



1999-711 Final Report

**Audit of the Delivery of a Compensation
Product - Preparedness for the
Implementation of Pension Reform**

2000-05-09



Public Works and
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Canada

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Executive Summary

Authority for the Project

The Audit of the Delivery of a Compensation Product was approved as part of the 1999/2000 Audit and Review Plan by the Audit and Review Committee.

Objectives

To determine the degree of preparedness of the PWGSC common service Superannuation function for the Implementation of Pension Reform by assessing the Project Management regime to determine if adequate processes are in place, or planned, to meet stated requirements on time, to manage change, to manage risks and to provide for adequate control.

To assess the implementation of the Senior Financial Officer function of the Superannuation Account.

Scope

The scope of the audit includes:

- Definition and Communication of requirements, objectives and goals;
- Organizational structures, including the provision of resources;
- Planning and Risk Assessment, including, workload estimates and costs;
- Capability/Continuous Learning, including training and operating instructions;
- Direct Control Activities and Mechanisms;
- Indicator/Measurement Controls; and,
- The overall project Management regime.

The audit does not include the readiness of PWGSC as a Superannuation client department.

Background

The federal government assented legislation to establish the Public Sector Pension Investment Board and to amend the pension plans it sponsors under the Public Service Superannuation Act (PSSA), the Canadian Forces Superannuation Act (CFSA), the Royal Canadian Mounted Police Superannuation Act (RCMPSA) and other related acts.

The legislation contains amendments to these acts establishing the new Pension Plan and Board concept. The overall purpose of the changes is to keep the public service pension plans on a sound, sustainable, and transparent financial footing for the future.

Federal Government pension plan administration is carried out by PWGSC. PWGSC must ensure that its systems, training, financial and implementation strategies are in place for the operation of the new pension fund with a split in the accounting for pension contributions and benefits into pre and post reform service. Implementation date for most of the changes is April 1, 2000.

Key Findings

The Pension Reform Project (PRP) has well defined plans and specification documents, adequate methodologies for system development and risk assessment and effective communication strategies for the purpose of defining and communicating requirements, objectives and goals to the various stakeholders, including the user groups.

Business and functional requirements have been developed from the pension plans legislative amendments and respect the scope of work defined. However, we could not find any evidence of a comprehensive traceability matrix to ensure that all the specification documents properly reflect sanctioned Bills C-71 and C-78 and related effective dates. The Project Manager is aware of the situation and has requested that the mapping to approved Bills be done.

The project is well organized, employs knowledgeable resources and is committed to ensure PRP delivery within mandatory deadlines. Users' involvement is required in every step of the project. While technical resources were earmarked to other projects, since September 1999, required personnel have been assigned in priority to PRP.

Project management uses the Software Engineering Institute (SEI) risk model to assess risk. A risk assessment plan has been established, with a full update every 6 months. The next update is planned for January 2000. The main risk identified for the PRP is the challenge to meet the mandatory implementation date of April 1, 2000.

Amongst the risks identified is Contributor streamlining which is a process optimization required to implement the PRP. The implementation of Contributor streamlining has been postponed many times since its initial due date in July 1999. Since many system releases are built on

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Contributor streamlining, the project will not be able to sustain any further delay past December 1999. The lack of direct control over the Consultants' (RCMP suppliers) activities may also impact on the quality and timeliness of some deliverables related to the RCMP pension system. Various measures have been identified in the risk management strategy document to mitigate the risks identified, but they have not been formalized in a comprehensive contingency plan.

Key managers supervise the project for resource utilization, workload, deliverables, and costs. Workplans and schedules are revised on a timely basis. However, the delay incurred to start the project and the workload associated with the required changes and streamlining have left a very small window for any unforeseen emergencies that are often uncovered towards implementation. The Project Office uses committee meetings and status reports to communicate and disseminate information on project activities and requirements and to resolve issues promptly. However, monthly project status reports are not always completed on a timely basis and the project office library is not well organized.

The project follows PWGSC Compensation Systems Development Methodology (CSDM) for the implementation of the required system changes. Specification documents have been frozen and changes require review and approval. Test planning tools were developed for the PRP to achieve quality control and to monitor development timetables. These tools ensure that delays incurred are promptly detected, reported and caught up. However, the Integrated Test Environment for PSSA-Annuitant may not be ready in time for Pension Reform testing. The risk is that testing in the development environment may slow down the process.

