Audit of the PCH Pay System Control Environment (Phase 2)

Office of the Chief Audit Executive

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List of acronyms and abbreviations

Acronym or abbreviation	Definition
BI	Business Intelligence
CFO	Chief Financial Officer
CMT	Case Management Tool
DCO	Departmental Claim Officer
DG	Director General
ESA	Emergency Salary Advances
EXCOM	Executive Committee
FMB	Financial Management Branch
GC HRMS	Government of Canada, Human Resources Management System
HRWMB	Human Resources and Workplace Management Branch
MOU	Memorandum Of Understanding
OCAE	Office of the Chief Audit Executive
PAYE	Payables At Year-End
PCH	Department of Canadian Heritage
PSPC	Public Services and Procurement Canada
RMDs	Resource Management Directorates
TBS	Treasury Board Secretariat
HR	Human resources
CAE	Chief Audit Executive
RBAP	Risk Based Audit Plan
PRI	Personal Record Identifier
PeopleSoft	Departmental human resources management system
GCDOC	Information management system
STS	Staffing Tracking System
CIOB	Chief Information Officer Branch
CCC	Communications and Coordination Committee
CSPC	Corporate Services and People Committee
FITHR	Finance, Information Technology, Human Resource Committee
PSES	Public Service Employee Survey
NSF	Non-sufficient-funds
OCHRO	Chief Human Resources Officer
DFMS	Departmental Financial Management System

Executive Summary

The Phoenix pay system (henceforth referred to as "Phoenix") was implemented in February 2016 as part of the Transformation of Pay Administration Initiative approved by the Government of Canada in 2009. This initiative rolled out by Public Services and Procurement Canada (PSPC), consisted of two key components; Pay Consolidation involving the consolidation of compensation advisor positions from 46 departments at the Public Service Pay Centre in Miramichi, and Pay Modernization through the implementation of a new pay software across the government. Following the rollout of the Phoenix pay system, government-wide challenges occurred with multiple pay errors being reported, resulting in significant and direct impacts on federal employees. To this day, three years after the implementation of Phoenix, thousands of employees in the public service continue to be negatively affected both financially and in their personal lives. These ongoing challenges and impacts on employees have and continue to receive local, national and international media coverage.

Within the Department of Canadian Heritage (PCH), hundreds of employees continue to experience a variety of pay-related issues, with new cases being reported every pay period. On a bi-weekly basis, PSPC provides to all departments a Departmental Dashboard that presents a summary of all open cases that remain unresolved after 30 days. The July 10th 2019, PCH Departmental Dashboard identified a total of 4378 open cases over 30 days old, affecting 1 917 active and inactive employees (1 367 and 550 respectively).

In October 2018, PCH was part of the third wave of departments and agencies to adopt the Pay Pod Model, a new approach to address pay issues. The Pay Pod approach groups compensation advisors and compensation assistants together to process incoming human resources (HR) transactions, while also working through the backlog and addressing outstanding cases in an employee's file. The intent of this new approach was to result in more efficient and comprehensive resolutions of pay issues, and a reduction of backlogged cases. The Pay Pod approach is one of the actions taken to stabilize the pay system.

Considered to be a corporate risk in most departments and agencies, the Office of the Chief Audit Executive (OCAE) at Canadian Heritage conducted one of the first internal audits on this subject in the federal government, titled "Audit of the PCH Pay System Control Environment". Subsequently, at the request of PCH Senior Management, a follow-up audit on the recommendations was completed in the fall of 2018. This follow-up audit found the pay system control environment in PCH had changed with the introduction of the Pay Pod approach in October 2018 which had an impact on the implementation of half of the recommendations from the first audit. In light of these changes, PCH Senior Management requested that the Chief Audit Executive (CAE) conduct a second phase audit of the PCH pay system control environment.

Audit Opinion and Conclusion

Based on the audit findings, my opinion is that the Department of Canadian Heritage (PCH) has established a reasonable control environment that continues to be improved and adapted to the on-going challenges of the Phoenix pay system. With limited capacity and control for the processing of employees' pay, PCH has deployed a number of actions and implemented processes in order to help employees experiencing pay issues and stabilize payroll. Although for the most part, the current control environment assessed during the conduct of this audit serves as an acceptable basis of measures undertaken to maintain employees' compensation, opportunities for improvements were highlighted with respect to the following activities:

- PCH strategies and mechanisms for the communication of pay and Phoenix-related matters;

- Training activities enhanced to support HR processes;
- Better defining of PCH Pay Pod operations; and
- PCH's approach of identification and monitoring of pay issues.

Statement of Conformance

In my professional judgment as Chief Audit Executive, this audit was conducted in conformance with the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing* and with the *Policy* and *Directive on Internal Audit* of the Treasury Board of Canada, as supported by the results of the quality assurance and improvement program. Sufficient and appropriate audit procedures were conducted, and evidence gathered, to support the accuracy of the findings and conclusion in this report. The findings and conclusion are based on a comparison of the conditions, as they existed at the time, against pre-established audit criteria that were agreed with management and are only applicable to the entity examined and for the scope and time period covered by the audit.

Original signed by

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Bimal Sandhu
Chief Audit Executive
Department of Canadian Heritage

Audit Team Members
Dylan Edgar, Director of Internal Audit
Houssein Ndiaye, Acting Senior Auditor
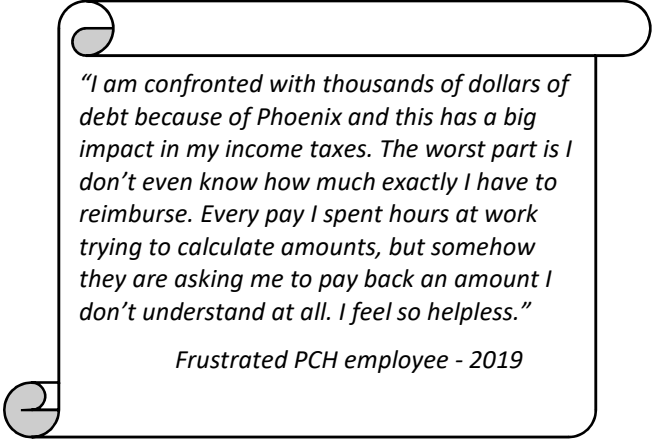Erick Martel, Auditor
Elyann Gilbert, Student

1.0 Background

In 2009, the Government of Canada approved the Transformation of Pay Administration Initiative to modernize how federal employees are paid. This initiative consisted of two key components; Pay Consolidation involving the consolidation of compensation advisor positions from 46 departments at the Public Service Pay Centre in Miramichi, and Pay Modernization through the implementation of a new pay software across the government. Responsible for administering the pay for over 100 departments, agencies, and crown corporations, Public Services and Procurement Canada (PSPC) rolled out the Phoenix pay system (henceforth referred to as "Phoenix"), the result of its Pay Modernization Initiative.

The implementation of Phoenix occurred in two phases. During the first phase, the pay information of approximately 120,000 employees involving 34 departments and agencies, including the Department of Canadian Heritage (PCH or the Department), was migrated to Phoenix in February 2016. During the second phase, the remaining departments and agencies were brought online as of April 21st, 2016. At this time, the pay information of approximately 170,000 additional employees was migrated to Phoenix. From the outset, government-wide challenges occurred with the implementation of Phoenix resulting in significant and direct impacts on federal employees. These ongoing challenges and impacts on employees have and continue to receive local, national and international media coverage.

Three years after the implementation of Phoenix, thousands of federal employees continue to be negatively affected both financially and in their personal lives. In the Public Service, long perceived as a bastion of workplace and career stability, employees have been deferring promotions and job transfers, refusing overtime, and even delaying retirement because of eroded trust in Phoenix. From data breaches of pay information to employees being under paid, over paid or not paid at all, the Government of Canada, departments, and the Public Service continue to experience the reputational repercussions.

