee files, we noted 2 instances of overpayments to employees. The amounts related to small overpayments of overtime or advance severance payment. Important to note is that these overpayments were small in nature (the largest being less than $1,500), were detected subsequently directly by Payroll and were recovered in future payroll deductions. These errors found seem to be as a result of human error and were detected by Payroll when a Senior Officer suspected the potential of error and reviewed the transactions in question. However, given the number of overpayments observed in the sample, there is an increased risk of CAS’ detect controls not identifying errors and correcting them on a timely basis. Additionally, there is a reputational risk to CAS if these overpayments are a recurring issue for the organization.

We also noted during our discussions with Payroll that some of these overpayments may be caused by a delay in communications to Payroll. For example, if an individual in an acting position is no longer in that position, but Payroll is not informed in a timely manner, there may not be enough time to adjust payroll calculations to reduce the individual’s pay back to what they should be receiving.

**Recommendation**

In the instances we were able to observe, these calculation errors should have been detected by existing review controls in place prior to the release of payments. We would recommend some additional training to those responsible for the review of payments prior to release to reinforce the importance of the control and reduce the number of payment errors to employees.

For instances where the underlying cause is a delay in communication to Payroll, we would also recommend some additional training within CAS to sensitize the management team to the fact that these types of changes need to be communicated to Payroll quickly and as soon as possible in order to minimize these issues.
Management Response and Action Plan

Management agrees with the recommendations and will take the following actions:

- Provide additional training on verification techniques to those responsible for the review of payments prior to release by April 30, 2015.
- Reinforce the importance of the internal controls to those responsible for the review of payments prior to release through regular feedback from the supervisor.
- Document all internal quality controls and report semi-annually to the DG HRD.
- Raise awareness amongst managers and supervisors regarding the imperative for changes to the employees’ status to be communicated promptly to the Compensation Section to avoid overpayments as much as possible. A communication will be issued to managers and supervisors by April 30, 2015.*

* The implementations of My GCHR (PeopleSoft 9.1) and of government-wide pay system (Phoenix), which are planned for late 2015 or early 2016, will provide managers and supervisors with a self-service approach which should accelerate the transmission of information to the appropriate Compensation resources.

3.3. Records Management

Throughout our testing procedures, we noted observations related to the completeness and organization of employee files described below:

a. Timeliness of completing files

In one instance of testing 25 employee files for the 2013-14 fiscal year, we noted that the employee had joined CAS during the fiscal year in scope. However, at the time of our testing an HR file had not yet been assembled. When discussing this issue with management, they recognized that there are a number of cases of delays in filing the appropriate paperwork in employee files mostly caused by workload and time constraints.

Considering that our testing was taking place almost 1 year after the fiscal year end, there is a significant risk of items that should be in the employee file getting lost or misplaced. This also increases the risk of undetected errors to the employee file, such as over or underpayments of overtime or other benefits.

During our testing, we also noted 3 occurrences supporting documentation for the payment of termination benefits or compensatory payments made to employees were not yet filed in the employee files.

Recommendation

Timely filing of information is key to ensuring that an employee file is complete and accurate. Delays in filing can cause key documentation to be lost or errors to go undetected. Payroll should ensure that any backlog of filing documentation is dealt with immediately and that delays in filing paperwork in employee files are eliminated. Management should determine an appropriate delay in filing (e.g.: no more than 1 month) and monitor the backlog of filing work to ensure this guideline is respected. We recommend that Payroll take steps to ensure that all proper documentation is filed in an employee file on a timely basis to reduce the risks of errors in payroll transactions and payments made to employees.
Management Response and Action Plan

Management agrees with the recommendations and will take the following actions:

- Eliminate the current filing backlog by chronologically filing all remaining documents in each employee's file and archiving inactive files. Expected completion date: June 30, 2015
- Reorganize Compensation functions to assign the filing and archiving tasks to an indeterminate employee which will ensure that the documents are filed minimally on a monthly basis and archived on an annual basis. Action completed.
- Set up files as per PWGSC's requirements for the transfer to Miramichi. Expected completion date October 31, 2015
- Report on the progression of these projects on a monthly basis to the DG HRD as of May 2015.

b. File organization

Through our testing we noted that HR files were not always well organized and in chronological order. This could be in part due to the delays in filing documentation in employee files as discussed above. We often noted documents that were not in sequential order (e.g.: 2013 documents files subsequent to 2014 documents). This is sometimes done hastily to try to get the appropriate documents “in the file” and cut down on the amount of backlog in filing to be performed.

Similar to the issue of timeliness of filing, the lack of file organization can increase the risk of undetected errors to the employee file as well as items getting lost or misplaced.