The PRP modifications involve changes to existing systems and as such do not require extensive training activities. The training strategy and activities appear to be adequate to inform users of the changes. Training material, operating instructions and manuals are being updated to reflect the changes resulting from Pension Reform.

The role and responsibilities of a new Senior Financial Officer (SFO)/comptrollership function in PWGSC are being developed and actions are being taken to implement the new function for April 1, 2000. The development of the financial management control framework is progressing as planned and the project team has been proactive in defining the requirements for the new processes and function that will be required for Pension Reform, including the accounting and reporting activities.

Conclusions

The overall project management regime is sound. The ingredients found for successful project delivery include; an adequate project planning and reporting framework, senior management

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support, complete definition of requirements, all combined with adherence to a system development methodology.

More so is the leadership exercised by the Pension Reform Project Manager and the availability of experienced and dedicated personnel that are working as a team and who are committed to successful delivery.

Nonetheless, issues such as Contributor streamlining and the RCMP pay and pension systems represent a risk for the timely delivery of Pension Reform. The actions required to implement a new comptrollership function in PWGSC have been undertaken and unfold according to plan. The target implementation for the implementation of this function is April 1, 2000. The work related to the financial control framework is only beginning and much remains to be done for complete implementation targeted for February 2001. Treasury Board activities such as the creation of the Pension Investment Board (PIB), its own SFO and the approval of the budget needed to complete the last phase of Pension Reform, remain as watch items. Project management is encouraged to continue to address this challenge in a proactive manner.

Recommendation

It is recommended that:

1. *The Project Office prepare a contingency plan to identify the actions that would be taken in case of delays in meeting the required implementation date.*

Management Response

A consultant has been hired to develop and to recommend triggers for the implementation of a detailed contingency plan. High level contingencies have already been documented in the Project Office risk management document: "Risk Management Strategy Document".

Recommendation

It is recommended that:

2. *The Project Office continue communications with TBS in order to assess current developments that could have an impact on the direction that PWGSC has taken with regards to the Senior Financial Officer functions.*

Management Response

PWGSC has identified a new management position responsible for PSSA administration for corporate finance. The responsibilities for this position are currently being defined vis a vis the role of the operational area (Shediac) and Headquarters. A new financial management and control framework has been developed as a result of the new Pension Reform legislation. All documentation concerning the framework has been reviewed and approved by TBS. Discussions with TBS continue with respect to the financial framework are ongoing and evolving appropriately. Regular meetings chaired by TBS with respect to the three plans (PSSA, RCMP SA, CFSA) are being held to ensure a consistent approach is taken. .

1 Introduction

1.1 Project Title

Audit of the Delivery of a Compensation Product - Preparedness for the Implementation of Pension Reform.

1.2 Authority for the Project

The Audit of the Delivery of a Compensation Product was approved as part of the 1999/2000 Audit and Review Plan by the Audit and Review Committee.

1.3 Objectives

To determine the degree of preparedness of the PWGSC common service Superannuation function for the Implementation of Pension Reform by assessing the Project Management regime to determine if adequate processes are in place, or planned, to meet stated requirements on time, to manage change, to manage risks and to provide for adequate control.

To assess the implementation of the Senior Financial Officer function of the Superannuation Account.

1.4 Scope

The scope of the audit includes:

- Definition and Communication of requirements, objectives and goals;
- Organizational structures, including the provision of resources;
- Planning and Risk Assessment, including, workload estimates and costs;
- Capability/Continuous Learning, including training and operating instructions;
- Direct Control Activities and Mechanisms;
- Indicator/Measurement Controls; and,
- The overall project Management regime.

The audit does not include the readiness of PWGSC as a Superannuation client department.

1.5 Background

The amendments of the Public Service Superannuation Act (PSSA), the Canadian Forces Superannuation Act (CFSA), the Royal Canadian Mounted Police Superannuation Act (RCMPSA) and other related acts have been introduced in two stages: Bill C-71 and C-78 assented in June and September 1999, respectively.

Benefit improvement consists of:

- Change in the formula for calculating pension entitlements;
- Change in the Canada Pension Plan/Quebec Pension Plan (CPP/QPP) integration formula which calculates the reduction;
- Changes in the Supplementary Death Benefit (SDB) Plan;
- Change to the maximum age of contribution;
- Compliance with the Income Tax Act introduced in 1992;
- A Dental Plan for pensioners; and
- The introduction of a new pension plan and a new Pension Investment Board.

