



Service | Innovation | Value

Audit of the Account Verification Process for Telephony Services

Audit Report

Office of Audit and Evaluation
March 2015



Shared Services
Canada

Services partagés
Canada

Canada 

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Executive Summary

What we examined

Account verification provides a means to ensure that: the work has been performed, the goods supplied or the services rendered; relevant contract or agreement terms and conditions have been met; the transaction is accurate; and all authorities have been complied with. As required by the [Financial Administration Act](#) (FAA), all payments and settlements are to be certified pursuant to sections 33 and 34.

This audit provides assurance to the President of Shared Services Canada (SSC) and the Departmental Audit and Evaluation Committee that SSC's account verification process for telephony services was effectively designed.

The scope of the audit included the practices for certification for FAA section 34 and section 33 as well as expenditure initiation. The following policy instruments were taken into consideration:

- *Financial Administration Act*;
- Directive on Account Verification;
- Directive on Delegation of Financial Authorities for Disbursements; and
- Directive on Expenditure Initiation and Commitment Control.

The testing period covered April 1, 2012, to July 31, 2013.

Why it is important

Canadians expect the federal government to be well managed and to be accountable for the prudent stewardship of public funds, the safeguarding of public assets, and the effective, efficient and economical use of public resources. A key financial management practice is ensuring that robust risk-based account verification procedures are in place in compliance with the FAA.

Issues around account verification of the consolidation of the telephony services were the focus of this audit. Telephony services (or Voice Network Services) include: voice connectivity services; long-distance and calling card services; teleconferencing and toll-free services; and managed telephony solutions. Telephony services were estimated to be about \$340M annually and SSC processed approximately 10,000 to 11,000 invoices on a monthly basis. Given the size of telephony expenditures, and the risk associated with the consolidated process for account verification, this audit specifically focused on account verification for telephony services.

What we found

Observations include both management practices considered to be adequate as well as those requiring improvement. Throughout the audit fieldwork, the internal audit team observed examples of how controls were properly designed and were being applied effectively by SSC. This resulted in some positive findings which are listed below:

- As of April 1, 2013, SSC established a new position, Director General (DG) Horizontal Lead, to take a horizontal approach to the management of telephony. This should provide a more coordinated approach to standardizing processes related to telephony throughout the Department.
- The DG Horizontal Lead was developing a process to convert telephony consumer contracts to National Government of Canada contracts. This more efficient approach will improve the Department's ability to achieve cost savings.

The following opportunities for improvement were identified:

- The process for additions to services including expenditure initiation (transaction approval) could be strengthened to better control costs and improve likelihood of eventual cost savings.
- A department-wide approach for the consolidation of telephony services under the National Government of Canada contracts would be more efficient and effective in achieving the intended cost savings.
- A standardized approach across the Department would ensure a consistent execution of the account verification process. The process would be further enhanced by an automated tool to assist management with the analysis of the telephony invoices and improve the chances of identifying inappropriate charges.

Yves Genest
Chief Audit and Evaluation Executive

Background

1. Shared Services Canada (SSC) was established on August 4, 2011, to modernize how the federal government manages its information technology (IT) infrastructure in order to better support the delivery of programs and services to Canadians.
2. SSC's mandate includes leveraging economies of scale across the whole government, so that all federal organizations have access to reliable, efficient, and secure IT infrastructure services, for the best price possible. SSC has four branches, each responsible for supporting one of its four main business lines:
 - Transformation, Service Strategy and Design (TSSD);
 - Projects and Client Relationships (PCR);
 - Operations; and
 - Corporate Services.
3. More specifically, SSC identified the following priorities:
 - Maintain and improve the delivery of IT infrastructure services to the Government of Canada through an enterprise approach;
 - Launch the renewal of the Government of Canada's IT infrastructure;
 - Establish governance mechanisms and implement partnerships to clarify accountability, and adopt enterprise approaches for the management of IT infrastructure services; and
 - Implement efficient and effective business management processes and services in support of the SSC mandate¹.
4. Upon its creation, SSC inherited the responsibility of paying invoices for telephony services from 43 partner organizations. Telephony services (or Voice Network Services) include voice connectivity services, long-distance and calling card services, teleconferencing and toll-free services and managed telephony solutions. The cost of telephony services provided by SSC was estimated to be about \$340M annually.
5. SSC organized the 43 partner organizations by portfolio and by region. Each portfolio adopted a different process for performing *Financial Administration Act* (FAA) section 34 certification. Generally, the portfolios continued to apply the same process that was used in their former organization when services were managed centrally in the partner organization. Where partner organizations previously used a distributed approach to manage telephony services, SSC adopted a risk-based approach to perform FAA section 34 due to the high volume of transactions.
6. The volume of invoices was unexpected. During a five-month period (November 2012 to March 2013), SSC processed about 7,000 non-telecom invoices where it processed 51,350 telecom invoices over the same period. Staffing levels were challenged to process (e.g. expenditure authorization, intake of invoices, recording contracts and account verification)