Within the Department of Canadian Heritage (PCH), hundreds of employees are still experiencing a variety of pay-related issues, with new cases being reported every pay period. On a bi-weekly basis, PSPC provides to all departments a Departmental Dashboard presenting a summary of all open cases that remain unresolved after 30 days. The July 10th 2019, PCH Departmental Dashboard identified a total of 4378 open cases over 30 days old, affecting 1917 active and inactive employees (1367 and 550 respectively). While the levels of stress and frustration continue to rise, productivity is negatively impacted as employees are unable to get a clear sense of the number of cases or pay issues still affecting them individually despite the numbers provided by PSPC. Without trust in the Phoenix pay system and current pay processing at the Pay Centre, coupled with a lack of communication, employees find themselves compelled to try to

> *"I am confronted with thousands of dollars of debt because of Phoenix and this has a big impact in my income taxes. The worst part is I don't even know how much exactly I have to reimburse. Every pay I spent hours at work trying to calculate amounts, but somehow they are asking me to pay back an amount I don't understand at all. I feel so helpless."*
>
> *Frustrated PCH employee - 2019*

become their own pay experts and attempt to understand potential pay repercussions for any given pay period.

PCH was among the first departments and agencies to put into place departmental emergency measures to assist employees experiencing pay issues, including providing salary advances and claims for expenses and financial losses due to Phoenix. The Financial Management Branch (FMB) and the Human Resources and Workplace Management Branch (HRWMB) have assigned specific personnel who work collaboratively to assist employees to address pay-related issues that are within the control of PCH. This involves processing a number of HR transactions assigned to PCH by the Pay Centre; analyzing any identified and raised pay issues; issuing Emergency Salary Advances (ESA) and priority payments or making payments for claims for expenses and financial losses due to Phoenix (when applicable); recovering said payments when Phoenix adjusts for any payment errors; and being a conduit to the Public Service Pay Centre team where needed.

In October 2018, PCH was part of the third wave of departments and agencies to adopt the Pay Pod Model, a new approach to address pay issues. The Pay Pod approach, a Pay Centre employee initiative, groups together compensation advisors and compensation assistants to a specific department or agency. These groups work together to process incoming human resources (HR) transactions, while also working through the backlog and addressing outstanding cases in employees files. The intent of this new approach was to result in more efficient and comprehensive resolutions of pay issues, and a reduction of backlogged cases. Attention is supposed to focus on data quality and timeliness, which should assist in preventing new pay issues from emerging. The Pay Pod approach is one of the actions taken to stabilize the pay system.

Considered to be a corporate risk in most departments and agencies, the Office of the Chief Audit Executive (OCAE) at Canadian Heritage conducted one of the first internal audits on this subject in the federal government, titled "Audit of the PCH Pay System Control Environment". This first audit was conducted during the fiscal year of 2017-18, one year after the implementation of Phoenix at PCH. The final audit report published in May 2018 included six recommendations as opportunities to improve actions and control activities that PCH undertook in order to respond accordingly to the pay system challenges and to better support employees experiencing pay issues. Subsequently, at the request of PCH Senior Management, a follow-up audit on the recommendations was completed in the fall of 2018 with a final report published in December 2018. The follow-up audit found the pay system control environment in PCH had changed with the introduction of the Pay Pod approach in October 2018. In light of these changes, PCH Senior Management requested that the CAE conduct a Phase 2 audit of the PCH pay system control environment.

2.0 About the Audit

2.1 Project Authority

The authority for this audit was derived from the mid-year update of the Risk Based Audit Plan (RBAP) for 2018-19 to 2020-21 which was recommended by the Departmental Audit Committee and approved by the Deputy Minister in January 2019.

2.2 Objective and Scope

The objective of this audit was to provide assurance that PCH's control responsibilities and processes for pay administration, including integration and interface with the Phoenix pay system and central pay processing centre, are adequate and effective.

The scope of this audit covered the period from April 1st, 2018, to the substantial completion of the audit.

2.3 Approach and Methodology

The audit was conducted in accordance with the Treasury Board *Policy on Internal Audit*, its affiliated directive, and the *International Standards for the Professional Practice of Internal Auditing* of the Institute of Internal Auditors. In addition, given the overall sensitivity of this engagement and the personal information found in files, the required privacy measures were embedded in the audit activities to ensure conformance with the *Privacy Act*.

The audit methodology included the following key activities:

- reviews of the organization's documentation, guidelines and procedures; as well as relevant policies and legislations;
- collection of data and information through interviews, questionnaires and observations with the organization's personnel to assess key processes;
- walkthroughs and file reviews with relevant entities' personnel to examine and test systems and applicable controls;
- voting sessions through workshops organized with select staff to gain employees' perspective on PCH pay-related communication; and
- conduct of data analytics on financial and HR data, using pre-established scripts.

3.0 Findings and Recommendations

Findings are based on the overall evidence gathered through the audit methodologies applied for each audit criterion. **Appendix A** — Assessment Scale and Results Summary provides a summary of conclusions for each of the criteria assessed during this audit.

This audit was conducted with the knowledge that the Department has taken significant strides forward from when the first audit was undertaken. From the time when ad hoc reactionary measures were needed and where select individuals in PCH were tasked to ensure employees facing pay issues were helped (in what was within PCH's control), the Department has shown progress. As an overarching observation of this audit, it should be understood that the Department is limited in its control of employees' pay processing and resolution of pay issues. In fact, PCH's ability to identify, monitor, track, address, and report on pay issues is significantly dependant on the pay information provided by the Pay Centre. With the introduction of the Pay Pod (described in section 3.3), the Department gained improved access to the Phoenix pay system, yet a number of Phoenix-related roles and responsibilities remained with the Pay Centre. This has had a distinct impact on PCH's commitment to help employees experiencing pay issues and stabilize overall pay within the Department. The table below presents a brief summary of what is within PCH's control versus what remains under the authority and responsibility of the Pay Centre for the Pay Pod operation.

Pay Pod operation	Public Service Pay Centre (PSPC Pod)	Canadian Heritage (PCH Pod)
Processing of pay transactions	Pod compensation advisors located at the Pay Centre process all types of pay transactions for the five assigned departments and agencies including PCH.	Four compensation advisors in the Pod are located at PCH and process PCH pay transactions with the following exceptions: Disability Insurance, Workforce Adjustment, Pre-Retirement Leave, Medical Retirement, Cheque cashing, Garnishments, IPA – Isolated Post Allowance, and executive compensation including performance pay.
Phoenix training	PSPC is responsible for delivering training to all Pod compensation advisors including PCH Pod advisors.	Compensation advisors in PCH Pod support and learn from each other to further develop a capacity able to address pay files as a whole. They also attend training with the Pay Centre.
Tracking of cases	The Pay Centre receives, records and tracks all pay issue cases in a Case Management Tool (CMT).	PCH Pod has access to the Pay Centre CMT and fully relies on it to review, address or report on pay issues.
Assignment of cases	Day-to-day work of the PSPC Pod compensation advisors is assigned by the Pay Centre.	PCH Pod works on the daily assigned cases. Assigns priority on No-Pay cases.
Limit of escalated cases	Makes the decision on escalated cases	The limit of cases that can be escalated as priorities, is decided by the Pay Centre.
Transfer-Out of any department	All Transfers-Out of employees leaving departments are processed by the Pay Centre.	PCH Pod can process Transfers-Out of PCH employees when the transaction is assigned by the Pay Centre.

As per a Memorandum of Understanding (MOU) between PSPC and PCH defining the implementation of the Pod operations, compensation advisors are located in both the Pay Centre and the Department.

While audits are typically fact-based and evidence-driven, the importance of the human factor in this case cannot be overstated. The sensitivity of this subject matter and impact of the Phoenix pay system on employees causes the presentation of this audit's findings to be slightly different from the typical audit.

Taking all of this into consideration, the following findings and conclusions were noted.

3.1   Roles and responsibilities

> Overall accountability for pay resides with the Deputy Minister. Roles and responsibilities for activities related to preventing and/or addressing Phoenix pay issues have been clearly defined and documented; but not communicated within the Department.

