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ASSISTANT DEPUTY MINISTER (REVIEW SERVICES)



Reviewed by ADM(RS) in accordance with the *Access to Information Act*. Information UNCLASSIFIED

# Review of Military Reserve Payroll

Final Report – August 2017

1259-3-005 (ADM(RS))

Canada



## Acronyms and Abbreviations

ADM(RS)	Assistant Deputy Minister (Review Services)
CMP	Chief Military Personnel
DMPAP	Director Military Pay and Allowances Processing
FY	Fiscal Year
MAP	Management Action Plan
MPAI	Military Pay Administrative Instruction
RPSR	Revised Pay System for the Reserves
SAV	Staff Assistance Visit



## Rationale

- In 2007, Chief Review Services<sup>1</sup> conducted the Canadian Forces Reserve Pay Audit. Several of the observations identified in this audit were to be resolved via a technological upgrade to the pay system. Since that time, two follow-up audits in this area have been conducted in 2010 and 2015. They identified that the technological upgrade had not been implemented, and some of the outstanding issues still remained.
- In light of the delays to the technological upgrade, Chief Military Personnel (CMP) communicated interim control instructions in May 2016 in an attempt to resolve the outstanding observations given that a technological solution is not scheduled to be delivered until 2022.
- Although these interim controls are in the early stages of implementation, ADM(RS) decided to conduct this review to determine if the design and the preliminary implementation of these controls to date are mitigating the outstanding issues identified in prior assurance engagements.
- This review was included in the departmental Risk-Based Audit Plan for fiscal years (FY) 2016/17 to 2018/19.

1. Chief Review Services is the former designation of Assistant Deputy Minister (Review Services) (ADM(RS)), which was officially adopted in May 2015.



# Statement of Conformance

The review findings and conclusions contained in this report are based on sufficient and appropriate evidence gathered in accordance with procedures that meet the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing* for a review level of assurance. The review thus conforms to the Internal Auditing Standards for the Government of Canada as supported by the results of the quality assurance and improvement program. The opinions expressed in this report are based on conditions as they existed at the time of the review and apply only to the entity examined.



# Background

- The main role of the Reserve Force (the Reserves) is to augment, sustain and support the Regular Force of Canada's military. Reservists are paid in accordance with the conditions associated with one of the following categories of service:
  - **Class A Service:** Similar to casual work, it consists of four or more evenings and one or more weekends per month. Members are paid on the basis of attendance using sign-in or timesheets.
  - **Class B Service:** Continuous service ranging from 13 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 90 days.
- There are just over 200 Reserve unit locations across Canada comprised of approximately 21,700<sup>1</sup> Reserve Force members, totaling approximately \$675 million in salary and benefits annually. These figures are approximately divided as follows: 14,000 Class A (\$219 million); 7,400 Class B (\$434 million); and 300 Class C Reservists (\$22 million).<sup>2</sup>
- Director Military Pay and Allowances Processing (DMPAP) is responsible for administering the Revised Pay System for the Reserves (RPSR) and for providing payroll staff with guidance and solutions to pay issues. The RPSR is a web-based centralized system for recording pay transactions and calculating pay amounts due to Reservists. The individual Reserve units maintain Reserve members' pay files and are responsible for recording and processing pay transactions.

1. Figure obtained from FY 2015/16 Department of National Defence Departmental Performance Report.

2. Figures obtained through an analysis of the RPSR pay data for FY 2015/16.



## Background (p.2)

- One of the challenges facing the Reserve payroll process is that all payroll staff positions are military positions, and the majority of payroll staff are part-time Reservists. Those interviewed during this review stated that it is difficult to maintain consistency in payroll staff positions due to the number of part-time Reservists and the high turnover rate resulting from Reserve members' ability to request their release from the Reserves at any time.
- One significant cause of the delay in implementing the 2007 audit Management Action Plans (MAP) was the transfer of authority of military pay from Assistant Deputy Minister (Finance and Corporate Services)<sup>3</sup> to CMP. CMP took over the responsibility of military pay in 2011, but the delegation of authority to update military pay procedures and forms authorizing pay was not finalized until 2016. This issue was only realized when CMP created and planned to communicate new pay instructions to address the Reserve pay control issues, and a discussion ensued over pay authorities between functional and chain-of-command authorities. Therefore, CMP could not release these instructions until it had the formal authority to do so in May 2016. As a result, some process changes were happening at the Reserve-unit level during the conduct phase of this review. Therefore, this report will delineate what was observed prior to and after May 2016.
- Another cause for the delay in implementing the 2007 audit MAPs was a delay in implementing a new payroll system that was supposed to automate certain controls that had been identified as requiring improvement. The implementation of this system is currently delayed until 2022.

