CFO

Management Practices Audit of the Chief Financial Officer (CFO) Sector   *APPROVAL DATE: 04-26-2013*

PROJECT RECOMMENDATIONS	ACTION PLAN	EXPECTED COMPLETION DATE	PROGRAM RESPONSE
1. The Chief Financial Officer should ensure that a consolidated, integrated view of the governance structures in place within the Sector, including the information flows between these structures, is established. As part of this exercise, the Chief Financial Officer should ensure that: an approach to including the newly created hubs is considered in the Sector's governance structure; terms of reference are defined and available for oversight bodies and assess whether there is any redundancy between committees and meetings; and, key decisions / meeting minutes are consistently recorded to enforce accountability and enable knowledge sharing.	The CFO Management Committee will review the list of CFO governance structures in place within the sector by October 2013. The CFO Management Committee will also prepare guidance as to what is expected to be in place for each governance body (e.g. Terms of Reference, action items and where these documents will be located, etc) by end of 2013. The NCR Hubs are now part of the organization charts and management regime in the Sector's governance structure. Therefore, the CFO will ensure that both the Accounting and Procurement Hub are included in its governance structure (terms of reference will have been drafted and a meeting of oversight body will be organized in 2013-14.)	December 2013	**Program Response:** **Status : Request to Close - completed** **Update/Rationale:** **As of 31/12/2013** *IM/IT Governance improvements are now being tracked as part of a separate management action plan as a result of audit project 13-47 Audit of IM/IT Governance and Application Systems Integration.* *Procurement Hubs: The Procurement Review Committee ensure proper oversight in departmental medium-high risk procurement operations; its terms of reference has been reviewed to reflect the two hub structure. Changes in policy, procedure and feedback from clients are communicated via the MatMan monthly conference call, the bi-weekly meeting with BMU heads and the monthly conference call with directors of corporate services in regions and the DG of CAMM.* *Accounting Hub: DCFO and Director, CARD, provide functional oversight to the Manitoba and NCR Hub. The DCFO and CFO have met with the Manitoba Hub, its managers, and the RDG of Manitoba to whom the western hub reports operational. Changes in policy, procedure and feedback from clients are*

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			communicated via the bi-weekly meeting with BMU heads and the monthly conference call with directors of corporate services in regions and the DG of CAMM. The Director, CARD, also participates in the weekly meeting of directors of corporate services an directors of funding services organized by the Regional Operations Sector. The Director, CARD, is the co-chair of the bi-weekly BMU meetings and recently co-authored a follow-up report on the implementation of the BMUs *A consolidated and integrated view of the CFO governance structure is in place and shared with employees. It includes both the Accounting and Procurement Hubs and each governance body.* **AES: Fully Implemented. The recommendation will be closed.**
2. The Chief Financial Officer should ensure that business planning processes continue to be documented and that greater alignment of the business planning documentation produced by the Sector is maintained. To	The CFO Sector will ensure that CIDM is used as the central repository for all documentation produced to ensure a greater alignment and consistency. Outdated version of the Sector's Business plan, tools and	June 2013	**Program Response:** **Status : Completed – Request to Close** **Update/Rationale:** **As of 31/12/2013** *CIDM is being used as the central repository for all CFO based business process documentation. Outdated version of the CFO*

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enforce consistency, the Chief Financial Officer should ensure that the number of tools and documents produced is rationalized and that outdated documents are decommissioned to avoid creating confusion. In addition, the Chief Financial Officer should ensure that information management (IM) strategic and operational plans are strengthened, finalized and implemented.	documents will be decommissioned and will be archived in CIDM. In collaboration and alignment with functional leadership and guidance from IMB, the CFO will ensure that information management (IM) strategic and operational plans are strengthened, finalised and implemented to align with the departmental planning cycle.	December 2013	*Sector Business plan, tools and documents were decommissioned and archived in CIDM.* **Program Response:** **Status : Request to Close (completed)** **Update/Rationale:** **As of 31/12/2013** *The IMB was included in the CFO Sector call letter on September 24, 2013. This will better align IM/IT planning with the departmental planning cycle. The integrated CFO Sector call letter now includes IM/IT requirements, in concert with other CFO-based planning requirements (e.g. contracting and procurement).* **AES: Significantly implemented. The recommendation will be closed as the IM planning component of the recommendation, which is still ongoing, will be addressed through the management action plan for the Audit of IM/IT Governance and Application Systems Integration (recommendations #1 & #2).**