Defined roles and responsibilities provide clarity, effective coordination and clear expectations for those responsible to execute the work required to prevent and/or address Phoenix pay issues. It also enables effective communication between the various parties involved within the Department. This key management control area was thoroughly assessed during the Phase 1 Audit with the expectation that overall accountability for addressing Phoenix pay issues, and related roles and responsibilities had been defined and communicated.

As previously observed, PCH shares accountability with PSPC and the Treasury Board Secretariat (TBS) for paying employees in a timely and accurate manner complying with the terms and conditions of employment of federal employees. Within the Department, overall accountability for pay has not changed since Phase 1 and remains with the Deputy Head.

In response to a recommendation issued in the Phase 1 Audit, the audit team found during this current audit (Phase 2) that roles and responsibilities for activities related to preventing and/or addressing Phoenix pay issues have been clearly defined and documented. A working group consisting of members from HRWMB and FMB was established with the purpose to define and/or clarify roles and responsibilities, map all relevant activities, and review and improve processes implemented to address pay issues. Throughout this exercise, the key roles and responsibilities identified were shared between these two branches (defined in the Glossary).

While a comprehensive document was developed to formally establish these roles and responsibilities mentioned above, this document has not been shared or endorsed by Senior Management or EXCOM as recommended in Phase 1. In addition, interviews and workshops conducted with PCH personnel indicated a lack of clarity relating to some responsibilities involving other parties, particularly Resource Management Directorates (RMDs) and departmental managers. As employees continue to seek help from RMDs who do not have a formal role in addressing pay issues, each sector's RMD has its own approach to support employees on an ad hoc basis. Managers, on the other hand, were assigned the responsibility to validate the accuracy of salary expenditures, but are not fully equipped to perform this task except in specific cases. The audit team noted that the RMDs conducted this activity providing directorates, branches, and sectors with the relevant information.

The audit team did observe that the PCH *Procedures Guide for Pay Services* was updated in February 2019 to better reflect business processes aligned with the Phoenix pay system. The Guide presents roles and responsibilities of employees, managers, RMDs, HR agents, Finance agents and the Pay Centre for the regular processing and administration of pay, but not for the resolution of pay issues.

Recommendation:

1. The Director General (DG) of HRMWB, in collaboration with the Chief Financial Officer (CFO), should ensure roles and responsibilities defined for activities related to preventing and/or addressing Phoenix pay issues, are endorsed by EXCOM and effectively communicated to all employees.

3.2   Training and outreach

> **Training**: Phoenix related training provided to PCH employees was assessed as insufficient and inappropriate in terms of content.

Training allows employees to be able to perform their jobs and obtain a greater understanding of their responsibilities within their roles. Providing the necessary training creates an overall knowledgeable staff with employees who can take over for one another as needed, work on teams or work independently. Considering different types of training are required for the various parties involved in the overall pay administration, it is important that training be tailored and adapted to the needs of PCH staff depending on their roles and functions. The audit team expected to find that relevant and appropriate pay-related training was provided in a timely basis to the different groups of employees based on their functions.

PSPC is primarily responsible for providing training to all Public Service employees with regards to the Phoenix pay system. An online mandatory HR-to-Pay Stabilization training was rolled out by PSPC in 2018, to help equip all federal employees to use their respective organization's HR system and the Phoenix pay system correctly. This training was deployed with different categories targeting various roles, such as an employee, a manager or an HR agent. Internally, PCH had provided a couple of different in-house information and training sessions to employees. The audit team noted that attendance varied greatly between the sessions. During the fieldwork for this audit, the team ran voting session workshops for PCH employees (described below on Page 7). During these voting sessions held with a sample of 55 PCH employees, 40% of respondents expressed that the level of training provided or available to PCH staff to avoid or address Phoenix pay issues, was insufficient. A number of participants explained that the training was not appropriate for employees who do not possess human resources knowledge or compensation expertise. They felt that there was an expectation that employees already had a level of knowledge prior to the training.

"What happened to those information and training sessions offered by HR? I personally found them to be very helpful and gave me a glimpse into the confusing world of pay."

Inquiring PCH employee - 2019

At the outset of the implementation of the Pay Pod, training was supposed to be delivered by PSPC to all PCH compensation advisors working within the Pod. This was stipulated in a clause in the Memorandum

of Understanding (MOU) between PSPC and PCH, but was only provided at the outset. The audit team observed that ongoing training and training for new compensation advisors often was postponed and/or cancelled. Despite this need being raised by the Compensation Liaison Team since the implementation of the PCH Pay Pod, little Phoenix training was provided or made available for the Pod agents. This has created limitations for the Compensation Liaison Team in its ability to process pay transactions and resolve employees' pay issues. The audit team observed that to remain effectively operational, PCH compensation advisors support and learn from each other in order to develop the necessary skill-sets for pay processing.

Through interviews and documentation reviews, the audit team obtained evidence on the level of training provided for other pay-related areas. For instance, employees included in the new Salary team in Accounting Operations received the required training to be able to monitor, identify and report on pay issues. The Staffing Unit in HRWMB has provided the required training to the one employee responsible for the new HR data quality assurance function (further details in section 3.3). While instructions were provided to users of the BI Tool Salary Report, onsite or online training was not delivered or available.

Recommendation:

2. The DG of HRWMB should continue to ensure relevant training is available to PCH staffing and compensation agents and that the successful in-house training and information sessions continue to be developed and provided to PCH employees.

> **Communication and awareness**: HRWMB and FMB post regular updates of Phoenix and pay-related matters on the PCH Intranet. However, there continues to be general confusion amongst employees in how to cope with pay issues and the on-going challenges of Phoenix. A need was identified to re-examine the mechanisms currently used for communication and awareness.

Communication and awareness mechanisms are key aspects for any organization to promote engagement and empower personnel to take actions when required. Effective communication helps managers perform their jobs and responsibilities and serves as a foundation for planning. Being aware and well informed of pay-related matters will enable PCH employees to better understand challenges created by Phoenix, trust internal processes and controls implemented to address pay issues, and take appropriate actions when required. The audit team expected to find effective communication and awareness mechanisms allowing PCH employees to know what is required to avoid and/or address Phoenix pay issues.
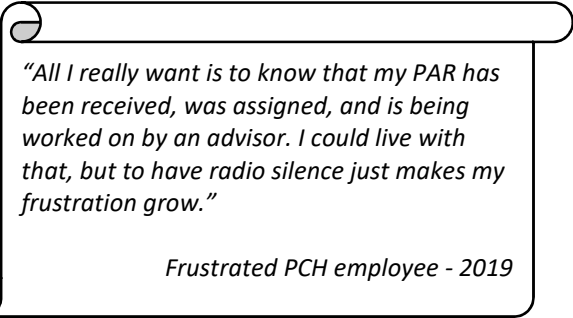
Responsible for communicating relevant information related to pay or the Phoenix pay system, HRWMB and FMB post regular updates on these matters on the PCH Intranet which is used as the main medium of communication. However, interviews with key PCH personnel indicated several challenges with the current communication practices within the Department. The audit team held workshop sessions with a select sample of employees representing each sector of the Department (including all five regions). With an initial goal of a sample of one hundred employees, a total number of 55 employees participated in these workshops and responded to a series of questions as part of a voting exercise focused on PCH practices to keep employees informed and aware of pay and Phoenix-related matters. Overall, the level

of communication provided in PCH regarding pay or Phoenix issues was rated as '**low**' by 65% of the participants (36/55).

Considering the numerous pay-related postings found on the intranet, the audit team noted that the medium of communication appears to not convey the necessary information to employees, resulting in a lack of acknowledgment and understanding within the Department. For instance, while the "Pay Problems? (PHOENIX)" page and the "Procedures Guide for Pay Services", both on the intranet, indicate what to do when experiencing pay issues, there continues to be general confusion amongst employees regarding what to do and who to inform. In fact, 85% of the workshops participants (47/55) expressed that PCH did not clearly communicate to all employees about what to do when experiencing pay issues.