3. Assistant Deputy Minister (Finance and Corporate Services) was the designation of Assistant Deputy Minister (Finance) at the time of the 2007 audit.



# Objective, Criteria and Approach

## Objective

- To determine whether the governance, control and risk management framework related to the Reserve pay process is in accordance with policy and procedures in order to help ensure accurate and timely payment.

## Criteria

- Authorities, responsibilities and accountabilities of those involved in the Reserve pay process are clearly defined, documented and well communicated.
- Policies, procedures and related controls for Reserve pay are clear, implemented and consistently followed by Reserve units to ensure complete, timely and accurate pay related information.
- Proper monitoring, validation and risk management of the Reserve pay process, as well as related reporting, are in place to ensure the validity and reliability of records.



# Scope

## Scope

- The focus of this review was on Class A and B Reservist pay. However, some Class C Reservist pay was used in the data analysis but in a very limited capacity.
- This review also included validation of CMP's implementation of recommendations made during previous audit work in this subject area.
- FY 2015/16 and FY 2016/17 (up to September 2016).
- Five Reserve units were interviewed as part of the planning phase.
- The following additional three Reserve units were visited during the conduct phase based on unit-level Reserve pay data analysis:
  - The Cameron Highlanders of Ottawa
  - Les Fusiliers Mont-Royal
  - Governor General's Foot Guards.



# Methodology

## Interviews

- Payroll staff belonging to five Reserve units as part of the planning phase.
- Payroll staff belonging to three Reserve units as part of the conduct phase.
- Several stakeholders within CMP and Assistant Deputy Minister (Finance) / Chief Financial Officer related to the Reserve pay process and the financial controls over military pay.

## Document Reviews

- Prior ADM(RS) audits and follow-ups related to Reserve pay.
- Relevant policies, directives and guidelines.
- Reviewed documents in the selected samples of Reservist pay files, such as the following:
  - Class A attendance forms
  - Certification reports
  - Class A and B route letters
  - Local payment forms
  - Contingency payments spreadsheets
  - Miscellaneous debit and credit forms.



# Observation 1: Reserve Pay Controls

Although entity-level controls over processes, such as pay initiation and verification, are well designed and in place, improved communication of Reserve pay instructions in combination with more detailed supplemental procedures could ensure more consistency in Reserve pay practices and increased supporting documentation on file.

## Condition

### Policies and Procedures

- Entity-level controls for Reserve pay are adequate and documented by DMPAP using Military Pay Administrative Instructions (MPAI). Additionally, DMPAP is responsible for communicating these instructions and supplemental procedures information to the desired audiences through related group messages and RPSR advisory e-mails. DMPAP is also responsible for monitoring Reserve unit compliance with instructions and ensuring these are implemented. DMPAP conducts this monitoring by using a Staff Assistance Visit<sup>4</sup> (SAV) team that periodically visits Reserve units, tests pay transactions and summarizes a unit-level report of its findings. The report is then submitted to DMPAP.
- Within the eight Reserve units interviewed between June and October 2016, there was little awareness of the new MPAs that had been released in May 2016. Some of the units were not even aware that the MPAs existed. Four of the eight Reserve units mentioned that they receive information updates through their chain of command. It is important to note that most Reserve-unit personnel are not administering Reserve pay during the summer months. The review team's site visits occurred when Reserve units were returning their focus to these activities in September and October. Therefore, there may have been limited opportunities to reference new MPAs between their release and the site visits.