¹ Integrated Business Plan 2012-2013

the volume of invoices received. This caused delays in payments and gave rise to interest charges. To help resolve this problem, SSC formed a “Tiger Team”. Its focus was to “ensure that the short term and medium term issues related to the end-to-end management of telecom services as it impacts the timely processing of outstanding telecom invoices were resolved in an effective and concerted manner”, in particular, as it pertained to three broad areas:

- Business intake and demand management;
 - Contract on-boarding and vendor negotiations; and
 - The payment of telecom invoices.
7. The Tiger Team was chaired by the Director General (DG) Finance and Deputy Chief Financial Officer and it met on a weekly basis from late July 2012 to March 2013, and with lesser frequency thereafter. The Tiger Team was disbanded in May 2013.

Objective

8. The objective of the audit was to assess the design effectiveness of SSC’s account verification process for telephony services.

Scope

9. The scope of this audit included the account verification practices for the telephony services. The following policy instruments were taken into consideration:
- *Financial Administration Act*;
 - Directive on Account Verification;
 - Directive on Delegation of Financial Authorities for Disbursements; and
 - Directive on Expenditure Initiation and Commitment Control.
10. The testing period covered April 1, 2012, to July 31, 2013.

Methodology

11. The principal audit techniques used included:
- Interviews with key management and staff personnel;
 - Review of relevant documentation (e.g. invoices, committee minutes, planning documents); and
 - Testing of one telephony transaction for six different organizations with a focus on the larger partners.

Statement of Assurance

12. Sufficient and appropriate procedures were performed and evidence gathered to support the accuracy of the audit conclusion. The audit findings and conclusion are based on a comparison of the conditions that existed as of the date of the audit, against established criteria that were agreed upon with management. This engagement was conducted in accordance with the Internal Auditing Standards for the Government of Canada and the International Standards for the Professional Practice of Internal Auditing. A practice inspection has not been conducted.

Detailed findings and recommendations

13. Based on a combination of the evidence gathered through the examination of documentation, analysis and interviews, each audit criterion was assessed by the audit team and a conclusion for each audit criterion was determined. A significant difference between the audit criterion and the observed practice was found; the risk of the gap was evaluated and used to develop a conclusion and to document recommendations for improvement.

Implementation of Controls

14. Some positive findings were noted during the course of the audit:
- As of April 1, 2013, SSC established a new position, DG Horizontal Lead, to take a horizontal approach to the management of telephony. This should provide a more coordinated approach to standardizing processes related to telephony throughout the department.
 - The DG Horizontal Lead was developing a process to convert telephony consumer contracts to National Government of Canada contracts. This more efficient approach will improve the Department's ability to achieve cost savings.
15. We have also identified opportunities for improvement that are described in detail in the following paragraphs.

Process for the Addition to Services

16. On behalf of the Government of Canada, SSC was tasked with leading the Cost Effective Telephone Services Initiative, which had a goal to contribute to a modern Public Service workplace and significantly reduce the overall cost of telecommunications for the Government of Canada². To meet this goal, expenditure initiation (section 32 of the FAA) was a key step to ensure control of overall telephony costs. Therefore, the validation of the business requirements with the partner organization for additional telephony services was needed. It also required the approval by the appropriate SSC financial delegated authority. The internal audit team also expected to observe an established process for requesting new telephony services and that the process be followed by partner organizations.
17. The audit found that partner organizations' responsibilities regarding approval of expenditures were not clearly defined or enforced, and that the process for validating the business requirements was not consistent for each partner organization. For example:
- In some cases, the SSC manager had not reviewed and approved the purchase before sending the request to the supplier;
 - Some organizations obtained the service without advising SSC;
 - Although a process for requesting services had been established and communicated to partner organizations by SSC, it was not always followed; and
 - There was no process to take corrective action for non-compliance in partner organizations.