With that in mind, the methods and content of Phoenix-related communications in PCH were also put forward as questions during these workshops. Respectively, the methods used to convey relevant information were assessed as '**little efficient**' or '**not efficient at all**' by 82% of participants (45/55); and the content of communications was assessed as '**somewhat useful**' or '**not useful at all**' by 95% of participants (52/55). Through its own analysis, the audit team observed that the mechanisms used to convey pay and Phoenix related information were not functioning as intended.

While the Compensation Liaison Team acts as an intermediary between employees and the Pay Centre to follow-up on pay issues, the audit team noted that it is difficult for that team, with its current capacity, to provide feedback to employees, given the volume of their workload and constantly changing priorities.

"All I really want is to know that my PAR has been received, was assigned, and is being worked on by an advisor. I could live with that, but to have radio silence just makes my frustration grow."

Frustrated PCH employee - 2019

In fact, the level of feedback, answers or solutions provided by the Compensation Liaison Team was rated between '**medium**' and '**low**' by 58% of the workshop participants (32/55). Not having the possibility to sit in a one-on-one session and speak directly to a compensation agent who can access and review the employee's file and provide answers if not solutions, was one of the most critical issue raised by PCH employees. This inability continues to create a growing sense of confusion and frustration among employees as explained in the Human Factor below (section 3.5).

Implemented as the new primary approach to address employees' pay issues, the Pay Pod was rolled out with a lot of perceived ambiguity and misconception around its role and purpose. Although it was introduced with the purpose of addressing employees' pay files as a whole (PRI-based), the audit team found that this has not been the case (further details below in section 3.3). In addition, the audit team observed that most employees met during the fieldwork did not understand the purpose and operation of the Pay Pod. During the workshops, 75% of participants (41/55) expressed that the introduction of the Pay Pod at PCH was not communicated; and 91% (50/55) were unaware of its role and benefits.

In order to prevent the occurrence of pay issues, HRWMB has been taking certain measures to ensure PCH staff is aware of the importance of timeliness when it comes to the processing of HR transactions. For instance, "Important deadlines for time submissions in Phoenix" messages are often posted on the

intranet. HRWMB took the initiative to brief the various governance committees and to educate departmental managers regarding the timely submission of HR staffing requests, but limited actions have been taken within the Department. Occasionally, the Compensation Liaison Team organizes information sessions to educate employees on different facets of Phoenix and provide awareness on relevant pay matters. During the audit team's workshops, employees expressed an overall appreciation of these in-house sessions and raised the need for and interest in more pay-related awareness mechanisms within the Department.

Recommendation

3. The DG of HRWMB and the CFO, in collaboration with DG of Communications, should work to ensure the level, content and methods of communication are adapted to the audience in order to ensure relevant information regarding pay or Phoenix issues is effectively provided to PCH employees. The current mechanisms should be reassessed for effectiveness.

3.3   Internal processes and controls

Pay Pod: With the current Pay Pod approach at PCH, new HR transactions are processed in priority and backlogged cases are addressed subsequently. The work of compensation advisors in PCH Pod is assigned by the Pay Centre. A number of cases can be escalated as priorities.

Committed to resolving public service pay issues and stabilize the pay system, PSPC announced in May 2018, the introduction of the Pay Pod model - a new, more effective approach to address pay issues and better support employees by processing all outstanding transactions in an employee's pay file (PRI-based), in contrast to the old approach of addressing pay issues by transaction type. The Pay Pod approach groups together compensation advisors and assistants who have the necessary skills and experience to process various pay transactions for a specific department or agency. The compensation staff working in a Pod must process all new HR transactions as they are received at the Pay Centre, preventing further growth in the backlog – this is commonly known as 'New Never gets Old'. At the same time, a portion of the staff should work on the backlog, employee by employee, addressing all outstanding cases in an employee's file. This concept based on priorities is illustrated in Figure [A] presented below:

Figure A
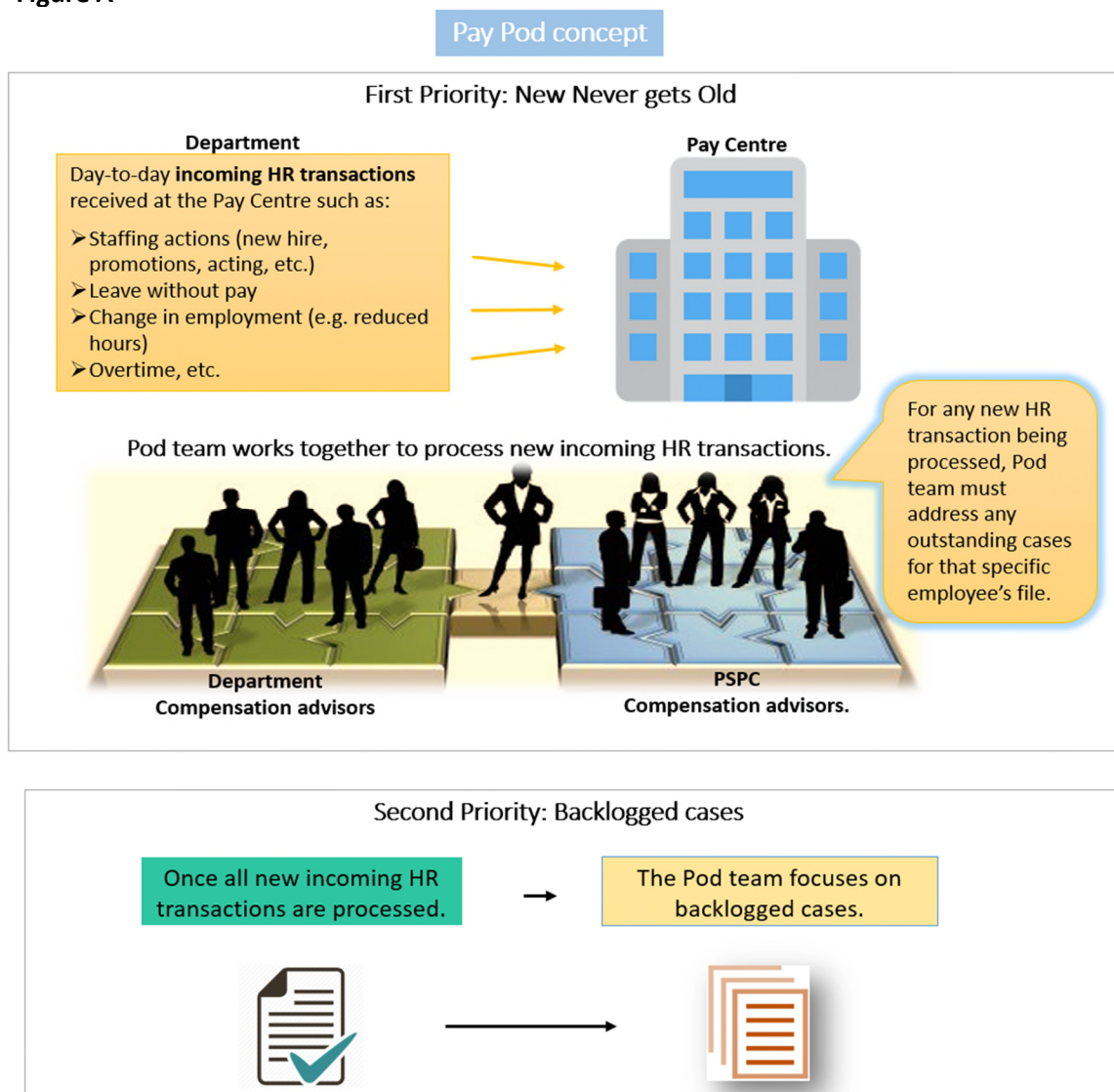
The Pay Pod model was progressively rolled out to all 46 departments and agencies served by the Public Service Pay Centre. In October 2018, PCH was part of the third wave of departments and agencies to adopt this approach. A Memorandum of Understanding (MOU) between PSPC and PCH defined the Pod operations, including compensation advisors being located in both the Pay Centre and the Department. The Figure [B] below illustrates the current operation of the PCH Pay Pod.