4. Compliance reviews focused on assisting the units with any issues regarding internal controls.

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## Observation 1: Reserve Pay Controls (p.2)

### Condition (cont'd)

- Units interviewed that were aware of the MPAs felt these instructions provided insufficient direction and guidance detail on pay procedures. Units are of the opinion that there are insufficient communication and formal guidance on how to use forms properly, which results in inconsistent practices between Reserve units.
- Reserve units could benefit from policy clarification on the sufficiency of documentation required to be retained by the Reserve units. For example, instructions on bank account changes could provide more details on what exactly is sufficient documentation to be retained on the members' pay file.
- One way to help ensure that Reserve pay policies are communicated and understood is through the use of training tools. All of the eight Reserve units interviewed stated that there is a lack of formal training. They mentioned that training is largely established by the Reserve units themselves, and RPSR training largely involves an on-the-job and self-taught approach. These types of training may result in an inconsistent application of centralized policies. DMPAP also provides an inquiries contact number for pay administration questions.
- DMPAP indicated in a few interviews that a training version of the RPSR was coming in October 2016 and that every Reserve unit will be able to request access. As of November 30, 2016, the RPSR User Training database was rolled out at Canadian Forces Base Borden and so far has been used exclusively to deliver courses to clerks.



# Observation 1: Reserve Pay Controls (p.3)

## Condition (cont'd)

### Monitoring and Reviews

- CMP-led SAVs at Reserve units have significantly increased since 2014. In 2013 and 2014, DMPAP conducted a total of 19 SAVs at Reserve units. From January 2015 to September 2016, DMPAP conducted 133 SAVs of Reserve units.
- SAV results have recently been amalgamated into an annual report that is used to identify systemic issues and develop risk management solutions.
- Six of the eight (75 percent) Reserve units examined during this review have been the subject of SAVs since 2014.

\* Note: The review team gained an understanding of the SAV process but did not assess the validity of SAV results specifically.

### Route Letters

- When a reservist from a unit (home unit) temporarily works for another unit (visiting unit), the home unit sends a document known as a route letter to the visiting unit to serve as the authority for its Reservist to work there. After completion of the temporary assignment, the visiting unit confirms the attendance and hours worked of the Reservist on the route letter and sends it back to the home unit. No matter where the Reservist works, the home unit is responsible for administering his/her pay. The MPAs state that, in order to pay this Reservist for the time he/she spent at the visiting unit, the home unit must receive a route letter confirming his/her arrival and the hours worked from the visiting unit. From a design perspective this is an adequate control, but in reality, visiting units are not sending these route letters back to the home unit, leaving the home units to pay the Reservist without the proper supporting documentation to ensure timely payment.



# Observation 1: Reserve Pay Controls (p.4)

## Condition (cont'd)

- One home unit insisted on complying with the instructions and not entering the route letter information into RPSR until it received the signed route letter from the visiting unit validating the Reservist's attendance and hours worked. However, most units' priority is to ensure the Reservists are paid on time. Therefore, staff are willing to initiate pay in the RPSR before receiving the signed portion of the route letter from the visiting unit (as required in MPAl), which increases the risk of payment inaccuracies regarding the number of hours worked.
- Of 74 route letters reviewed, 56 had confirmation of the Reservists' attendance at the visiting unit, while only 41 of those route letters also had a confirmation of the number of hours worked.

## Local Payments

- Local payments are transactions entered into the RPSR to pay Reservists immediately, usually by cheque, when they were missed through the regular pay process. The amounts for all of the 20 local payments sampled were entered correctly into the RPSR. However, in contradiction to MPAl, most of the local payments sampled did not have a justification added to the notes for the members' pay account in RPSR.

## Contingency Payments

- Contingency payments are made through a supplement to the regular pay run for transactions that were missed in the regular pay process. Therefore, Reservists are still paid on time but through a separate pay process. Contingency payments have been reduced from \$20 million in 2005 to \$6 million in 2015. Valid justification for the contingency pay issuance was annotated in the RPSR for all seven files examined, while only three of them had the appropriate documentation on file.