These amendments will improve the benefits of future pensioners, ensure the long-term sustainability of the Canadian public sector pension plans, improve financial management of the pension funds and set out mechanisms to deal with future surpluses. A Public Sector Pension Investment Board is to be created to manage the market investment of future contributions under the three plans.

Other benefit improvements, including improvements to the term life insurance component of the PSSA are being implemented. While the Government has announced its intention to introduce a dental plan for pensioners, the plan will be created under the authority of the Treasury Board and is not part of the legislative package.

PWGSC, through the Superannuation Directorate in Shediac, is responsible for the administration of the Pension Plans by providing support for entitlement determination, file maintenance and transaction processing, accounting and remittance, contributor and annuitant casework, system development and maintenance, communications and training, and some related insurance services. Some work is also carried out in the six regional pay offices across Canada and in the Compensation Sector in HQ at NCR. PWGSC shares responsibility for administration with other federal departments, agencies, crown corporations and those organizations who are members of affected pensions plans.

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The Pension Reform Project is under the general direction of the Compensation Sector who has the funding authority for the project. The Compensation Sector is ultimately responsible to ensure that the compensation systems are modified in accordance with legislative amendments including the changes to the contribution rate and structure, the creation of the new pension fund with a split in the accounting for pension contributions and benefits into pre and post reform service and the development of a financial control framework ensuring proper accounting, reporting, reconciliation and audit trail.

Pension reform involves a number of changes to the existing compensation systems: Regional Pay, Contributor, Pension Support, Annuitant, Transfer Value, Pension Benefit Division, CFSA Annuitant and RCMP GEAC and BenPlus Software. These changes are part of Phases 1 and 2 with an implementation date of April 1, 2000. Phase 3 consists of the development of a new pension administration strategy. The business analysis currently being completed for January 2000 will result in the identification of the business requirements for the financial management and control framework. The new functionality requirements from Phase 3 and any remaining compliance items will be implemented in Phase 4. This last phase is to be completed by the end of February 2001.

2 Issues Examined

In order to determine the degree of preparedness of the PWGSC common service Superannuation function for the Implementation of Pension Reform and to assess the implementation of the Senior Financial Officer function of the Superannuation Account, the work plan included the review of the following issues:

- Definition and Communication of requirements, objectives and goals;
- Organizational structures, including the provision of resources;
- Planning and Risk Assessment, including, workload estimates and costs;
- Capability/Continuous Learning, including training and operating instructions;
- Direct Control Activities and Mechanisms;
- Indicator/Measurement Controls; and
- The overall project Management regime.

3 Findings, Conclusions and Recommendations

3.1 Degree of preparedness of the PWGSC common service Superannuation function for the Implementation of Pension Reform

3.1.1 Definition and communication of requirements, objectives and goals

The project has well defined plans, a Compensation Systems Development Methodology (CSDM) is followed, business requirements are clearly identified and are frozen. Functional requirements documents have been prepared that detail the pension reform legislative amendments based on the business requirements. These requirements respect the scope of work recommended in the preliminary analysis.

The Technical design documents describe the system design modifications to meet the specifications outlined in the functional requirements documents including calculation modules, screens, fields, data elements, codes, reports, etc. Process optimization and data integrity improvement situations have been reviewed to determine their importance as well as their impact on the pension reform deliverables.

As part of the Pension Reform Project (PRP), a communication strategy has been developed. Users have been informed of the new Pension Reform requirements on a timely basis. Proper communication within the project team is evidenced by the various committees in place, the meetings that are taking place and the minutes being produced. Other communications activities to inform pensioners and contributors about the myriad of changes related to Pension Reform have also occurred.

However, there is no evidence of a comprehensive traceability matrix to ensure that all the specification documents are in accordance with the approved Bill C-71 and C-78. The Project Manager is aware of the situation and has requested that the mapping to the law be done.

Conclusion

A thorough definition and communication of requirements has been completed. Nonetheless, there is no evidence of a comprehensive mapping to ensure that all the amendments contained in Bill C-71 and C-78 are reflected in the specification documents.

It is advised that the Project Office prepares a mapping of the amendments resulting from the two bills to ensure that all requirements resulting from Pension Reform have been taken into account.

