

**ACTION PLAN IMPLEMENTATION STATUS UPDATE
REPORT TO THE AUDIT COMMITTEE - AS OF MARCH 31, 2010**

CHIEF FINANCIAL OFFICER			
AUDIT OF EXPENDITURE MANAGEMENT MONITORING (08/29) <i>AEC APPROVAL DATE: 25/09/2009</i>			
PROJECT RECOMMENDATIONS	ACTION PLAN	EXPECTED COMPLETION DATE	PROGRAM RESPONSE
1. The DG of CAMM, in conjunction with PRMB, should ensure that the Manager's Guide to Financial Management is reviewed and updated to reflect the current environment and expectations across the Department. Once updated, in addition to the availability on the Department's intranet site, consideration should be given to distributing the manual to new and existing RCMs as a reference for their expenditure management and monitoring responsibilities.	The Director of Transfer Payments and Financial Policy, working with the Director of Resource Management, will coordinate a review and an update of the Manager's Guide to Financial Management to address the opportunities identified in the audit. The review will include an assessment of the Manager's Guide against the current environment as well as the current Policy Framework. Based on this assessment, the Manager's Guide will be updated as required.	March 31, 2010	<p>Status: Behind plan</p> <p>Update/Rationale: As of 31/03/2010:</p> <p>This responsibility has since been transferred to the Director of Continuous Business Improvement who is coordinating the update to the Finance Online website, which includes coordinating the update to the Manager's Guide. As of today, Resource Management has begun to update its portion of the Manager's Guide. That portion is expected to be finalized over the summer 2010.</p> <p>AES: Behind Plan</p>
2. The DG of CAMM, in conjunction with the regions, should ensure that RCMs and RCAs are aware of the capabilities within and the requirements to use the monitoring tools within OASIS, specifically related to soft commitments. Ongoing monitoring and enforcement programs should be established to ensure appropriate take up and acceptance of the departmental policy.	<p>DG of CAMM will develop a communication strategy to underline the implementation of the policy on commitment control and the tool within OASIS.</p> <p>DG of CAMM will also develop a specific directive on commitment control</p>	<p>October 2009</p> <p>March 31, 2010</p>	<p>Status: Behind Plan</p> <p>Update/Rationale: As of 31/03/2010:</p> <p>The approved Commitment Control Policy threshold of \$1000 for O&M was raised as an issue because the \$1000 threshold represents a large amount of transactions (17,000) for a very small amount of money (\$23M). We are seeking approval from CFO to raise the threshold. Once approved, the PO module will be the recommended tool within OASIS for committing funds.</p> <p>The directive for Gs&Cs has been developed and implemented. The directive for O&M will be developed by September 2010.</p>

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			AES: Behind Plan
3. The Director of Continuous Business Process Improvement (CBPI) in the CFO sector, in conjunction with the HRWS Branch, should ensure that the mandatory financial delegation training is completed by all delegated authorities on a timely basis. For those RCMs who do not complete the training within a reasonable time period, an appropriate escalation process should be implemented, including revoking an individual's delegated authority.	An appropriate escalation process for managers who have not completed the mandatory F901 training within a reasonable period of time will be established and communicated to all Departmental RCMs. The F901 course materials are currently being revised, and an instructor's manual is being created to ease the implementation of the F901 course training in the regions. INAC is dependant on outside trainers hired through CSPS for the delivery of this training.	April 2010	<p>Status: Completed</p> <p>Update/Rationale: As of 31/03/2010:</p> <p>The F901 course material is being updated to be more INAC specific and delivered in an half a day session. The instructor's manual will also be update for the use of all trainers across the country. The management of the F901 course has since been transferred to the Learning and Development Directorate (LDD) to monitor attendance and ensure that new managers have this course as a condition of the delegation of financial signing authority. This condition will be monitored jointly with the On-Line Course / Expenditure Management - Overview of Sections 32, 34, and 33.</p> <p>AES: Close</p>
4. The DG of CAMM should ensure, in conjunction with regional representatives, that an appropriate and consistent listing of high-risk transactions is developed for pre-payment verification, given the operational needs of the Department. Once determined, to the extent possible	DG of CAMM is in the process of developing an Account Verification Framework that encompasses policies, roles and responsibilities and processes. A key component of the Framework is a risk assessment of both non-salary and salary payment transactions. Risk matrices have been developed that	Risk Matrices End December 2009 Account Verification Framework April 2010	<p>Status: Completed</p> <p>Update/Rationale: As of 31/03/2010:</p> <p>The Account Verification Framework and Risk Matrices for non-salary and salary payment transactions have been developed and approved</p>