Recommendation

A timely and well organized file will reduce the risk of lost documentation and undetected errors. Missing or erroneous documentation can more quickly be detected in a well-organized and complete file and cut down the potential number of errors. Payroll should revise the organization of HR files and take steps to improve how documentation is filed. As an example, the file can be organized by fiscal year first and by type of transaction second (e.g.: overtime in a given fiscal year would all be filed together in sequential order).

Management Response and Action Plan

Management agrees with the recommendations and will take the following actions:

- Please refer to the Management Response and Action Plan Section for 3.3 a.
# Appendix A – Audit Criteria

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Sub-Criteria (Related Risk)</th>
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<tbody>
<tr>
<td><strong>1.0 Governance and Accountability</strong></td>
<td></td>
</tr>
</tbody>
</table>
| 1.1 An appropriate organizational structure (resource and work allocation, and proper direction, control, and communication) is in place to ensure compliance to policies, efficient and effective service delivery and financial integrity. | 1.1.1 Internal policies and guidance exist and are updated periodically to align with and reflect requirements.  
1.1.2 The information management controls framework is effective to capture, record, authorize, action, and report pay benefits, including overtime and leave. |
| 1.2 An effective payroll control framework, including up-to-date policies and procedures, is in place to ensure consistency of the payroll process across the department, and alignment with governing framework. | 1.2.1 Compensation transaction requests with a financial impact have been authorized as per sections 33 and 34 of the FAA. |
| **2.0: Compliance with Policies and Procedures** | |
| 2.1 Adequate controls have been established and implemented for financial pay transactions, the pay processes are efficient and effective and part of CAS’s financial management framework (ensure timely, accurate and complete recording). | 2.1.1 Integrity of the data was accurate, complete and eligible.  
2.1.2 Controls are adequate to ensure timely, accurate and complete recording of information management  
2.1.3 Overpayments or underpayments are identified and corrected and an oversight function is in place to monitor any necessary recoveries.  
2.1.4 An effective process is in place to ensure that only CAS employees are being paid, and employees are only paid amounts entitled.  
2.1.5 Payroll transactions are documented, processed accurately and in a timely manner in RPS/HRIS/SAS, and information is properly maintained and secured. |
| 2.2 Key controls over information management are designed and effective to ensure compliance with requirements over privacy and confidentiality. | 2.2.1 Access to the RPS/HRIS and on-line input feature is monitored to ensure that it is used appropriately.  
2.2.2 Access controls are adequate to prevent and detect mishandling of information (electronic and physical). |
### 3.0 Capacity & Knowledge

| 3.1 Compensation personnel are provided with necessary training to ensure that they can perform their roles and responsibilities. | 3.1.1 Individuals handling information are adequately trained on the requirements over information management: confidentiality and privacy.  
3.1.2 Responsible of financial information have the necessary knowledge, skills and tools to support the achievement of the organization's objectives. |
<table>
<thead>
<tr>
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<tbody>
<tr>
<td>3.2 Policies, procedures, and guidelines, including roles and responsibilities, are documented, communicated, and understood by employees and managers.</td>
<td>3.2.1 Goals and objectives for the compensation and benefits function are articulated in HR strategic and operational plans.</td>
</tr>
</tbody>
</table>

### 4.0 Monitoring and Reconciliation

| 4.1 Monitoring and oversight activities are designed to mitigate risk. | 4.1.1 Monitoring of payroll reconciliation and transaction processing and service standards is performed and reported.  
4.1.2 Account and verification is conducted by the individual exercising section 33 of the FAA.  
4.1.3 Variances identified during the payroll reconciliation process are identified and resolved in a timely manner.  
4.1.4 Management review the accuracy of their cost centre payroll expenditures and commitments and resolve discrepancies in a timely manner |
| --- | --- |
### APPENDIX B– DETAILED MANAGEMENT ACTION PLAN

**Recommendation 3.1 a.**

Formalizing key performance indicators (“KPI”) for improved management information and oversight would allow for improved decision-making towards CAS' achievement of its priorities, performance and compliance goals. The utilization of these KPIs could assist in work allocation, maximizing the efficiency of the processing of salaries and benefits transactions and for minimizing related risk (e.g. timeliness, accuracy, completeness).

The adoption of automated tools for the processing of transactions (specifically overtime and timesheets), will facilitate the accumulation of management information on a continuous and comparative basis.

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<th>Management Action Plan</th>
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</tr>
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<tbody>
<tr>
<td>Update the current Service Standards and communicate it to staff.</td>
<td>M. Janeiro</td>
<td>June 30, 2015</td>
</tr>
<tr>
<td>Formalize essential KPIs (quantitative and qualitative) and monitoring and reporting strategy.</td>
<td>G. Lefebvre</td>
<td>September 30, 2015</td>
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**Recommendation 3.1 b.**

Payroll should ensure there is clear and consistent evidence of approval of overtime reports at all required levels. This should be done regardless of whether the delegated authority is also the supervisor for the person requesting overtime to avoid any confusion in the future. We also understand an on-line system for overtime reporting, currently awaiting final approval for implementation, may help eliminate this issue in the near term.