² Cost Effective Telephone Services Initiative, [SSC website](#).

18. In addition, since there was no government-wide standard for telephony entitlement, it was difficult for SSC managers to assess the validity of the business requirement. Based on testing performed, evidence of formal expenditure initiation authorization by SSC was not consistently produced. Furthermore, when partner organizations signed-up for new services, the old services were not necessarily cancelled.
19. Given that new services continue to be ordered by partner organizations in an unplanned manner, it was difficult to estimate the cost of telephony services. There is a risk that SSC may not realize the expected cost savings for the Cost Effective Telephone Services initiative.

Recommendation 1

The Senior Assistant Deputy Minister, Operations, should take necessary actions to document, implement and monitor a consistent expenditure initiation process throughout SSC, and communicate it to the appropriate SSC and partner organization personnel (including establishing and communicating roles and responsibilities of Responsibility Centre managers in partner organizations).

Management response:

The recommendation is accepted, and its implementation will be overseen by the Telephony Action Group as an action item in the Integrated Telephony Action Plan.

Recommendation 2

The Senior Assistant Deputy Minister, Operations, should establish a mechanism to prevent users from obtaining services other than the prescribed manner.

Management response:

The recommendation is accepted, and its implementation will be overseen by the Telephony Action Group as an action item in the Integrated Telephony Action Plan.

Recommendation 3

The Senior Assistant Deputy Minister, Operations, should establish a mechanism to identify and track valid users and services.

Management response:

The recommendation is accepted, and its implementation will be overseen by the Telephony Action Group as action items in the Integrated Telephony Action Plan.

Recommendation 4

The Senior Assistant Deputy Minister, Transformation, Service Strategy and Design, should work with Central Agencies to define, at a government-wide level, service entitlement for telephony services and communicate the details of entitlement to partner organizations.

Management response:

The recommendation is accepted, and its implementation will be overseen by the Telephony Action Group as action items in the Integrated Telephony Action Plan.

Recommendation 5

The Senior Assistant Deputy Minister, Operations, should develop a process to take corrective actions with partner organizations when there is non-compliance with the established process.

Management response:

The recommendation is accepted, and its implementation will be overseen by the Telephony Action Group as action items in the Integrated Telephony Action Plan.

Consolidation of Contracts

20. In order to provide the best possible rates, National Government of Canada contracts were negotiated with several vendors across Canada. The internal audit team expected that SSC would have a process to identify rates inconsistent with the national contracts, and a process to convert contracts to the National Government of Canada contracts. The audit found that although National Government of Canada contracts had been established, not all services were provided under these contracts. While certain portfolios had taken the initiative to consolidate telephony contracts, these efforts were only being done for a limited number of partner organizations.
21. A horizontal initiative, which would permit the consolidation of efforts to convert contracts to the National Government of Canada contracts was being developed by the Horizontal Lead, but had not yet been approved or implemented.
22. Since SSC had not yet implemented a horizontal plan to ensure that all telephony contracts were consolidated within the National Government of Canada contracts, there is a risk that the Government of Canada is paying higher rates than what has been negotiated in National Government of Canada contracts.

Recommendation 6

The Senior Assistant Deputy Minister, Transformation, Service Strategy and Design, should continue to develop, obtain approval and implement the Horizontal National Plan to consolidate all of SSC's telephony contracts.

Management response:

This recommendation is accepted and will be implemented by the Director General, Telecommunications Transformation Program, with the support of senior directors and DGs from PCR, Operations and Procurement and Vendor Relationships.