Management Response

A comprehensive traceability matrix had not been developed when the audit began, however, individual traceability matrices are a part of the Compensation System Development Methodology (CSDM) and were appended to the functional specifications for each system that was undergoing Pension Reform-related changes. It is noted that a comprehensive mapping takes place in the testing phases of CSDM and this has been the case for the Pension Reform project. However, management agreed that the development of a comprehensive traceability matrix would be beneficial and has taken steps to develop one.

3.1.2 Organizational structures, including the provision of resources

While resourcing has been tight because of the delays incurred with Y2K issues, resources from GOS, SD and GTIS have, since September 1999, been assigned in priority to PRP. Pension Reform has been identified as a high priority project and resources are allocated accordingly.

The GOS, SD and GTIS personnel involved in the Pension Reform Project understand their role and responsibilities as well as their deliverables. The core project team is composed of highly experienced individuals. User involvement is required and sought in every step of the project.

An exhaustive committee/meeting structure allows for timely resolution of issues as well as proper communication with the various stakeholders, including the user groups. The project also resorts to outsourcing for qualified programming resources, especially for GEAC and BenPlus software.

Conclusion

The PRP is well organized and employs competent and knowledgeable resources. Compensation Sector, GTIS and Superannuation Directorate (SD) in Shediac work as a team to implement the required changes. The project team is committed to the timely delivery of the PRP. Overall, the PRP organization is dealing effectively with the task at hand.

3.1.3 Planning and Risk Assessment, including the workload estimates and costs

The general project planning including risk management, communication plan, workload plan and estimated costs were established at the beginning of the project and these are documented in the Project Charter. Current status is revised on a regular basis especially for resource utilization, workload and milestone dates and activities. Revised schedules are provided to project management on a timely basis.

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A risk assessment plan has been established, with a full update every 6 months. The next update to the risk assessment is scheduled for January 2000. The main risk identified for Pension Reform is the challenge to meet the imposed implementation date of April 1, 2000. The delay incurred to start the project and the workload associated with the approved systems restructuring and improvements, have left a very small window for any unforeseen emergencies that are often uncovered towards implementation.

While these risk factors have been identified and factored in the planning, many conditions may have a cascading effect on resourcing, especially for the technical staff, that may jeopardize deliverables. These situations include potential rework resulting from Y2K, contributor streamlining and year-end maintenance, regular emergency maintenance, status of the legacy systems including RCMP GEAC software and design complexity. Canada Post Corporation (CPC), other Crown Corporations and the financial control framework are other areas where risks have been initially identified.

Contributor streamlining was identified as a process optimization required to implement pension reform. Since many systems releases are built on Contributor streamlining, any delay in development may affect Pension Reform. So far, the impact of any delay incurred has been controlled. The Contributor streamlining production date has been postponed several times since it was first due in July 1999 and the project will not be able to sustain any further delay past December 1999.

Conclusion

Overall, project planning and risk management is adequate. Nonetheless, provisions for contingencies have not been formalized in a contingency plan. The risks identified are watch items as the project unfolds.

Recommendation

It is recommended that:

1. *The Project Office prepare a contingency plan to identify the actions that would be taken in case of delays in meeting the required implementation date.*

Management Response

It is agreed that a comprehensive contingency plan was not in place when the audit began, however, contingencies were identified in the risk management plan and since that time a comprehensive contingency plan including appropriate triggers has been developed as certain risks were elevated (e.g. Contributor System streamlining).

3.1.4 Capability/continuous learning, including training and operating instructions

Since the PRP modifications relate to changes to the existing operations and systems, extensive training activities are not required. The training strategy and activities that are being carried out for PRP appear to be adequate to inform users of the changes. Training material, operating instructions and manuals are being updated to reflect the changes resulting from Pension Reform and to inform users of the changes.

Conclusion

The training strategy and activities that are being carried out for PRP are sufficient to inform users of the changes.

3.1.5 Direct control activities and mechanisms

Through weekly or by-weekly committee meetings, the Project Office key managers adequately supervise the project for time spent, deliverables and costs.

A Compensation Systems Development Methodology (CSDM) for the implementation of the required system changes resulting from Pension Reform exists and is being followed. Specification documents have been frozen and changes require review and approval.

GTIS workplans and schedules are revised on a timely basis. There is evidence of adequate procedures in place for quality assurance and control, program and system testing, and for production releases. Delays in releases are identified and explained.