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3. The Chief Financial Officer should ensure that a client-centered view of defining, measuring and reporting on performance across procurement, accounting and IT services, is established and sufficient tracking tools exist to support effective reporting. The Chief Financial Officer should also ensure that IM process solutions are strengthened to better support and enable workflows, including transaction processing in the hubs.	Service standards for accounting hubs have been communicated and available in the Department's document repository system. Also, once TBS introduces standard performance measurement for Internal Services, the CFO will implement accordingly. In collaboration and alignment with functional leadership and guidance from IMB, CAMM will identify business requirements and investigate options for systems / tools / processes that meet business needs and IM/IT standards. As we move to SAP and Procure-to-Pay, we will look to using those systems as a more reliable basis for tracking service delivery.	October 2013 (depending on TBS implementation date) April 2014 April 2014	**Program Response:** **Status : Completed - Request to Close** **Update/Rationale:** **As of 30/09/2013** *Service Standards and performance against the standards for both Procurement and Accounting hubs have been communicated on AANDC Intranet.* *Once TBS introduces standards performance measurement (implementation date still not defined), the CFO Sector will implement accordingly.* *In July 2013, CIO and CARD introduced a desktop switch so that Accounting Hub clients could save payment requests and supporting in CIDMs and share the file with the Hub. This has increased the use of CIDMS as the system of record.* *Instructions, Roles and Responsibilities, Business Process documents regarding Hubs are all available in Collaboration and key AANDC people throughout Canada have been given access.* *It was confirmed that SAP Procure-to-Pay has been configured to have the capability to track*

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			and measure service standards for Accounting and Procurement hubs. Therefore, they will be used to track service delivery on SAP and Procure-to-Pay is implemented on April 1, 2014. **AES: Implemented. The recommendation will be closed.**
4. The Chief Financial Officer should ensure that a defined solution for the SAP implementation that enables a more secure and efficient budget allocation process than the existing Excel solution is established. In the interim, the Chief Financial Officer should ensure that mitigating measures to protect the integrity of initial budget allocations performed in Excel are established.	The CFO will consult with other departments (mainly Health Canada), to explore the possibility and feasibility of implementing a solution within the SAP system by September 2013. In the interim, to ensure the integrity of departmental initial budget allocations, we will review its current mitigating measures (such as reconciliation processes, manual review, formula checks, etc.) and adjust where appropriate.	September 2013 July 2013	**Program Response:** **Status : Completed – Request to close** **Update/Rationale:** **As of 30/09/2013** *HC was consulted and they are using the Excel sheet, however, they are working on developing an SAP solution.* *Current mitigated measures put in place are the verification of formulas, manual review and reconciliation of data for the resource allocation exercise for 2014-15. It should be noted that this is a database annually updated with ARLU and input from the sector. Currently, there is no automatic solution available. The use of Excel sheets is the most effective tool for this type of exercise.*