# Observation 1: Reserve Pay Controls (p.5)

## Condition (cont'd)

### Pay Verification Report Process

- The bi-weekly pay process at Reserve units involves manual input of supporting pay documentation, such as route letters and attendance sheet information, into the RPSR. According to the MPAIs, the following manual detective control is to run seven required reports of the entered information and reconcile them with the manual source documentation to ensure the RPSR information is accurate prior to the execution of the pay run in the RPSR. These RPSR reports include such things as outstanding debts owed by Reservists, attendance information in the RPSR, pay rates and pay allowance entitlements.
- Interviews, site visits and documentation reviewed indicated that very few of these reports are run and examined at the Reserve units. The Reserve units stated that they already understand the issues that some of these reports generate and do not see the value in running them on a bi-weekly basis.
- Very few mandatory reports were on file at the three Reserve units visited, and almost all of them were stamped and signed. The instructions state that all pay documentation must be reviewed and compared to the report to ensure accuracy. However, payroll staff indicated that they only reconcile a sample of the transactions in the reports against supporting documentation. Most of the reports examined by the review team had no markings or indications of reconciliation, which made it impossible to confirm whether the transaction amounts were verified prior to processing payments.



# Observation 1: Reserve Pay Controls (p.6)

## Cause

- The MPAs examined during this review have recently been developed and communicated in early 2016; therefore, from an implementation standpoint, they are in their infancy. Currently, MPAs do not have a sufficient amount of detailed procedures or guidance to help Reserve payroll staff understand what is expected of them as a result of these new instructions.
- Another reason that MPAs are not being followed in areas such as supporting documentation and pay verification processes is that the majority of Reserve payroll staff positions are part-time, and these positions are subject to high turnover as Reservists can be released from a Reserve unit at any time. The review team identified that there were a number of vacant positions among payroll staff in the eight Reserve units examined. The four Reserve units that provided the review team with their vacancy statistics identified that, on average, they have approximately 195 Reservist positions in each unit with a 31 percent vacancy rate and a 43 percent vacancy rate in payroll staff positions. Vacant positions, high turnover and insufficient experience in staff payroll positions have contributed to payroll staff rushing to pay Reservists, not conducting the pay verification process appropriately and making mistakes that require local and contingency payments.



# Observation 1: Reserve Pay Controls (p.7)

## Impact

- There are over 200 Reserve-unit locations across Canada relying on part-time payroll staff in high-turnover environments. The absence of effective communication and strong oversight of pay instructions has resulted in increasing the risk of pay inconsistencies and errors. The majority of payroll staff interviewed stated they are experiencing low morale associated with such a responsibility. Without complete supporting documentation on file prior to payment, it is difficult to validate if Reservists have been paid the proper amount. Also, understaffed payroll positions contribute to pay errors that result in extra work via local and contingency payments. Not following the pay verification process increases the likelihood that data entry errors will occur and ultimately create more effort in terms of dealing with Reservists' complaints and inquiries and correcting errors through the processing of local and contingency payments.

## ADM(RS) Recommendation

1. It is recommended that CMP, in consultation with the senior leadership of the Reserves, develop and implement more detailed interim manual procedures and effective communication practices to ensure that Reserve pay initiation and verification requirements are communicated, received, understood and implemented at each Reserve unit until an adequate long-term solution is in place.

**OPI:** CMP



## Observation 1: Reserve Pay Controls (p. 8)

### Key Considerations for the Development of a Management Action Plan

- Recommendation 1 is intended to be a short-term interim measure to mitigate control deficiencies until a technological upgrade to the payroll system is completed.
- CMP should implement adequate procedures to ensure the timely transfer of route letters from a Reservist's visiting unit to their home unit in order to verify attendance and hours worked and to facilitate the timely processing of pay. The route letter could then be placed on file at the home unit for validation purposes.
- CMP should create more precise instructions for local and contingency payment justifications to improve file consistency and help ensure that payments are valid.
- CMP should staff vacant payroll positions to support the timely and accurate processing of Reserve pay.
- CMP should implement the mandatory reporting requirements needed to be done on a bi-weekly basis and supplement the MPAs with procedures for how these reconciliations are to be accomplished and explanations for why it is an important risk-mitigation exercise.