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these transactions should be integrated into the pre-payment verification requirements within OASIS. Process and documentation standards should be developed to ensure consistency in the approach to pre-payment verification. Periodically, a validation of the high risk transaction listing should be completed to confirm the appropriateness of those transactions subject to pre-payment verification.	assess risk according to a pre-determined set of risk factors. High-risk payment transactions will be subject to 100% pre-payment verification. Following approval and implementation of the Framework, the risk assessments will be re-evaluated periodically and Risk Matrices updated as required.		by CFO. The Account Verification Framework is effective April 1, 2010. Its implementation will be phased-in over a period of two years based on the department's state of readiness. High-risk payment transactions will be subject to 100% pre-payment verification. AES: Close
5. As part of an overall redesign of the post-payment audit process, the Director of the CARD should ensure that a review of the Department's post-payment sampling strategy is conducted to ensure that it reflects the current risk profile of the Department. In addition, the functionality of the sampling tool should be updated to incorporate the flexibility to adapt the approach to changing risk conditions.	The current post-payment sampling strategy is in the process of being re-visited. Once the risk assessments referred to in #4 above have been finalized, we will be incorporating these in the departmental Sampling Plan that will be developed commencing December 2009. The Sampling Plan will rationalize the extent of verification based on the assessed risk and will include the sampling software/tool used, sampling parameters (ex confidence level, historical error rate, maximum tolerable error rate), sampling methodology, sampling review period and sampling correction requirements. In addition to other factors (such as cost, ease of implementation etc.), the selection of the sampling software will be based on the tool's ability to accommodate the desirable sampling methodology as well as its ability to be used to extract samples from high,	January 2010	Status: Completed Update/Rationale: As of 31/03/2010: A revised Sampling Plan based on assessed risk and state of the department's internal controls has been developed and approved by CFO. The sampling plan is effective April 1, 2010. The sampling plan tool used is IDEA. AES: Close

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	medium and low risk populations		
6. In conjunction with the redesign of the post-payment verification process, the Director of the CARD should ensure that a consistent and standard post payment audit process is developed, documented and implemented, including detailed responsibilities, verification and documentation standards and associated tools to support the efficient and effective completion of the verification process. Once developed, this process should be formally introduced and training provided to those individuals with responsibility for these activities.	The Account Verification Framework currently under development will include procedures for the post-payment audit process including roles and responsibilities and clear detailed definitions of critical errors, classification errors and less critical errors to ensure that there is a common understanding department-wide. These procedures will be supported by a generic Checklist that will be used by Finance Officers department-wide to track errors. Training materials on these procedures will be developed and used to communicate the process to the individuals involved in these activities.	April 2010	Status: Completed. Update/Rationale: As of 31/03/2010: The Account Verification Framework includes procedures for the post-payment audit process including roles and responsibilities and clear detailed definitions of critical errors, classification errors and less critical errors to ensure that there is a common understanding department-wide. These procedures are supported by a generic Checklist to be used by Finance Officers department-wide to track errors. Training materials on these procedures have been developed and used to communicate the process to the individuals involved in these activities. AES: Close
7. As part of the redesign of the post-payment verification process, the Director of the CARD should ensure that the approach to reporting and tracking the post-payment verification results is more detailed to allow for more targeted action plans.	In the re-designed post-payment verification process, errors will be documented according to the updated detailed definitions and tracked using a generic Checklist. This will enable the identification of specific areas of concern that can be segregated and addressed in a targeted action plan.	End December 2009	Status: Completed Update/Rationale: As of 31/03/2010: In accordance with the new Account Verification Framework, errors are to be documented according to the updated detailed definitions and tracked using a generic Checklist that will enable the identification of specific areas of concern that can be segregated and addressed in a targeted action plan.

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			AES: Close
8. In conjunction with a redesign of the post-payment verification process, the Director of the CARD should ensure a formal management reporting, action plan development and follow-up process is implemented, including assigning responsibility for follow-up and periodic independent compliance reviews to CARD representatives.	The Account Verification framework will include a process for management reporting of errors including remediation plan. CAR will also develop compliance review framework to ensure policy is being adhere to by all RCMs.	April 2010	Status: Completed Update/Rationale: As of 31/03/2010: We will report critical errors to FMC on a quarterly basis starting with 2010-2011 fiscal year Q-01 result and implement remedial action plan requirements as per new Account Verification Framework. AES: Close