Account Verification Process

23. We expected to find a process to detect inappropriate charges and that it would be designed effectively. We also expected a process in place to ensure that all charges were valid, in accordance with the terms of the contract, with correct financial coding, and that the process was designed effectively. Finally, we expected that all telephony invoices would be certified for FAA section 34 in accordance with delegation of financial authority.
24. We found that practices in place did not provide adequate assurance that all invalid telephony charges would be uncovered. We found that the approach to account verification was inconsistent for each portfolio, such as relying on partner organizations to review the invoices, using an automated tool to analyze invoices, and using a risk-based approach to review the invoices. In one instance the approved invoice could not be located.
25. We also found that consolidated invoices from vendors were complex which made detailed reviews more challenging. There was a high volume of invoices (10,000 to 11,000 per month) with large amounts of data, in some cases, several hundreds of pages, which resulted in account verification not being effective in detecting inappropriate charges. It was noted that in some cases, SSC personnel were still able to access tools used by partner organization to analyze telephony charges such as its nature and cost of the service.
26. SSC review processes relied on partner organizations. While SSC relied on partner organizations to perform account verification, it was not able to determine whether or not the partner organization's controls were operating effectively.
27. Roles, responsibilities and accountability in regard to account verification between SSC and partner organization were not documented. There was also a lack of communication and documentation between SSC and the partner organizations to define roles, responsibilities and accountability in regards to account verification. As such, there is a risk that partner organizations reallocate their staff and no longer support the account verification process.
28. Without a robust account verification process, there is a risk that SSC incur inappropriate charges.

Recommendation 7

The Senior Assistant Deputy Minister (SADM) and Chief Financial Officer, Corporate Services should in cooperation with the SADM Operations standardize the account verification process (including document retention practices) and communicate it to those involved in the process, establish an account verification agreement with partner organizations, as appropriate, including a description of roles, responsibilities and accountability.

Management response:

The recommendation is accepted, and its implementation will be overseen by the Telephony Action Group as action items in the Integrated Telephony Action Plan.

Recommendation 8

The Senior Assistant Deputy Minister Operations should use an automated tool that allows managers to analyze invoices and easily follow up on discrepancies and that SSC investigate the possibility of adopting the tools already being used in certain portfolios (e.g. government operations, security) for the whole department.

Management response:

The recommendation is accepted, and its implementation will be overseen by the Telephony Action Group as action items in the Integrated Telephony Action Plan.

Conclusion

29. The objective of this audit was to assess that SSC's account verification process for telephony services was effectively designed. The audit found that the controls for the account verification of telephony invoices were not effectively designed.
30. Since April 2013, the Operations Branch established a DG Horizontal Lead in order to take a department-wide approach to addressing the telephony issues. The key priority for this position was to develop standardized processes and consolidate telephony contracts.
31. We found that expenditure approval process was not consistently followed by partner organizations and that approval was not always documented.
32. The process for consolidating telephony contracts and creating National Government of Canada contracts was not yet complete. There continued to be instances where the National Government of Canada contracts were not being used.
33. Factors such as lack of standardization, complexity of invoices, and unclear roles and responsibilities for the telephony account verification process between SSC and partner organizations reduced the effectiveness of the account verification process. There is also the risk that the expected cost savings for the Cost Effective Telephony Services Initiative may not be realized.

Management Response and Action Plans

Overall Management Response

A Telephony Action Group (TAG) has been assembled to address the issues SSC faces in transforming voice services and delivering enterprise telephony service. Originally chaired by the SADM Corporate Services, the TAG is now chaired by the DG Telecommunications Transformation Program, who reports to the SADM TSSD. Membership in the TAG includes DGs, senior directors and directors from all four branches of SSC.

The TAG has developed an Integrated Telephony Action Plan consisting of several key action item components:

- Central Registry;
- Centralized Procurement;
- Operating Standard for Telecommunications Devices;
- Operating Standard for Acceptable Use of Cellular Devices; and
- User Segmentation.

A project lead and a delivery date have been assigned to each action item.

The plan leverages work being done by Operations Branch's Telephony Task Force, which was established earlier in order to address telephony issues. (The Telephony Task Force is led by the Senior Director, Telecommunications and Optimization, who reports to the DG Enterprise Network.)

At the end of April 2014, the TAG obtained Senior Management Board (SMB) approval to proceed with implementation of the plan. The first progress report on the implementation of the plan was presented to SMB on June 18, 2014, and future progress reports will be presented on a regular basis.

In May 2014, a mini-TAG was created in order to oversee the successful implementation of the plan and to provide leadership in the planning and execution of action items and associated deliverables.

The delivery of selected initiatives in the plan addresses the recommendations made in the Audit of the Account Verification Process for Telephony Services.