## Observation 2: Attendance Sheet Controls for Class A Reservists

The attendance sheet controls for Class A reservists have been designed effectively. However, they have been applied inconsistently across the Reserve units examined, which increases the risk of their operational ineffectiveness.

### Condition

- The review team examined a total of 56 Class A Reservist attendance sheets from the three Reserve units that were visited during the conduct phase. These sheets have as many as 200 signatures of the attendees for a particular exercise. The review team reconciled all 2,408 signatures on the 56 attendance sheets with pay entries for those individuals in the RPSR and found a total of only 22 potential data entry errors (less than 1 percent error rate). This is a low error rate given the attendance sheets are manually entered into the RPSR. The review team informed the respective Reserve units of these errors, and they are in the process of making the necessary corrections or providing additional documentation.
- As the scope of the review included both old and new MPAs, the sample of 56 attendance sheets included 38 old attendance sheet templates without a supervisor signature block and 18 new attendance sheet templates with a supervisor signature block. All of the 18 new attendance forms reviewed were signed appropriately by the supervisor. However, the Reserve units interviewed noted that there was no direction given as to the supervisor's exact role during parade nights or why this control was important. Some of the larger units noted that nobody is monitoring the sign-in sheets as they are being signed. They considered it to be unrealistic that one individual should certify everybody's attendance.



## Observation 2: Attendance Sheet Controls for Class A Reservists (p. 2)

### Condition (cont'd)

- It is important to note that, although the review team was able to carry out reconciliation testing to conclude whether or not reservists on the attendance sheet had been paid, it was unable to verify if the reservists with signatures on the sign-in sheet were actually in attendance without physically overseeing a Class A event sign-in process.

### Cause

- The main cause for the attendance errors in RPSR is that it is a manual entry process. Although few errors were identified during the review, these could be further eliminated if Reserve units followed the MPAs. The MPAs require an attendance certification report to be run after the information has been entered into the RPSR and reconciled to the sign-in sheets prior to executing the pay run. While only three of the eight Reserve units interviewed stated they ran this certification report, two of the three sites visited did run the report. The majority of the potential pay errors identified during this review occurred at the Reserve unit that did not run the certification report.
- Although supervisors are signing the new attendance forms, there is no statement in the signature block or in the MPAs that defines the supervisors' accountabilities when signing these forms. If they understood their accountabilities, they might supervise the sign-in process more closely.

### Impact

- Without detailed procedures related to the Class A event attendance sheet sign-in process, a description of the signing supervisor's accountabilities or the potential risks of not following the procedures, Class A Reservists might be paid for events that they do not actually attend.



## Observation 2: Attendance Sheet Controls for Class A Reservists (p. 3)

### ADM(RS) Recommendations

2. It is recommended that CMP, in consultation with the senior leadership of the Reserves, add detailed interim procedures in policy to clarify how attendance controls outlined in the MPAs are to be met and clarify the roles and responsibilities of those involved in Class A attendance control processes to create better understanding and consistent application of MPAs among the Reserve units.
3. It is recommended that CMP, in consultation with the senior leadership of the Reserves, implement a longer-term solution to improve the verifiability and accuracy of Class A attendance records.

OPI: CMP

### Key Considerations for the Development of a Management Action Plan

- Recommendation 2 is intended to be a short-term interim measure to mitigate risks related to the verifiability and accuracy of Class A attendance records until a long-term solution can be identified and implemented.
- CMP should add an end-of-exercise head count control to reconcile the number of attendees at the end of the exercise with the number of signatures on the sign-in sheet in order to ensure that there are no signatures on the sheet for individuals who did not attend the full exercise.
- CMP should allow larger Reserve units to split the Class A exercise attendees into separate groups and have a separate supervisor for each group. This would make each supervisor's role more manageable for larger groups. For example, a Reserve unit with 200 attendees could be broken into four groups so that each supervisor would be accountable for the sign-in of 50 attendees as opposed to one supervisor being responsible for all 200.