However, the Integrated Test Environment for PSSA-Annuitant may not be ready in time for Pension Reform testing. The risk is that testing in the development environment may slow down the process. Furthermore, the lack of direct control over the BenPlus Consultants' (RCMP suppliers) activities may impact on the quality of information with regards to the delivery of RCMP systems.

The Project Office project library is not well organized, nor up to date with all pertinent versions of key documents and minutes of the various committee meetings.

Conclusion

While, the key activities and mechanisms are in place to ensure proper control of activities, the availability of an Integrated Test Environment and a Project Library would increase the efficiency of these processes.

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It is advised that the Project Office project library should be kept up to date. A project library listing should be available.

Management Response

An administrative assistant has been hired to organize library materials.

With respect to the observation that there is a lack of control with regard to BenPlus Consultants: delays in the procurement process attributed to the PWGSC Informatics and Professional Services Sector were experienced; however since finalization of the contract in early October, the project has been back on track as a result of good co-operation between the Project Office and the contractor.

3.1.6 Indicator / measurement controls

Monthly status reports provide adequate information with regards to the measure of level of effort (cost & schedule) and meeting of targets (performance), but the lateness of reports may become an impediment to adequate measurement.

Conclusion

The monthly status reports provide for an adequate measurement of the project performance, but their lateness may become an impediment.

It is advised that the Project Office ensures that the monthly project status reports are released on a timely basis.

Management Response

A consultant has been hired to ensure that the status reports are produced on a regular basis; and further to enhance clarity, formatting of the reports has been standardized and several graphs summarizing progress have been implemented.

3.1.7 Overall project management regime

The project management regime is sound. The ingredients found for successful project delivery include; an adequate project planning and reporting framework, senior management support, complete definition of requirements, all combined with adherence to a system development methodology.

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More so is the leadership exercised by the Pension Reform Project Manager and the availability of experienced and dedicated personnel that are working as a team and who are committed to successful delivery.

Conclusion

Overall, the project management regime in place is sound. The Pension Reform Project objectives should be met.

3.2 Financial Management

The approved Pension Reform Plan involves important changes to the overall Canadian Public Sector Pension Plans governance. The long-term sustainability of the Canadian public sector pension plans also requires modifications to PWGSC common service Superannuation function and structure.

A key component is the requirement to improve the overall financial management control framework, including the implementation of a Senior Financial Officer function. Another requirement is that the administrative costs for managing the funds be charged to the Superannuation account.

The requirement for the creation of the Pension Investment Board and related functions is the responsibility of Treasury Board. While these requirements have not yet been fully mapped out, this would not currently prevent PWGSC to meet its objectives with Pension Reform readiness. Furthermore, the fact that the previous Director General of Compensation Sector is now at TB is a positive development that will surely help in increasing communication activities between the various stakeholders.

The Project team members have performed the analysis of the management structure and best practices implemented in large Pension funds. Recently, the project team came up with a vision of what is required for the future and the overall financial management control framework.

3.2.1 Senior Financial Officer

A Senior Financial Officer / comptrollership function is currently being created. The position is being assessed at an FI-04 level and includes responsibilities in the following areas:

- Financial management & planning;
- Financial operations;
- Reconciliation; and
- Accounting support.

The planned organization shows that the PWGSC SFO function for the Compensation sector - Pension Directorate - finance will be located at PWGSC - NHQ, Ottawa and the Superannuation Directorate, accounting unit will remain in the Atlantic Region in Shediac.

Conclusion

The roles and responsibilities for the new comptrollership function in PWGSC are being developed and actions are being taken to implement the new function for April 1, 2000.

3.2.2 Financial Management Control Framework

The revised financial control framework involves the implementation of new control processes that will impact current systems in place. The Project team has undertaken an analysis of the management structure and of best practices found in large pension funds. The revised financial management control framework is currently being worked on by consultants that have expertise with major private and public pension funds. These specialists have been contracted to work in collaboration with the PRP team to establish the required modifications to systems and processes, to develop the required financial control framework, accounting principles and reporting requirements needed to support the management of the Superannuation services.

The work plan indicates that the definition of the business requirements for the new financial control framework are to be completed by January 2000. These business requirements would describe the necessary modifications to current processes and systems and the implementation activities that will be required to meet the financial management framework objectives. These business requirements are planned for implementation in the next fiscal year as part of Phase 4 of the Pension Reform project. A TB submission is currently being prepared that defines the business case for the implementation of the changes to the financial management and control framework.