Recommendation 1

The Senior Assistant Deputy Minister, Operations, should take necessary actions to document, implement and monitor a consistent expenditure initiation process throughout SSC, and communicate it to the appropriate SSC and partner organization personnel (including establishing and communicating roles and responsibilities to centre managers in partner organizations).

| MANAGEMENT ACTION PLAN | POSITION RESPONSIBLE | COMPLETION DATE |
|---|--|-------------------|
| <p>Implementation of Standardized Enterprise Service Provisioning and Fulfillment Process The key activities will include:</p> <ul style="list-style-type: none"> • developing a standardized telephony ordering process; • communicating the standardized telephony ordering process within SSC and to partner organizations; • documenting, communicating and explaining respective roles and responsibilities with regard to service request and fulfilment between SSC and partner organizations; and • establishing a list of SSC personnel authorized to place orders with service providers. | Senior Director, Telecommunications and Optimization, Operations, with the support of Transformation, Service Strategy and Design, Corporate Services and Project and Client Relationships | December 19, 2014 |

Recommendation 2

The Senior Assistant Deputy Minister, Operations, should establish a mechanism to prevent users from obtaining services other than in the prescribed manner.

| MANAGEMENT ACTION PLAN | POSITION RESPONSIBLE | COMPLETION DATE |
|---|--|-------------------|
| <p>Implementation of Standardized Enterprise Service Provisioning and Fulfillment Process The key activities will include:</p> <ul style="list-style-type: none"> • establishing a list of SSC personnel authorized to place orders with service providers; • informing service providers that only invoices related to orders placed by authorized SSC personnel will be paid; • informing non-compliant departments that they will no longer be able to place orders directly with service providers; and • updating the SSC Business Intake Process to ensure target-state devices are considered for partner relocations, moves, additions, changes and new service requests. | Senior Director, Telecommunications and Optimization, Operations, with the support of Transformation, Service Strategy and Design and Project and Client Relationships | December 19, 2014 |

Recommendation 3

The Senior Assistant Deputy Minister, Operations, should establish a mechanism to identify and track valid users and services.

| MANAGEMENT ACTION PLAN | POSITION RESPONSIBLE | COMPLETION DATE |
|--|--|---------------------------------------|
| <p>Promotion of Device Registry The key activities will include:</p> <ul style="list-style-type: none"> • promoting the device registry in order to establish a complete inventory of devices; • monitoring growth and ensuring compliance with the provisioning standard (this will be done by informing partners of participation rates); and • developing targeted communications to partners with low participation in order to inform them of the consequences of not registering devices. | <p>Senior Director, Telecom Projects, Projects and Client Relationships (PCR), with the support of Operations and Corporate Services (CS)</p> | <p>June 30, 2014 and ongoing</p> |
| <p>Completion of Device Registry The key activities will include:</p> <ul style="list-style-type: none"> • providing departments with regular reports on device inventories, growth and device registry completion; • cross-referencing device registry information with service provider reports; and • establishing and executing a process for report production and distribution. | <p>Senior Director, Telecommunications and Optimization, Operations, with the support of PCR, CS and Chief Information and Security Office</p> | <p>September 30, 2014 and ongoing</p> |

Recommendation 4

The Senior Assistant Deputy Minister, Transformation, Service Strategy and Design, should work with central agencies to define, at a government-wide level, service entitlement for telephony services and communicate the details of entitlement to partner organizations.

| MANAGEMENT ACTION PLAN | POSITION RESPONSIBLE | COMPLETION DATE |
|---|---|--------------------------|
| <p>Operating Standard for the Provision of Telecommunication Devices Approved by Treasury Board in December 2013, the Operating Standard defines the service provisioning process for telecommunications devices and identifies a “cellular first” approach to service entitlement (with some exceptions). The process is currently being refined to allow for monitoring of, and reporting on, compliance with the Operating Standard.</p> | <p>Director General Telecommunications Transformation Plan (TTP), with the support of senior directors and DGs from Projects and Client Relationships (PCR), Operations and Corporate Services (CS)</p> | <p>December 20, 2013</p> |
| <p>Communications Strategy A comprehensive communications strategy is in development for all activities related to the Integrated Telephony Action Plan (under the leadership of TAG), including the Operating Standard and the User Segmentation Model. SSC began communicating information on the Operating Standard to partners in December 2013 and continues to do so via its extranet and monthly partner reports (to be published starting in the second quarter of fiscal year 2014–2015). The communications strategy will support buy-in from Government of Canada employees by ensuring consistent and timely messaging regarding service entitlement.</p> | <p>DG, Workplace Technology Devices Program, with the participation of senior directors and DGs from TTP and PCR, Operations and CS</p> | <p>December 31, 2014</p> |
| <p>User Segmentation Model The Chief Information Officers Council will be engaged to complete the development of the user segmentation model (user profiles). The key activities will include:</p> <ul style="list-style-type: none"> • segmenting users according to specialized job functions and mobility requirements; • using the profiles to ensure consistency in granting exceptions to the “cellular first” policy; and • adjusting the Operating Standards, if necessary, upon completion of the user segmentation model. | <p>DG, Email Transformation Program, Transformation, Service Strategy and Design</p> | <p>December 31, 2014</p> |