# 2007 Reserve Pay Audit Management Action Plan Progress

- During this review, the team assessed the progress made against the outstanding MAPs from the 2007 Chief Review Services Canadian Forces Reserve Pay Audit. The result of this assessment is that five of the six MAPs have been implemented, and some progress has been made toward the one that remains outstanding. The details of the progress made against these outstanding MAPs have been tracked by ADM(RS) during its assurance work since 2007, and these are summarized in the following slides.



# 2007 Reserve Pay Audit Management Action Plan Progress (p.2)

2007 Reserve Pay Audit Recommendations	2010 Follow-Up Observations	2015 Follow-Up Observations	2016 Reserve Payroll Review Observations
Investigate available technologies to improve verifiability and accuracy of Class A attendance records.	The Department is sponsoring a project to replace both Regular and Reserve Force pay systems. Project targeted for January 2013.	The human resources system upgrade project identified and investigated technologies that could improve the current RPSR. The human resources system will manage Regular and Reserve Force human resources data (Guardian). Currently scheduled for summer 2018.	The review team received evidence from DMPAP that an informal study into technological solutions for attendance verification concluded that such a system was too costly to implement. The review team received confirmation from the Australian and British militaries that they are not using such technologies.
Assistant Deputy Minister (Finance and Corporate Services) to communicate with comptrollers to ensure that Reserves reinforce the requirement that current attendance-related controls be followed.	DMPAP has not yet communicated with comptrollers or issued any advisory. Site inspections concentrated on Regular Force units. No Reserve Force pay offices were visited.	DMPAP sent a reminder to all units of the rules for recording attendance. Site inspections are being performed at Reserve units, during which, attendance control procedures and other pay-related activities and issues are reviewed. DMPAP indicated all units are to be visited every 3-4 years.	New policies known as MPAIs have been distributed to Reserve units, and 133 site inspections have been conducted at Reserve units since 2015. New attendance related controls and forms have been implemented and are in use.
DMPAP to implement appropriate measures to ensure accuracy and validity of contingency payments.	Contingency payment standard operating procedures were revised so that Reserve units must provide justification for requests.	No issue. Already actioned.	Not a significant issue. The number and dollar value of contingency payments have dropped greatly since 2007. DMPAP conducts internal verification/validation of contingency requests.

**Table 1. 2007 Reserve Pay Audit MAP Progress.** This table summarizes the progress made on the 2007 audit MAP. Note: Green boxes indicate when the recommendation was addressed.

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# 2007 Reserve Pay Audit Management Action Plan Progress (p.3)

2007 Reserve Pay Audit Recommendations	2010 Reserve Pay Follow-Up Observations	2015 Reserve Pay Follow-Up Observations	2016 Reserve Payroll Review Observations
DMPAP and Assistant Deputy Minister (Information Management) to correct lack of system functionality and controls related to processing increment entitlements, rank, changes and class B contract amendments.	Limited progress on the MAP regarding programming changes to the RPSR. Rank change issue was addressed.	The human resources system upgrade project team has detailed the capabilities of the new system to meet recommendations.	Partially completed. A report function has been added to address rank changes. Incremental entitlements processing remains manual. The human resource system upgrade project close-out is scheduled for 2022.
DMPAP and commands to develop RPSR reports required by various levels of management to adequately monitor and validate Reserve pay data transactions and changes to members' personal information.	Limited progress on the MAP regarding programming changes to the RPSR.	Ad hoc report requests are managed by DMPAP, who reviews all requests in order to control the release of personnel data. Regulations with details on the various reports are currently available on RPSR for Military Pay Administration Officers.	MPAIs have new mandatory reporting requirements.
DMPAP and commands to develop procedures that ensure identification and inactive profiles are properly managed.	Significant improvements made, including automatic deletion of user identifications after 90 consecutive days of inactivity and disabling at 60 days.	No issue. Already actioned.	No issue. Already actioned.

**Table 2. 2007 Reserve Pay Audit MAP Progress (cont'd).** This table summarizes the progress made on the 2007 audit MAP.

Note: Green boxes indicate when the recommendation was addressed.