Figure B
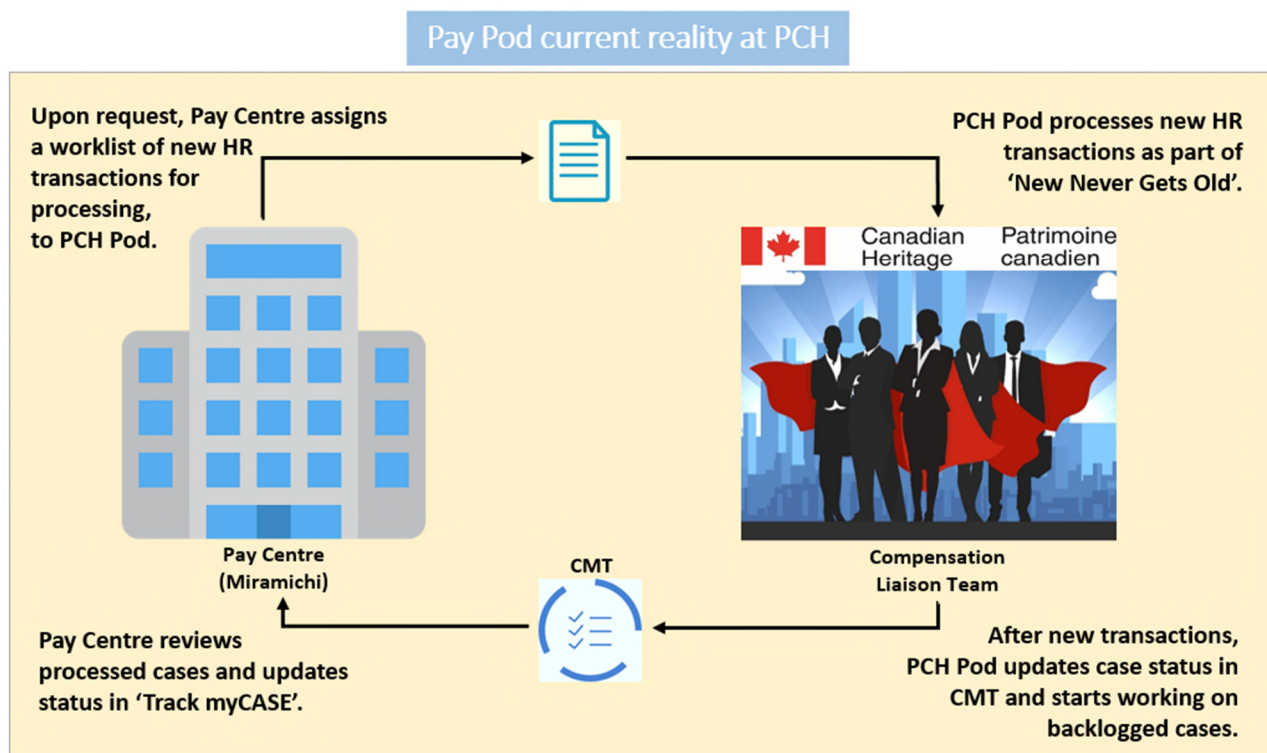
Currently four compensation advisors of the Pod are located at PCH within the Compensation Liaison Team in HRWMB. In addition, a team leader and a coach provide guidance and support to the advisors and coordinate with the Pay Centre when required. Although these four advisors have full access to the Phoenix pay system, their work is assigned by the Pay Centre that submits a worklist of new HR transactions upon completion of the previous worklist received. PCH does not have the authority to internally assign pay files or cases to its Pod compensation advisors, but may influence the assignment. The audit team noted that this restriction impedes the Department's ability to help employees and resolve their pay issues.

Throughout the audit work, it was observed that the PCH Pay Pod is partially functioning as it was conceptually designed. While new HR transactions are dealt with in priority, the holistic approach to process employees' files (PRI-based) is not being applied. Instead of addressing all outstanding cases in an employee's file, only pay issues that prevent the full processing of a new transaction are addressed. The Pay Centre records pay issues in a Case Management Tool (CMT) which PCH compensation advisors have access to. In order to process a new HR transaction, compensation advisors refer to the CMT, but employees' files can only be reviewed on a case-by-case basis, not as a whole.

Furthermore, the audit team noted a deficiency with the Pay Pod concept. Unless a new HR transaction occurs and triggers the priority treatment of employee pay files, old and/or new pay issues alike will remain as backlogged cases. Since the implementation of the Pay Pod, compensation advisors work on reducing the backlog after all new HR transactions assigned by the Pay Centre, are processed. Recently,

one compensation advisor in the Compensation Liaison Team was assigned to be fully dedicated to addressing backlogged cases. This person used to be part of the PCH Pod and therefore has full access to the Phoenix pay system. The Compensation Liaison Team includes a separate group of compensation advisors who do not work in the PCH Pod. These advisors analyze cases and upload relevant information into the CMT to facilitate the resolution of pay issues, but they have a limited view access to the Phoenix pay system.

As part of the MOU defining the Pod operation at PCH, the PCH Pod has the ability to identify three critical cases per week that can be sent to the Pay Centre and treated as priorities via an escalation process. The audit team was informed that since December 2018, this ability to escalate three cases has not been leveraged. The conditions to determine which critical cases should be escalated as priorities have not been clearly established and communicated. Currently, these cases are either raised by Senior Management or identified by the PCH Pod and Accounting Operations. The audit team did note an exception for cases in which employees who did not receive any pay at all are automatically determined as priorities and addressed immediately without any weekly limit.

Recommendation
4. The DG of HRWMB should ensure that the conditions to determine and address backlogged cases and critical cases escalated as priorities, are clearly defined.

> **PeopleSoft data entry**: Processes and controls are in place to support the creation or update of employee information into PeopleSoft HRMS. While the accuracy of HR data entered is verified, the timeliness of entries remains critical.

For any given application system, well-defined processes and controls are required to ensure the input data is complete, accurate and valid; and the processing of records produces the expected results. Canadian Heritage is included in the category of departments both served by the Public Service Pay Centre and using GC HRMS to feed HR data into the Phoenix pay system. PeopleSoft (GC HRMS at PCH) and Phoenix are integrated, meaning data flows automatically between the two systems. The Pay Centre processes pay-related data entered into PeopleSoft by HR professionals within PCH. Therefore, the accuracy of this data affects the quality of information used for payroll processing. The audit team expected to find processes, controls and documented guidance supporting the data entry of employee information into PeopleSoft in a manner that effectively interfaces with the Phoenix pay system.

As a response to the fifth recommendation issued in the Phase 1 Audit, a separate verification process was implemented within the Staffing Unit in HRWMB in order to reduce errors in PeopleSoft data entry. A new function of HR data quality assurance verifies and validates all new HR entries, particularly focusing on all critical fields required for the data integration between PeopleSoft and Phoenix. In addition, PCH has a GC HRMS technical support team that verifies if that integration between these two systems is successful. This team monitors and reviews queries generated by Phoenix, and resolves all integration errors that are within PCH's control. In a recent mapping exercise conducted by the Internal Control group in FMB, the key activities involved in the PeopleSoft integration of HR data were identified and documented. Through interviews and document reviews, the audit team found that guidance,

processes and controls are in place to support the creation or update of employee information in PeopleSoft and ensure HR data being entered is accurate.