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			AES: Implemented. The recommendation will be closed.
5. The Chief Financial Officer should ensure that the following issues related to transaction processing, monitoring and reporting are addressed: • Section 33 cash validation: Ensure the plans for SAP address the existing s.33 cash validation control gap and implement manual monitoring to mitigate interim risk in advance of the SAP implementation. • Post-verification: Closely monitor transactions with significant error rates, particularly salary transactions, and ensure that a decrease in the post-verification error rates is observed to within the Department's tolerable error rate. In addition, implement a quality control to periodically	Section 33 cash validation: As part of the SAP implementation, AANDC will be adopting the use of SAP's Payment Budget to record the cash budget allocated to the department which addresses the potential Section 33 validation controls. In the interim, a manual report has been developed. Post-audit verification: CFO will review its existing Account Verification and reporting regime and adopt a targeted approach to improve systemic or clustered error rates. Account verification processes will be reviewed to ensure integrity as risks or business processes change.	April 2014 (completed) Cash balance report – March 19, 2013 September 2013	**Program Response:** **Status : Completed - Request to close** **Update/Rationale:** **As of 15/10/2013** *A cash balance report has been developed and is in use and shared with CAMM. The Health Canada cluster group is currently attempting to determine whether an SAP automated solution to cash management is possible. The AANDC SAP Implementation group has advised that should a solution be available it would not be implemented prior to 2015.* *Since the Account Verification has moved to the Accounting Hubs, there is an ongoing effort to identify transactions that could be treated more efficiently in post-audit and as low risk. This has resulted in a streamlined verification process for transactions such as Trust Payments and certain Hospitality Payments.* *Centralization of Account Verification combined with the post verification processes already in place have contributed to giving*

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validate the integrity of the post-verification process. • Information management solutions: Establish a system of record for procurement documents that can be accessed by all parties that require access (including procurement hubs, accounting hubs and internal clients initiating the transaction).	Information Management Solutions: In collaboration and alignment with functional leadership and guidance from IMB, CAMM will identify business requirements and investigate options for systems / tools / processes that meet business needs and IM/IT standards.	October 2013	*AANDC a more uniform approach and the error rates are given more scrutiny.* *The Hubs are following-up with clients more proactively in order to improve practices and to decrease systemic issues related to the post-audit error verification rates. Verification results are validated with BMUs and clients are given the chance to review, analyze, and correct errors.* *In July 2013, CIO and CARD introduced a desktop switch so that Accounting Hub clients could save payment requests and supporting in CIDMs and share the file with the Hub. This has increased the use of CIDMS as the system of record.* *Instructions, Roles and Responsibilities, Business Process documents regarding Hubs are all available in Collaboration and key AANDC people throughout Canada have been given access.* **AES: Implemented. The recommendation will be closed.**
6. The Chief Financial Officer should ensure that the CFO intranet site is strengthened and maintained or	The CFO intranet site will be updated using TB Guideline and outdated or inconsistent	November 2013	**Program Response:** **Status : Completed - Request to Close** **Update/Rationale:** **As of 31/12/2013**

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that outdated, inconsistent information is removed to avoid confusion. The Chief Financial Officer should also ensure that a documented and widely accessible organizational structure is established to ensure accountability structures are communicated, accessible and understood. Finally, the Chief Financial Officer should ensure that the management spans of control within IMB are reviewed and should confirm that they are sufficient to allow the Branch to meet AANDC's strategic needs and demands. Any decisions should take into consideration the evolving role of Shared Services Canada.	information will be removed. The CFO intranet site will include documents that will help to communicate accountability structures. The CFO will assess the span of control within IMB to confirm its capacity to meet AANDC's Strategic needs and demands taking into consideration the evolving role of Shared Services Canada. As appropriate, the CFO will re-align IMB to ensure resources are aligned to provide maximum contributions to AANDC's Strategic needs and demands.	October 2013	*The CFO intranet site was updated using TB and AANDC Guidelines. Information was updated and inconsistent information was archived.* *Organizational charts are now available to all AANDC employees; therefore accountability structures are communicated, accessible and understood.* **Program Response:** **Status : Completed - Request to close** **Update/Rationale:** **As of 31/12/2013** *IMB span of control was assessed by the CFO to ensure capacity to meet AANDC's strategic needs and demands. No further action is required.* **AES: Fully Implemented. The recommendation will be closed.**