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# Conclusion

Overall, the Department's authorities and accountabilities, controls and risk management frameworks related to the Reserve pay process are in place to help ensure accurate and timely payments. However, the Department could benefit from increased procedural detail related to MPAs, and it should continue to ensure that identified systemic control weaknesses are considered in policy enhancements.

Since the 2007 Reserve Pay Audit, CMP has implemented five of the six recommendations, improved the controls outlined in the Department's pay instructions and increased the oversight on Reserve pay. DMPAP has made strides to implement detective controls over manual data entry that has contributed to the reduction in contingency payments despite the delay in a system upgrade.

Although there were very few errors identified by the review team for the pay transactions sampled, a number of control processes were not being followed, and the files examined should include additional supporting documentation. The number of vacant payroll staff positions across the Reserve units examined as part of this review and the absence of detailed procedures to execute control processes are the main factors contributing to controls not being adhered to in the cases identified. A better understanding of the procedures and accountabilities related to the Class A event attendance sign-in process would reduce the risk of incorrect attendance information, which is the foundation of Class A Reserve pay and subsequent pensions.

Although new pay instructions were released near the beginning of this review and may not have been fully implemented by the time the site visits occurred, these pay instructions could be strengthened by providing more details on the procedures to execute these controls and a rationale for how these controls mitigate particular risks.



# Management Action Plan

ADM(RS) uses recommendation significance criteria as follows:

**Very High** – Controls are not in place. Important issues have been identified and will have a significant negative impact on operations.

**High** – Controls are inadequate. Important issues are identified that could negatively impact the achievement of program/operational objectives.

**Moderate** – Controls are in place but are not being sufficiently complied with. Issues are identified that could negatively impact the efficiency and effectiveness of operations.

**Low** – Controls are in place but the level of compliance varies.

**Very Low** – Controls are in place with no level of variance.



# Management Action Plan (p.2)

## **ADM(RS) Recommendation – Reserve Pay Controls (Moderate)**

1. It is recommended that CMP, in consultation with the senior leadership of the Reserves, develop and implement more detailed interim manual procedures and effective communication practices to ensure that Reserve pay initiation and verification requirements are communicated, received, understood and implemented at each Reserve unit until an adequate long-term solution is in place.

## **Management Action**

Agreed. CMP, in consultation with the senior leadership of the Reserves, will review and, if required, enhance its policy and procedure instruments, as well as its communication practices, to ensure that pay instructions are communicated, received, understood and implemented at each Reserve unit. As well, CMP will work with the Vice Chief of the Defence Staff and the Environmental Commands to raise awareness and improve staffing levels. DMPAP will provide knowledge gained on SAVs to report deficiencies in this area. The key actions are noted in Table A-1 on the following slide.



# Management Action Plan (p.3)

## ADM(RS) Recommendation 1 (cont'd)

Action	Timeframe
1. Review CMP's current documentation, processes and guidance associated with Reserve pay administration contained in MPAs and other guidance documents and, where required, amend or establish appropriate documentation including the following: a. Review current general payroll procedures outlined in the MPAs and assess the sufficiency of detail to guide payroll staff in their payroll and personnel file management responsibilities; b. Review current instruction documents, establishing more precise guidelines for local and contingency payment justifications, including ensuring that all required documentation is retained on file for verification; c. Review current procedures in place to transfer route letters from a Reservist's visiting unit to their home unit in order to verify attendance and hours worked; d. Review formal training and training tools currently being offered to Reserve payroll staff; and e. CMP (DMPAP) will review information gained on SAVs in order to better report deficiencies in this area and communicate the means towards better practices within all Reserve units.	October 2017
2. CMP will work with the Vice Chief of the Defence Staff and the Environmental Commands, which have direct authority over Reserve payroll positions, to formulate a plan to improve payroll staffing levels and retention.	January 2018
3. Consult with stakeholders on amended or new documentation, processes, guidance and training.	January 2018
4. Promulgate final process, documentation and training materials via a formal communication strategy for ensuring all Reserve units are able to have overall awareness.	March 2018

**Table A-1. Management Action to Recommendation 1.** This table lists the actions management intends to take in order to comply with ADM(RS) Recommendation 1.

