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Follow-up on CF Reserve Pay Audit

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Acronyms

ADM(Fin CS)	Assistant Deputy Minister (Finance and Corporate Services)
ADM(IM)	Assistant Deputy Minister (Information Management)
CF	Canadian Forces
CRS	Chief Review Services
DMPAP	Director Military Pay and Accounts Processing
DND	Department of National Defence
HR	Human Resources
ID	User Identification
MAP	Management Action Plan
RPSR	Revised Pay System for Reservists



Introduction

As required by the Treasury Board Policy on Internal Audit, Chief Review Services (CRS) undertook an audit follow-up to assess the implementation of the management action plan (MAP) provided by the Director Military Pay and Accounts Processing (DMPAP) in response to the audit of *CF Reserve Pay* (December 2007).

Within the employ of the Department of National Defence and Canadian Forces (DND/CF) distinctions can be made between civilian employees, Regular Force members and Reserve Force members. The focus of the December 2007 audit was on the Reserve Force and the functionality of the Revised Pay System for Reservists (RPSR), which is administered by DMPAP.

The RPSR is a web-based centralized system for recording pay transactions and calculating pay amounts due to Reservists serving within static units in Canada on Class A and Class B, and serving within units deployed/employed on domestic operations in Canada, on Class C, regardless of the period of employment. The RPSR calculates amounts due based on transactions initiated by the individual Reserve units that maintain members' pay files. Reservists are paid in accordance with the conditions associated with one of the following categories of services:

- **Class A Service:** Similar to casual work, consisting of four or more evenings and one or more weekends a month. Members are paid based on attendance.
- **Class B Service:** Continuous service ranging from thirteen days to three years. Members are paid based on the terms of contracts.
- **Class C Service:** Equivalent to full-time Regular Force service for a period greater than ninety days.

Methodology

This audit follow-up is not another audit of the same issues, but rather a review of documentation and evidence to assess progress made in implementing the MAP. The following methods were used in assessing the progress made regarding the MAP:

- Analyzed updates received and recorded in the CRS Audit and Evaluation Recommendation Management System; and
- Reviewed documents provided by Director General, Financial Operations/DMPAP.

Overall Assessment

As was to be expected, progress related to the MAP has been limited to those recommendations not requiring significant programming changes to the RPSR. For the most part, issues related to contingency payments, rank changes, and management of user identification (ID) have been addressed.

However, the primary issue with regards to the payment of Reservists was the inability to ensure the accuracy, completeness and validity of attendance information. There is an initiative under way to replace the RPSR but it is currently in the options analysis phase with current estimates being January 2013 as the earliest implementation time. We have been advised that functional and technological requirements to address the attendance-related issues have been incorporated into the project requirement. As an interim control measure DMPAP was to have scheduled random verifications to better monitor compliance, but as of February 2010 there had been no visits to any of the reserve units. In the meantime, the originally identified attendance-related risks still exist.



MAP Implementation Progress

Attendance Recording Input and System Access Controls

At the time of the December 2007 audit, the manual Class A attendance recording process lacked the controls and functionality to ensure the accuracy, completeness and validity of attendance information. Control practices in place were not sufficient to ensure that payments were only made to members who were in attendance. Deficiencies were identified in the utilization of manual attendance-related controls and monitoring of data processing for accuracy. The process, as conducted, was not effective in ensuring the accuracy of attendance information upon which the RPSR basis for payments were made.

It was recommended that DMPAP, in conjunction with Assistant Deputy Minister (Information Management) (ADM(IM)) staff, investigate available technologies that could be implemented in order to improve the verifiability and accuracy of Class A attendance records. DMPAP committed to investigating new technologies that could be utilized to improve the accuracy and verifiability of attendance recording with the implementation of a new application to replace the RPSR. Currently, Assistant Deputy Minister (Finance and Corporate Services) (ADM(Fin CS)), in conjunction with ADM(IM), is sponsoring a project to replace both Regular and Reserve Force pay systems. The project is in the options analysis phase and Initial Operating Capability is targeted for January 2013.

As interim measures, DMPAP committed to reviewing attendance practices and the role of the accounting officer followed by the issuance of an advisory to units. Additionally, ADM(Fin CS) was to communicate with Comptrollers to ensure that Reserve Force organizations reinforce the requirement that current attendance-related controls be followed. As of February 2010, DMPAP had not yet communicated with Comptrollers or issued an advisory. The audit team has since been advised by DMPAP that current attendance control procedures will be reiterated to Comptrollers and Personnel Administration Officers, prior to the end of March 2010. An examination of these procedures is ongoing within DMPAP and recommended changes to A-PM-245-001/FP-001 will be submitted to Director Military Personnel Policy prior to the end of April 2010, if necessary. An advisory will be issued in due course to inform users of any revised attendance control procedures.

DMPAP has also advised that the Verification Team conducted a number of staff assistance visits at various bases/units pay offices in 2009 and 2010 in order to determine the degree of compliance with current pay procedures, to identify gaps/flaws with regards to current pay procedures, and to provide assistance where possible. As most issues initially observed by the Verification Team originated from Regular Force pay offices, team members were specifically trained and prepared to address those issues. Being a very small organization, the Verification Team had to concentrate its initial efforts on Regular Force units and has not yet been able to visit any Reserve Force pay offices. It is anticipated that the Verification Team will be trained and prepared to make its first visit to a Reserve Force pay office by November 2010. At that time, attendance control procedures, as well as other pay-related activities/issues would be addressed.

Contingency Payments

Contingency payments are used to make payments to Reserve members whose attendance data did not get entered into the system in time to be paid in the current pay period.

It was recommended that DMPAP implement appropriate measures to ensure the accuracy and validity of contingency payment requests. In response, DMPAP has advised that Contingency Payments Standard Operating Procedures were revised so that Reserve units must now provide justification for requests and DMPAP and the verification team will monitor and conduct internal verification/validation of the contingency requests.

System functionality

To address weaknesses in system functionality, it was recommended that DMPAP, in conjunction with ADM(IM), take appropriate action to correct the system-related issues and the controls related to processing increment entitlements, rank changes and Class B contract amendments. DMPAP, in conjunction with ADM(IM), have had discussions in regards to moving human resources (HR) data input out of the RPSR, and using an HR feed instead. In the interim, a new report has been developed that can be used by the units to check against the members' personnel files to ascertain whether there are increment entitlements or rank-related discrepancies.

User IDs and Member Profiles

The final recommendation contained in the CRS report was that DMPAP work with the appropriate Command organizations to develop procedures that ensure user IDs and inactive profiles are properly managed. To date, significant improvements have been made including the automatic deletion of user IDs after 90 consecutive days of inactivity and disabling at 60 days, improved communication between DMPAP and the units in the form of reminders to request deletion of user IDs when members either move or retire as well as classifying inactive pay accounts as non-effective strength. As well, updates to the RPSR security guide specifically addressing this issue have been made and posted on the DMPAP website.