Recommendation 5

The Senior Assistant Deputy Minister, Operations, should develop a process to take corrective actions with partner organizations when there is non-compliance with the established process.

| MANAGEMENT ACTION PLAN | POSITION RESPONSIBLE | COMPLETION DATE |
|---|--|---------------------------------------|
| <p>Non-Compliance with Centralized Procurement As part of the Standardized Enterprise Service Provisioning and Fulfillment Process:</p> <ul style="list-style-type: none"> • non-compliant departments will be informed that they will no longer be able to place orders directly with service providers; and • service providers will be informed that only invoices related to orders placed by authorized SSC personnel will be paid. | <p>Senior Director, Telecommunications and Optimization, Operations, with the support of Transformation, Service Strategy and Design and Projects and Client Relationships (PCR)</p> | <p>September 30, 2014</p> |
| <p>Non-Compliance with Operating Standard for Telecommunications Devices Compliance with standards will be monitored, and reports will be provided to partners to increase compliance. The key activities will include:</p> <ul style="list-style-type: none"> • establishing a process for report production and distribution; and • developing and distributing monthly reports. | <p>Senior Director, Telecommunications and Optimization, Operations, with the support of Corporate Services, PCR and Chief Information and Security Office</p> | <p>September 30, 2014 and ongoing</p> |
| <p>Non-Compliance with Departmental Thresholds for Devices Regular reports on compliance with thresholds will be provided to partners. The key activities will include:</p> <ul style="list-style-type: none"> • establishing a process for report production and distribution; and • developing and distributing regular reports. | <p>Senior Director, Telecommunications and Optimization, Operations, with the support of PCR</p> | <p>March 31, 2015</p> |

Recommendation 6

The Senior Assistant Deputy Minister, Transformation, Service Strategy and Design, should continue to develop, obtain approval for and implement the draft horizontal plan to consolidate all of SSC's telephony contracts.

| MANAGEMENT ACTION PLAN | POSITION RESPONSIBLE | COMPLETION DATE |
|---|--|-----------------|
| <p>Contract Consolidation for Telephony Services Contract consolidation for telephony services has been ongoing since the inception of SSC. Work is underway to migrate all non-contracted telephony services to new or existing contracts.</p> | <p>Director General (DG), Telecommunications Transformation Plan, with the support of senior directors and DGs from Projects and Client Relationships, Operations and Procurement and Vendor Relationships</p> | <p>Ongoing</p> |

Recommendation 7

The Senior Assistant Deputy Minister (SADM), Corporate Services, and Chief Financial Officer should, in co-operation with the SADM, Operations, standardize the account verification process (including document retention practices) and communicate it to those involved in the process. These SADMs should also establish an account verification agreement with partner organizations, as appropriate, including a description of roles, responsibilities and accountability.

| MANAGEMENT ACTION PLAN | POSITION RESPONSIBLE | COMPLETION DATE |
|---|---|------------------------------------|
| <p>Account Verification Framework (AVF) for Telephony Services An AVF for telephony services is currently being developed. This AVF will document the process required to support the verification and certification of invoices pursuant to section 34 of the <i>Federal Administration Act</i> and will provide the roles and responsibilities of key players involved in the process. The AVF will provide standardized account verification procedures using a risk-based approach for cost-effectiveness.</p> | <p>Director General (DG) Finance, and Deputy Chief Financial Officer (DCFO), with the support of the Senior Director, Telecommunications and Optimization, Operations</p> | <p>December 31, 2014</p> |
| <p>Implementation and Communication of the AVF for Telephony Services The AVF for telephony services will be implemented on a post-payment basis, where feasible, in compliance with the Treasury Board Directive on Account Verification. This will help reduce late payment charges. The Framework will be communicated within SSC and to partner organizations, as required, in order to ensure that all key participants understand their roles and responsibilities as well as the account verification activities that must be carried out.</p> | <p>Senior Director, Telecommunications and Optimization, Operations, with the support of the DG Finance and DCFO, and the DG, Client Relationship and Business Intake</p> | <p>March 31, 2015 and on-going</p> |