**OPI:** CMP, in consultation with the senior leadership of the Reserves

**Target Date:** March 31, 2018



# Management Action Plan (p.4)

## ADM(RS) Recommendation – Class A Attendance (Moderate)

2. It is recommended that CMP, in consultation with the senior leadership of the Reserves, add detailed interim procedures in policy to clarify how attendance controls outlined in the MPAs are to be met and clarify the roles and responsibilities of those involved in Class A attendance control processes to create better understanding and consistent application of MPAs among the Reserve units.

## Management Action

Agreed. CMP, in consultation with the senior leadership of the Reserves, will review and, if required, enhance its policy and procedural detail to clarify attendance control roles, responsibilities and processes. The key actions are noted in Table A-2 on the following slide.



# Management Action Plan (p.5)

## ADM(RS) Recommendation 2 (cont'd)

Action	Timeframe
1. DMPAP to consult with stakeholders on amended or new documentation, processes, guidance and training and, where required, amend or establish appropriate documentation. a. DMPAP to engage Assistant Deputy Minister (Finance) / Chief Financial Officer staff to identify the proper internal controls required to enable supervisors to be accountable for confirming attendance. b. DMPAP to review attendance sheet sign-in and sign-out procedures and related supervisor attendance controls in place to provide assurance that attendance sheets accurately represent attendance at Reserve events.	October 2017
2. Amend documentation, where required, to reflect requirement for standardization of file management and to ensure proper payments are made.	February 2018
3. Consult with stakeholders and solicit feedback on amended documents and procedures.	February 2018
4. Promulgate final process, documentation and training materials.	March 2018

**Table A-2. Management Action to Recommendation 2.** This table lists the actions management intends to take in order to comply with ADM(RS) Recommendation 2.

**OPI:** CMP, in consultation with the senior leadership of the Reserves

**Target Date:** March 31, 2018



# Management Action Plan (p.6)

## ADM(RS) Recommendation – Class A Attendance (High)

3. It is recommended that CMP, in consultation with the senior leadership of the Reserves, implement a longer-term solution to improve the verifiability and accuracy of Class A attendance records.

## Management Action

Agreed. CMP, in consultation with the senior leadership of the Reserves, as well as Assistance Deputy Minister (Information Management), will review the available technological tools and implement a solution that improves the verifiability and accuracy of Class A attendance records. The key actions are noted in Table A-3 on the following slide.



# Management Action Plan (p.7)

## ADM(RS) Recommendation 3 (cont'd)

Action	Timeframe
1. DMPAP to consult with Assistant Deputy Minister (Information Management) to review available technological tools for monitoring attendance of personnel, and will research and implement a cost-effective electronic means (including the consideration of existing departmental technology) of improving the verification and accuracy of Class A attendance records.	December 2017
2. DMPAP, with the advice and technical support of Assistant Deputy Minister (Information Management) and the senior leadership of the Reserves, will test the electronic means of verifying the accuracy of Class A attendance records on a sampling of Reserve units to ensure the effectiveness of the new method of taking attendance in order to make necessary adjustments on a small scale prior to CAF-wide roll-out. This will involve the following: a. producing a communications strategy, to be endorsed by Level 1 organizations, to inform units of their mandatory participation; b. producing formal guidance (revision of MPAs related to Reserve Force attendance records); and c. producing standardized training tools to be included with the communications strategy, and to direct users to the related MPAs.	June 2018
3. DMPAP, along with Assistant Deputy Minister (Information Management) and the senior leadership of the Reserves, will carry out the CAF-wide roll-out of the electronic means of improving the verification and accuracy of Class A attendance records to all Reserve Force units.	September 2018
4. DMPAP, through SAV activity, will monitor the progress and success of the electronic means of verifying the accuracy of Class A attendance records.	January 2019

**Table A-3. Management Action to Recommendation 3.** This table lists the actions management intends to take in order to comply with ADM(RS) Recommendation 3.

**OPI:** CMP, in consultation with the senior leadership of the Reserves.

**Target Date:** January 2019