



Health Canada and the Public  
Health Agency of Canada

Santé Canada et l'Agence  
de la santé publique du Canada

Canada

## **Audit of Key Financial Controls at Health Canada, 2015-16**

### **Management Response and Action Plan**

**December 2016**



Recommendations	Management Response and Planned Management Action	Deliverables	Expected Completion Date	Responsibility
<p><b>Recommendation 1</b></p> <p>It is recommended that Assistant Deputy Minister, Regional Operations, First Nations and Inuit Health Branch, ensure that employees with the authority to approve expenditure initiation for patient travel have a medical transportation officer specimen signature card.</p>	<p>Management agrees with this recommendation.</p>			
	<p>FNIHB will confirm that regional employees in positions requiring them to approve non-insured non-emergency medical travel have a valid MTO specimen signature card.</p>	<p>1.1 Email attestation by Regional Executive Officers confirming their employees who require the authority to approve non-insured non-emergency medical transportation expenditures have a valid MTO specimen signature card.</p>	<p>December 31, 2016</p>	<p>Assistant Deputy Minister, Regional Operations, First Nations and Inuit Health Branch</p>
<p><b>Recommendation 2</b></p> <p>It is recommended that the Chief Financial Officer ensure that the PAYE amounts recorded agree with supporting documentation.</p>	<p>Management agrees with this recommendation.</p>			
	<p>The accounting hubs will review and revise their internal procedure to ensure that the PAYE amounts recorded in SAP agree with supporting documentation.</p>	<p>2.1 Accounting hub internal procedure document with respect to the recording of PAYE amounts in SAP.</p>	<p>March 31, 2017</p>	<p>Director General (DG), Financial Operations Directorate (FOD)</p>

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<p><b>Recommendation 3</b></p> <p>It is recommended that the Chief Financial Officer enhance the enforcement and monitoring of segregation of duties.</p>	<p>Management agrees with this recommendation.</p>			
	<p>The Financial Systems Team is working with the Internal Control Division to perform a review of the current procedure and system controls. A revised procedure document will be developed to strengthen the controls on the segregation of duties.</p>	<p>3.1 Revised system procedure on controls with regard to the segregation of duties. The revised procedure will be appropriately communicated and shared with the audit team. The revised procedure will be approved by senior management in the Chief Financial Officer Branch.</p>	<p>December 31, 2016</p>	<p>DG, FOD</p>

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<p><b>Recommendation 4</b></p> <p>It is recommended that the Chief Financial Officer ensure that journal voucher entries are managed in compliance with the Standard on Journal Vouchers.</p>	<p>Management agrees with this recommendation.</p>			
	<p>The majority of the 13 journal vouchers that did not meet the requirements of the Standard on Journal Vouchers were related to automated system entries generated by SAP. The Financial Policy Team will review and update the Standard on Journal Vouchers to clarify that it does not apply to these transactions. The East and West Accounting Hubs have provided training to the staff who process journal vouchers, to ensure compliance with the current standard for manual journal vouchers.</p>	<p>4.1 Revised Standard on Journal Vouchers to clarify the controls related to automated system entries.</p>	<p>March 31, 2017</p>	<p>DG, FOD</p>
<p><b>Recommendation 5</b></p> <p>It is recommended that the Chief Financial Officer implement a quality assurance process to validate the accuracy of the data input by timekeepers.</p>	<p>Management agrees with this recommendation.</p>			
	<p>CFOB is currently developing a sampling methodology to validate the accuracy of the data input by timekeepers. The development of the methodology is in consultation with the Financial Systems Team, the Internal Control Division, the</p>	<p>5.1 Sampling methodology for transactions to validate the accuracy of the data input by timekeepers.</p>	<p>December 31, 2016</p>	<p>DG, FOD</p>

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	Human Resources Services Directorate and Public Services and Procurement Canada (PSPC) resources within the Phoenix project. Note that the Phoenix system is currently not stable and time and labour reports that identify transactions entered by timekeepers only recently became available to departments; to date, HC has encountered significant difficulty running these reports successfully.	5.2 Quarterly samples validating the accuracy of the data input by timekeepers for Q1, Q2, and Q3 for 2016-17.	March 31, 2017	DG, FOD
<p><b>Recommendation 6</b></p> <p>It is recommended that the Assistant Deputy Minister, Corporate Services Branch, develop and implement guidelines for record keeping (conservation of documents) used to demonstrate adherence to FAA Section 34.</p>	Management agrees with this recommendation.			
	HRSD's National Centralized HR Services Division will develop and implement guidelines for record keeping and will communicate them to all departmental compensation trusted sources.	6.1 Guidelines establishing a two-year retention period for compensation related documents to be developed.	October 31, 2016	Compensation Escalation and Trusted Sources team in collaboration with and the Information and Knowledge Management Division (IKMD)

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		6.2 Information Management procedures for National Compensation Trusted Source inboxes for record keeping purposes.	October 31, 2016	Compensation Escalation and Trusted Sources team in collaboration with IKMD
<p><b>Recommendation 7</b></p> <p>It is recommended that the Chief Financial Officer ensure the proper coding of travel requirements on Task Authorization Documents.</p>	Management agrees with the recommendation.			
	The accounting hubs will ensure that invoices with coding inconsistencies are returned to the cost centre managers (CCM) for correction. A Broadcast News message will be issued to remind CCMs that for Task Authorizations, the travel portion must be split out and coded accordingly.	7.1 Instruction on financial coding related to travel in contracts will be issued to accounts payable staff.	December 31, 2016	DG, FOD
		7.2 Broadcast News message with regard to travel coding and approval for Task Authorization.	December 31, 2016	DG, FOD