Recommendation 8

The Senior Assistant Deputy Minister, Operations, should use an automated tool that allows managers to analyze invoices and easily follow up on discrepancies. In addition, SSC should investigate the possibility of adapting the tools already being used in certain portfolios (e.g. government operations, security) for the whole department.

| MANAGEMENT ACTION PLAN | POSITION RESPONSIBLE | COMPLETION DATE |
|--|--|---|
| <p>Implementation of Standardized Enterprise Service Provisioning and Fulfillment Process The key activities will include developing:</p> <ul style="list-style-type: none"> • a standardized telephony ordering process; • an interim ordering tool to allow for the capture and reconciliation of partner fulfilment requests; and • an end-state order and inventory system for the automated invoice reconciliation. <p>Tools Supporting the Implementation of the Account Verification Framework (AVF) for Telephony Services Tools will be developed to support the AVF for telephony services and enable the required account verification procedures.</p> | <p>Senior Director, Telecommunications and Optimization, Operations, with the support of Corporate Services and Chief Information and Security Office (CISO)</p> <p>Senior Director, Telecommunications and Optimization, Operations, with the support of CISO and the Director General, Finance, and Deputy Chief Financial Officer</p> | <p>September 30, 2014 to March 31, 2015</p> <p>September 30, 2014 to March 31, 2015</p> |

Annex A: Audit Criteria

| | Audit Criteria | Source(s) |
|-----|---|---|
| 1.1 | All additions to telephony services are appropriately approved (Expenditure Initiation). | <p>Only those with delegated authority can approve expenditures. Section 6.1.2.</p> <p><i>Directive on Delegation of Financial Signing Authorities for Disbursements.</i></p> <p>http://www.tbs-sct.gc.ca/pol/doc-eng.aspx?id=17060&section=text#sec6.1</p> |
| 1.2 | Management identifies contracts with inappropriate rates or are not under the National Government of Canada contracts and has a process to convert them to the National Government of Canada contracts if applicable. | <p>Payments should only be made as per approved contract with the appropriate rate. Section 6.2.1.1 and 6.2.1.2.</p> <p><i>Directive on Account Verification</i></p> <p>http://www.tbs-sct.gc.ca/pol/doc-eng.aspx?id=15790&section=text#sec6.2</p> |
| 2.1 | There is a process to detect inappropriate charges (e.g. personal charges, inadmissible charges, etc.) and it is designed effectively. | <p>Charges that should not be paid have been removed. Section 6.2.1.2.</p> <p><i>Directive on Account Verification</i></p> <p>http://www.tbs-sct.gc.ca/pol/doc-eng.aspx?id=15790&section=text#sec6.2</p> |
| 2.2 | There is a process in place to ensure that all charges are valid, in accordance with the terms of the contract and with correct financial coding and it is designed effectively. | <p>Payment is in accordance with contract terms and coded properly. Section 6.2.1.1 and 6.2.1.2.</p> <p><i>Directive on Account Verification</i></p> <p>http://www.tbs-sct.gc.ca/pol/doc-eng.aspx?id=15790&section=text#sec6.2</p> |
| 2.3 | All telephony invoices are certified for FAA S.34 in accordance with delegation of financial authority. | <p>Only individuals with delegated authority can certify FAA S.34 Section 6.1.2.</p> <p><i>Directive on Delegation of Financial Signing Authorities for Disbursements.</i></p> <p>http://www.tbs-sct.gc.ca/pol/doc-eng.aspx?id=17060&section=text#sec6.1</p> |

Annex B: Acronyms

| Acronym | Name in Full |
|---------|---|
| AVF | Account Verification Framework |
| CISO | Chief Information and Security Office |
| CS | Corporate Services |
| DCFO | Deputy Chief Financial Officer |
| DG | Director General |
| FAA | Financial Administration Act |
| PCR | Projects and Client Relationships |
| SADM | Senior Assistant Deputy Minister |
| SMB | Senior Management Board |
| SSC | Shared Services Canada |
| TAG | Telephony Action Group |
| TSSD | Transformation, Service Strategy and Design |
| TTP | Telecommunications Transformation Plan |