With the Phoenix automation of pay transactions, most staffing requests such as actings, new hires, terminations, term renewals, etc. are processed automatically when submitted in advance and on time. Late submissions of HR requests require time-consuming and complex manual processing by a compensation advisor. This significantly increases the likelihood of the occurrence of pay issues, processing delays and the backlog of cases. Similarly to the Phase 1 and follow-up audits, data analysis was conducted on the same type of PeopleSoft HR data extract during Phase 2. In contrast to the first two audits, it was observed that HR actions entered 90 days after their effective date has increased since the beginning of the 2019-20 fiscal year. Given the importance of timely submissions and entries of HR actions, the Staffing Unit has requested the development of a tracking system that will allow better planning and monitoring of staffing requests. This need has been raised over the past two years, and while an earlier attempt through the GCDOCs Initiative was unsuccessful, a new tool is being developed. Recently, an in-house Application Development team located in the Chief Information Officer Branch (CIOB) took the initiative to develop, as a stand-alone project, a Staffing Tracking System (STS) integrated with the PCH Reporting Portal. This interactive tool is being designed and developed to track, monitor and report on HR staffing requests including the timeliness of processing. Testing and deployment of this tool is expected within the next few months.

> **Identification and monitoring of pay issues**: A Salary team put in place in Accounting Operations conducts pay analysis on employees' files when required or requested. There is no proactive method of monitoring to identify pay issues and the PSPC Pay Centre does not provide a complete and reliable report on employees' pay.

Tracking and monitoring salaries are key to ensuring employees within an organization are paid accurately and in a timely manner for their hours worked. Reconciling salary expenditures and forecasts on a regular basis enables detecting and addressing pay issues accordingly. The audit team expected to find methods and controls established in PCH to support the identification of Phoenix-related pay issues.

As mentioned in the Glossary below, the responsibility to monitor, detect and identify pay issues was assigned to a new Salary team in Accounting Operations. As a monitoring exercise, the Salary team examines salaries Payable at Year-End (PAYE) pre-established by each sector's RMD. Given that this method focuses on pay issues that have occurred in the past, the audit team observed that currently, a proactive method of monitoring to detect and identify pay issues as they occur, does not exist. Employees experiencing issues with their pay can directly request the help of the Salary team in order to obtain answers or solutions. For each case, the Salary team conducts an analysis on the employee's pay file using two reports in conjunction:

- The I050 file generated by the Phoenix pay system and downloaded automatically into SAP for each pay period. This report is the source of salary actuals loaded in the PCH financial system. The I050 presents actuals at the gross amount and includes the pay period (From-To dates). Pay calculations from the gross amount to the net amount are not included in this report.

- The Payroll Register generated by the departmental Section 33 officer from the Phoenix pay system. It displays actuals at the gross and net amounts; and the number of hours worked. This report does not include the pay period (From-To dates). Therefore, adjustments and corrections (e.g. acting pay, retro pay, overtime, bilingual bonus, etc.) brought to an employee's pay file are hard to link back to the appropriate pay period by using this report exclusively. Another limitation of the Payroll Register is the fact that it is at times incomplete and does not show all pay records.

Due to the respective limitations of both reports, it is challenging to detect the occurrence or correction of pay issues. To date, the Pay Centre does not provide a comprehensive salary report that exhaustively details full actual pay information of employees from gross amounts to net amounts including all deductions, adjustments, related hours and periods of work. This data limitation significantly inhibits the Salary team's ability to analyze pay information and address or support employees experiencing issues.

In order to support the Salary team in their role of pay issue identification and monitoring, Financial Systems in FMB continue to enhance the functionalities of the Business Intelligence (BI) Tool and have recently developed a Phoenix BI Reporting Suite. These reports are focused on the detection, identification and monitoring of pay issues, as well as salary advances issued to employees. Through testing and data analytics, the audit team found the BI Tool useful to detect some pay issues at a macro level. However, the limitations of the I050 file remain as salary data generated in the BI reports is fed directly from SAP (gross amounts). While the Salary team is the primary user of the Phoenix BI Reporting Suite, accesses were also given to RMDs who are encouraged to use these reports for the identification of underpayments and salary PAYEs.

Recommendation
5. The CFO should continue to advocate for receiving additional or improved pay-related reports from PSPC in order to improve PCH's capacity to monitor pay files to facilitate detecting, identifying and addressing employees' pay issues.

Salary advances and claims for financial hardship: An appropriate control framework for the processing of salary advances has been established, reviewed and reinforced. The adequate framework for the processing of claims was re-validated.

Internal controls are the mechanisms, rules, and procedures implemented by an organisation to ensure the integrity of financial and accounting information, promote accountability and prevent fraud. Included in PCH financial activities, salary advances and claims for financial hardship are emergency measures implemented as payment contingency options in response to Phoenix-related pay issues. The audit team expected to find processes and controls in place to support the issuance and recovery of salary advances given to PCH employees, as well as the processing of claims for financial hardship when required.

As part of the Phase 1 Audit, assurance was provided regarding the control frameworks that were implemented in PCH for the issuance and recovery of salary advances, and the processing of claims. During Phase 2, the audit team reviewed and re-assessed these control frameworks and observed

additional processes and controls put in place to reinforce the existing frameworks. In fact, Accounting Operations in FMB established new guidelines that clearly set out eligibility requirements to obtain a salary advance. The responsibilities of each stakeholder (employee, manager, Accounting Operations, Accounts Payable) involved in the processing of an advance are defined, and key controls are established. In compliance with the *Directive on Terms and Conditions of Employment* (Part 3 - Section 17), PCH offers two types of salary advances:

- Emergency Salary Advances (ESA) are granted when a regular salary payment is not issued to an employee on initial appointment, reappointment or returning from leave without pay; or any other interruption of regular salary; and
- Salary Priority Payments may be issued in specific situations where the ESA eligibility criteria are not met (e.g. extra duty entitlements).

Since March 2018, Treasury Board Secretariat (TBS) has amended the *Directive on Terms and Conditions of Employment* allowing new flexibilities for the recovery of ESA and priority payments with the purpose to ensure all recoveries are managed on a consistent basis. Unless the employee chooses to pay the amounts owed right away, recoveries will only start when three conditions are met:

- all outstanding pay issues are addressed,
- the employee received a correct pay for three consecutive pay periods, and
- a recovery agreement has been established with the employee.

In July 2019, PCH joined a pilot-project deployed by PSPC, that will enable the processing of salary advances directly in the Phoenix pay system. With this new process, employees requesting salary advances will now be asked to commit to a recovery agreement before receiving an advance. A change management grid has been developed by FMB to ensure a sound transition from the previous control framework to the pilot, for all activities required in the processing of salary advances.

The previous control framework established for the processing of claims was updated and re-validated during this audit. Documented in a process map, this framework better reflects key activities and controls required for the analysis of employees' financial situation by the DCO or the coordination with TBS for claims above 500$.

Overall, the audit team found that FMB has put in place adequate processes and controls for the processing of salary advances and claims for financial hardship, resulting in appropriate and sound control frameworks that ensure the Department is in conformance with TB directives and guidelines.

3.4   Information Management for decision-making

HRWMB and FMB provide regular updates and report on pay issues at departmental committees to keep senior management informed. While a reasonable level of reporting is provided, the accuracy of the data could not be verified as the Pay Centre remains the custodian of pay information.

Decision-making processes help make deliberate, thoughtful decisions by organizing relevant information and defining alternative resolutions. Decision-makers often rely on data to support their decision-making processes. Therefore, to enable senior management make good quality decisions, it is important to provide them with accurate, timely and reliable information. As such, in order to respond

accordingly to the on-going and emerging pay issues affecting employees at PCH, the management of pay information including the number of cases is of critical importance. The audit team expected to find that relevant, sufficient and reliable data or information regarding employees' pay issues was being provided at the governance level and to PCH senior management.