In addition, we recommend that CAS sensitize those with the authority to pre-approve overtime hours that they need to keep and track these pre-approvals within their files.

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<td>Implement the automated overtime management function.</td>
<td>G. Lefebvre/D. Boyd</td>
<td>October 31, 2015*</td>
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<td>Raise employees’ and management’s awareness regarding their responsibilities in the overtime management process. This includes but is not limited to the pre-approval requirements and the approval of overtime sheets. A communication</td>
<td>A. McNeil/C. Boisclair</td>
<td>April 30, 2015</td>
</tr>
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</table>

* Conditional upon PWGSC’s timing constraints
will be issued. Remind employees’ and management of their responsibilities when implementing the automated overtime management function.

A. McNeil/C. Boisclair

When implementing the automated overtime management function.

Recommendation 3.2 a.

We understand that CAS is currently awaiting final approval to implement an on-line system for overtime reporting in the near term. This on-line system will virtually eliminate these manual adding errors as well as track approvals of overtime electronically. As such, CAS indicated that they are already in the process of implementing a feasible solution to the above finding. To ensure successful implementation, we recommend that the implementation be monitored to ensure a consistent implementation across the organization.

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<td>October 31, 2015*</td>
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<td>G. Lefebvre (success criteria)</td>
<td>As part of the implementation plan of the new function</td>
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<tr>
<td></td>
<td>M. Janeiro (report to DCA)</td>
<td>Monthly basis once implemented</td>
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Recommendation 3.2 b.

In the instances we were able to observe, these calculation errors should have been detected by existing review controls in place prior to the release of payments. We would recommend some additional training to those responsible for the review of payments prior to release to reinforce the importance of the control and reduce the number of payment errors to employees.

For instances where the underlying cause is a delay in communication to Payroll, we would also recommend some additional training within CAS to sensitize the management team to the fact that these types of changes need to be communicated to Payroll quickly and as soon as possible in order to minimize these issues.

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Reinforce the importance of the internal controls to those responsible for the review of payments prior to release through regular feedback from the supervisor.

Document all internal quality controls and report semi-annually to the DG HRD.

Raise awareness amongst managers and supervisors regarding the imperative for changes to the employees’ status to be communicated promptly to the Compensation Section to avoid overpayments as much as possible. A communication will be issued to managers and supervisors.

<table>
<thead>
<tr>
<th>Recommendation 3.3 a.</th>
<th>Timely filing of information is key to ensuring that an employee file is complete and accurate. Delays in filing can cause key documentation to be lost or errors to go undetected. Payroll should ensure that any backlog of filing documentation is dealt with immediately and that delays in filing paperwork in employee files are eliminated. Management should determine an appropriate delay in filing (e.g.: no more than 1 month) and monitor the backlog of filing work to ensure this guideline is respected. We recommend that Payroll take steps to ensure that all proper documentation is filed in an employee file on a timely to reduce the risks of errors in payroll transactions and payments made to employees.</th>
<th>A. McNeil/C. Boisclair</th>
<th>April 30, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management Action Plan</td>
<td>Eliminate the current filing backlog by chronologically filing all remaining documents in each employee's file and archiving inactive files.</td>
<td>Responsible Official</td>
<td>Target Completion Date</td>
</tr>
<tr>
<td></td>
<td>Reorganize Compensation functions to assign the filing and archiving tasks to</td>
<td>G. Lefebvre</td>
<td>June 30, 2015</td>
</tr>
<tr>
<td></td>
<td></td>
<td>A. McNeil/C. Boisclair</td>
<td>Completed</td>
</tr>
</tbody>
</table>
an indeterminate employee which will ensure that the documents are filed minimally on a monthly basis and archived on an annual basis.

Set up files as per PWGSC’s requirements for the transfer to Miramichi.

Report on the progression of these projects on a monthly basis to the DG HRD.

<table>
<thead>
<tr>
<th>Recommendation 3.3 b.</th>
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</table>
A timely and well organized file will reduce the risk of lost documentation and undetected errors. Missing or erroneous documentation can more quickly be detected in a well-organized and complete file and cut down the potential number of errors. Payroll should revise the organization of HR files and take steps to improve how documentation is filed. As an example, the file can be organized by fiscal year first and by type of transaction second (e.g.: overtime in a given fiscal year would all be filed together in sequential order).

<table>
<thead>
<tr>
<th>Management Action Plan</th>
<th>Responsible Official</th>
<th>Target Completion Date</th>
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</thead>
<tbody>
<tr>
<td>Please refer to the Management Response and Action Plan Section for 3.3 a.</td>
<td>idem</td>
<td>idem</td>
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