Throughout the audit work, it was observed that HRWMB and FMB provide regular updates and report on pay issues at departmental committees in order to keep PCH senior management informed. In fact, an update of Phoenix-related matters is provided at the Communications and Coordination Committee (CCC) and at the Corporate Services and People Committee (CSPC) on a bi-weekly basis by HRWMB. Also, a Departmental Phoenix Dashboard developed by FMB is tabled every month at the Finance, Information Technology, Human Resource Committee (FITHR). Within these committees, PCH senior management receives information on the number of open cases for more than 30 days still affecting employees, the total number of salary advances issued by PCH (outstanding vs recovered), and the number of overpayments recorded in Phoenix. Reports on the productivity of the Pay Pod are also provided, including the number of new HR transactions (active vs processed), and the number of backlogged cases (pending after 30 days vs closed by the Pod) by pay period. In addition, the Director General of HRWMB provides pay updates at the Executive Committee (EXCOM) chaired by the Deputy Minister who is accountable for pay. Overall, as it pertains to pay issues and the Phoenix pay system, the audit team noted that a reasonable level of reporting is provided to PCH senior management.

While the level of reporting was assessed as appropriate, the audit team could not verify the accuracy of the data or information being provided to senior management and governance as significant discrepancies were noted between multiple reports. In fact, the number of open cases provided and posted by the Deputy Minister in the monthly pay updates are different from the number of open cases reported by the Pay Pod, even though these numbers are all generated from the same source, the Pay Centre Case Management Tool (CMT), and for the same pay periods. The audit team noted that new pay issues are normally sent by employees, via the Phoenix Feedback Form, directly to the Pay Centre who is responsible for recording the information and providing accurate pay data to the Department. Although PCH has access to the CMT to view pay issues, new cases cannot be accessed unless they are logged by the Pay Centre. With this limitation, the Department does not have any control on the tracking and recording of employees' pay information. The information that is available and provided at the governance level and to senior management is completely dependent on the data gathered at the Pay Centre. This current issue of data discrepancies in the multiple reports provided by the Pay Centre was also identified by HRWMB and reported to PSPC.

3.5   Human Factor

> Phoenix-related pay issues continue to have significant impacts on PCH employees both financially and on a personal level. A heavy burden rests on PCH staff that provides support to employees while full authority, accesses and control on pay remain at the Pay Centre.

Outlined in the federal labour standards defined under Part III of the Canada Labour Code, employers are required to pay to employees any wages to which they are entitled, on the regular payday as

established by the employer's practice. Other wages or amounts to which the employee is entitled under the Code, such as overtime pay, general holiday pay, vacation pay, severance pay or bereavement pay, are to be paid within 30 days from the time that the payments are owed. The TBS *Directive on Terms and Conditions of Employment* states that any person appointed to the core public administration is entitled to be paid, for services rendered, the appropriate rate of pay in the relevant collective agreement for the group and level of the person's classification.

From the Pay Consolidation at Miramichi approved in 2009 by the Government of Canada to the Pay Modernization with the current Phoenix pay system, federal employees have been experiencing significant pay issues that continue to emerge. To date, three years after the initial rollout of Phoenix (February 2016), the Pay Centre has not been able to keep up with emerging pay issues while also addressing a backlog of thousands of cases and the constant inflow of new pay transactions arriving every day. Within PCH, while urgent measures have been taken to resolve cases and stabilize overall pay, employees continue to be significantly affected by on-going pay issues and the failures of the Government Pay Transformation Initiative. These impacts are not only on the financial level, but also on a personal and professional level.

> *"I have had pay issues almost non-stop since September 2014 due to various errors by Miramichi staff. It's clear that I will never be considered a priority despite the fact that my issues have been going on for four years. Every time I contact the Pay Centre, there are emotional consequences for days after. I have a hard time believing it's ever going to be sorted out"*
>
> *Upset PCH employee - 2019*

Throughout the audit, the team was informed by employees that they felt the need to constantly review their pay slips and expressed being obliged to track, monitor and examine each pay, attempting to understand if the amounts are correct or to pinpoint potential errors that occurred. While pay issues already create a high level of stress and frustration, this additional work that employees find themselves compelled to do has a direct effect on productivity at work. During the audit fieldwork, the majority of PCH employees interviewed or attending the workshops mentioned the difficulties encountered when trying to speak to a compensation advisor and receive information, feedback or solutions regarding their pay files. Currently, there is no mechanism allowing PCH employees to speak directly to a compensation advisor who can exhaustively review their pay file, provide answers on the occurrence and/or status of any pay issue, and offer concrete solutions through addressing files as a whole. The feeling of being left alone to cope with pay issues continues amongst PCH employees. It was reported to the audit team on a number of occasions that there is a feeling that employees on parental or disability leave while dealing with pay issues are disproportionately affected.

> *"Since I fell sick, the pay problems I've been encountering persist and I have no idea who to talk to, what to send and who can help me. Personally, I think the most frustrating part is the lack of support and not having people that know the system and can actually solve my problems. All this stress affects my well-being and makes it so much harder to rest and be able to recover from sickness."*
>
> *Stressed PCH Employee - 2019*

PCH employees involved in handling pay-related issues (i.e. HRWMB, FMB, RMD, Ombudsman, etc.) have gone, and continue to go, above and beyond in trying to support affected employees. Providing the support they have to date is taking a toll. In light of the limited accesses and control over pay, these few key individuals continue to identify and provide relief on Phoenix-related pay issues where possible, while full authority on pay remains with the Pay Centre. As a result, a heavy burden is put on individuals who experience 'first-hand' the frustration of employees, who often have the misconception that these people providing support are responsible for solving pay issues. This leads to a significant risk of increased stress, leave and burnout.

As numerous studies have shown, a fair compensation system is among one of the most effective ways in retaining and motivating employees. The on-going failures to compensate federal employees accurately and in a timely manner for services rendered, have left employees distrustful, apprehensive and cautious to the point of altering personal life choices. Career decisions in the public service are being reconsidered and opportunities turned down due to a fear of encountering pay issues. In fact, the audit team noted that the longest and most complex cases often involve employees affected by movements within the Department, leaving or coming from other departments. It should be noted that the steps PCH has taken on its own volition, have had possible implications as shown through the Public Service Employee Survey (PSES) and the PCH "Over to You" survey. The ability/option to have the quick and immediate use of the emergency salary advances in cases of missing pay (on average, funds are deposited in the impacted employee's bank account within 6 hours of the request) was identified as one of the factors in deciding to remain or join PCH.

4.0 Conclusion

The Department of Canadian Heritage (PCH) has established a reasonable control environment that continues to be improved and adapted to the on-going challenges of the Phoenix pay system. Despite the limitations in capacity, control and access for the processing of employees' pay, PCH has invested considerable effort and deployed a number of actions and new processes to prevent/address pay issues, and to stabilize payroll. The current PCH pay system control environment serves as an acceptable basis of measures undertaken to maintain employees' compensation.

The audit team did find opportunities for improvements with regards to better defining the PCH Pay Pod operations; applying a proactive method for the identification and monitoring of pay issues; enhancing training activities for HR agents; and rethinking communication strategies and mechanisms for pay related-matters.

Glossary

Business Intelligence (BI) Tool is a flexible, enriched and integrated analytical reporting solution used by PCH for the data analysis of financial business information. BI technologies provide historical, current and predictive views of business operations with enhanced graphical and interactive presentation. Common functions of business intelligence include reporting, online analytical processing, analytics, data mining, business performance management, benchmarking, predictive analytics, and prescriptive analytics.

Claims for financial hardship are compensation claims made available for federal employees who have suffered financial hardships due to pay problems caused by Phoenix. The Government of Canada established the following 3 types of claims eligible for a Hardship Claim Payment:

- Claims out-of-pocket to compensate employees who were under paid and consequently incurred out-of-pocket expenses such as interest charges on credit card/loan/line of credit, financial penalty charges, NSF (non-sufficient-funds) or insufficient fees, etc.

- Reimbursements for tax advice can be requested if the need to consult an expert for income tax purposes is required, due to pay errors caused by Phoenix.

- Advances for government benefits can be requested in the event that benefits such as Canada child benefit, or other credits were reduced due to a Phoenix over payment.

PeopleSoft is the PCH departmental Human Resources Management System (HRMS) used as a fully integrated information management system to gather, record, and process HR information, payroll and benefits pertaining to the personnel. PeopleSoft information is further used to prepare reports for departmental directors and central agencies. The system also provides self-service functionality to end-users allowing employees to manage their leave requests and managers to review, approve or deny leave transactions.

Public Service Pay Centre (or Pay Centre) provides pay and compensation services to federal employees and managers of 46 departments and agencies.

Resource Management Directorates (RMD) provide shared management support services for financial management, human resource management and administrative functions to Branches and Direct Reports at the sector level.

SAP is the PCH Departmental Financial Management System (DFMS) used as a software application to produce financial information and related non-financial information. It supports Payroll System-General Ledger financial and control operations, and manages the Standard Payment System (SPS) which is the system used for issuing payments for the Government of Canada.

Division of key roles and responsibilities between HRWMB and FMB:

- The **Compensation Liaison Team** in HRWMB is responsible for assisting and providing support to employees experiencing pay issues, including escalating their cases to the Pay Centre. This team also has the responsibility to process three types of HR transactions (i.e. Terminations, Leave without Pay greater than 5 days, and Return from Leave without Pay greater than 5 days). Included in the Compensation Liaison Team, the **Pay Pod** has responsibilities of processing and resolving some pay issues that are assigned by the Pay Centre (further details in section 3.3).

- The **Staffing Unit** in HRWMB is responsible for entering HR staffing requests into the Government of Canada, Human Resources Management System (GC HRMS) - PeopleSoft in a timely manner, and verifying the accuracy and validity of the data.

- The **GC HRMS technical team** in HRWMB is responsible for tracking and monitoring the integration between the PeopleSoft and Phoenix systems, and resolve integration errors that are within PCH's control (further details in section 3.3).

- The Accounting Operations group in FMB established a **Salary team** responsible for the issuance and recovery of salary advances to employees when required. In addition, the team is responsible for monitoring and identifying pay issues; and to report on their financial impact.

- A **Departmental Claim Officer (DCO)** was appointed in Accounting Operations with the role to examine and process claims for financial losses due to Phoenix that are under 500$. The DCO is also responsible for reporting on all claims and coordinating claims that are over 500$ with TBS.

- Working in collaboration, both **HRWMB** and **FMB** are responsible for communicating within the Department relevant information related to pay or the Phoenix pay system.

Appendix A — Assessment Scale and Results Summary

The conclusions reached for each of the criteria used in the audit were developed according to the following definitions.

CONCLUSION	DEFINITION
Well Controlled	Well managed, no material weaknesses noted; and effective.
Controlled	Managed with controls working somewhat as expected; improvements are needed.
Moderate Issues	Requires management focus; at least one of the following criteria are met: ▪ Control weaknesses, but exposure is limited because likelihood of risk occurring is not high. ▪ Control weaknesses, but exposure is limited because impact of the risk is not high.
Significant Improvements Required	Requires immediate management focus; at least one of the following three criteria are met: ▪ Financial adjustments material to line item or area or to the Department. ▪ Control deficiencies represent serious exposure. ▪ Major deficiencies in overall control structure.

The table below includes all audit criteria and illustrates the overall conclusion for each criterion.

AUDIT CRITERIA	CONCLUSION
1. Roles and Responsibilities PCH roles and responsibilities in relation to pay administration, including activities to avoid or address Phoenix pay issues; are defined, documented and communicated.	Controlled
2. Training and Outreach Relevant and timely information and training are provided to persons responsible for the day-to-day administration of pay and other parties involved; to ensure adequate pay processing and resolution of issues.	Moderate Issues
3. Internal Processes and Controls Processes and controls associated with the administration of pay are established in PCH, and reviewed on an ongoing basis to assess the accuracy and timeliness of their application; and implement corrective measures when required.	Well Controlled
4. Information Management for Decision-making Pay services provide access to relevant, reliable, comprehensive and timely information to foster informed decision-making and support service delivery.	Controlled

Appendix B — Management Action Plan

Recommendations	Management Assessment and Actions	Responsibility	Target Date
1. The Director General (DG) of HRMWB, in collaboration with the Chief Financial Officer (CFO), should ensure roles and responsibilities defined for activities related to preventing and/or addressing Phoenix pay issues, are endorsed by EXCOM and effectively communicated to all employees.	**Agreed** - A Salary Control Framework will be created to: • Define PCH's roles and responsibilities in relation to pay administration activities (FMB and HRMWB); • Provide an overview of the HR to pay process, which will include procedures, controls and monitoring activities to be carried out by all stakeholders within PCH (Managers, Finance, HR and Internal Audit specialists), in the attempt to reduce and/or prevent Phoenix pay issues. (FMB and HRWMB); and • Help employees to know with who they should be addressing their Phoenix pay issues, with the creation of a decision tree (HRWMB). The Framework will be presented to and endorsed by EXCOM and shared with all employees.	Chief Financial Officer (CFO) & Director General (DG) of HRMWB	April 2020
2. The DG of HRWMB should continue to ensure relevant training is available to PCH staffing and compensation agents and that the successful in-house training and information sessions continue to be developed and provided to PCH employees.	**Agreed** - PCH staffing and compensation agents will continue to attend HR-to-Pay trainings offered by Public Services and Procurement Canada (PSPC) and the Office of the Chief Human Resources Officer (OCHRO) as they are made available. - While awaiting for the global training needs assessment by PSPC and OCHRO for all public servants, PCH will continue to develop and deliver in-house information Phoenix sessions.	Director General (DG) of HRMWB Director General (DG) of HRMWB	Ongoing Ongoing

Recommendations	Management Assessment and Actions	Responsibility	Target Date
3. The DG of HRWMB and the CFO, in collaboration with the DG of Communications, should work to ensure the level, content and methods of communication are adapted to the audience in order to ensure relevant information regarding pay or Phoenix issues is effectively provided to PCH employees. The current mechanisms should be reassessed for effectiveness.	**Agreed** - HRWMB and FMB will work in close collaboration with Communications, the functional experts for PCH, to develop guidance and implement actions in order to: • Improve the communication strategy for Phoenix related issues; • Better identify the targeted audience; • Define how to apply effective communications methods; • Better communicate and present the different documentation (Pay Procedure, Intranet, Salary control framework) etc.; and • Select the proper communication tools to be used based on the topic and the target audience.	Chief Financial Officer (CFO) & Director General (DG) of HRMWB	December 2019
4. The DG of HRWMB should ensure that the conditions to determine and address backlogged cases and critical cases escalated as priorities, are clearly defined.	**Agreed** - HR will develop a priority criteria presentation to document how cases are prioritized and escalated to the Pay Centre for action. - HR will develop tools to raise management awareness towards the impact of late staffing actions on the employees' pay.	Director General (DG) of HRWMB Director General (DG) of HRWMB	November 2019 March 2020

Recommendations	Management Assessment and Actions	Responsibility	Target Date
5. The CFO should continue to advocate for receiving additional or improved pay-related reports from PSPC in order to improve PCH's capacity to monitor pay files to facilitate detecting, identifying and addressing employees' pay issues.	**Agreed** - FMB will continue to work in close collaboration with PSPC to obtain improved pay related reports from Phoenix. - PCH is presently working on obtaining global viewing access in Phoenix which will provide complete access to an employee's pay file (current access is limited to PCH information only). - Information sessions will be made available to functional experts (FMB and RMDs) to encourage the use of the STAR Business Intelligence reporting tools to have an easy access to salary expenditures information (Phoenix actuals versus SFT forecasts). - The Salary Control Framework will also provide an overview of the HR to pay process, which will include procedures, controls and monitoring activities to be carried out by all stakeholders within PCH (Managers, Finance, HR and Internal Audit specialists), in an attempt to detect, identify and address employees' pay issues.	Chief Financial Officer (CFO) Chief Financial Officer (CFO) & Director General (DG) of HRWMB	December 2019 April 2020 September 2020