The PRP team communicates regularly with its stakeholders, mainly Treasury Board and Superannuation Directorate to provide an update on the project and to discuss related issues. Overall, in order to meet the objectives that were set forth by the financial management framework, the PRP team has been proactive and has taken the leadership in proposing solutions to its stakeholders.

Conclusion

The implementation of the financial management control framework will result in major modifications to the current PWGSC systems used for Pension administration. The review of the project management control framework reveals that the development of the financial management control framework is progressing as planned and that the PRP team is proactive in defining the requirements for the new processes and function that will be required by Pension Reform, including the accounting and reporting activities.

While, in our opinion, the specific actions taken to date would ensure that an adequate financial management control framework will be implemented, the implementation of the financial control framework is only beginning and much remains to be done for complete implementation. Senior management must continue to support the development of the financial control framework. TBS activities, such as the creation of the PIB and of its own Senior Financial Function remain as watch items as the project unfolds.

Recommendation

It is recommended that:

- 2. The Project Office continue communications with TBS in order to assess current developments that could have an impact on the direction that PWGSC has taken with regards to the Senior Financial Officer functions.*

Management Response

PWGSC has identified a new management position responsible for PSSA administration for corporate finance. The responsibilities for this position are currently being defined vis a vis the role of the operational area (Shediac) and Headquarters. A new financial management and control framework has been developed as a result of the new Pension Reform legislation. All documentation concerning the framework has been reviewed and approved by TBS. Discussions with TBS continue with respect to the financial framework are ongoing and evolving appropriately. Regular meetings chaired by TBS with respect the three plans (PSSA, RCMP SA, CFSA) are being held to ensure a consistent approach is taken.

Appendix A - Comments

**Comments on "1999-711 Draft Report
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Implementation of Pension Reform"**

Prepared by: Domenic Crupi
Pension Reform Project Manager
Public Works and Government Services Canada (PWGSC)

Date: January 5, 2000

BACKGROUND

PWGSC Audit and Review Branch has recently audited the PWGSC Pension Reform Project. The document "1999-711 Draft Report - Audit of the Delivery of a Compensation Product - Preparedness for the Implementation of Pension Reform (1999-12-17)" was received for review by the Pension Reform project manager on January 4, 2000.

A previous review had been made by the Pension Reform Project Office (PRPO) on the presentation slides: "Summary of Findings" on December 6, 1999. A key comment from that review was:

"The Pension Reform Project Office is satisfied with the report. The findings that are reported are of a positive nature and the recommendations that are made are valid, and it is the intention of the Project Office to implement those recommendations".

The comments made with respect to the presentation slides have been incorporated by the auditor into the 1999-711 Draft Report.

The purpose of this document is to provide comments on the 1999-711 Draft Report.

GENERAL COMMENTS

1. It is a matter of concern to the PRPO that the positive nature of the audit presentation "Summary of Findings", the auditor's comments to the Pension Reform management team, and, indeed, the body of the document under review is not adequately reflected in the Executive Summary. The management team believe, that based on their understanding of the opinion of the auditor, that the project has been very well managed and that proper success criteria have been observed, including:

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- understanding of the objective and scope of the requirements by all stakeholders (PRPO, Government Telecommunications and Informatics Services (GTIS), the Superannuation Directorate (SD) in Shediac, and the Treasury Board Secretariat (TBS));
- proper communication (communication strategy, project charter, committees, minutes, directives) in a timely manner;
- appropriate use of risk management tools and techniques;
- appropriate use of project management tools and techniques;
- appropriate use of outside experts;
- good morale; and
- good teamwork.

To support this belief, the following is quoted from the 1999-711 Draft Report:

“3.1.6 Overall project management regime

The project management regime is sound. The ingredients found for successful project delivery include; an adequate project planning and reporting framework, senior management support, complete definition of requirements, all combined with adherence to a system development methodology.

More so is the leadership exercised by the Pension Reform Project Manager and the availability of experienced and dedicated personnel that are working as-a team and who are committed to successful delivery.” (page 16)

2. Management responses were made to points raised in the presentation material with respect to specific findings rather than to recommendations - several of the remedial actions were already underway prior to the start of the audit (e.g. hiring of an administrative assistant to organize library materials, reviewing the monthly status report process).

SPECIFIC COMMENTS

The comments below refer specifically to the Executive Summary. By extension they can be mapped to the main body of the document. There are no specific comments relating only to the main part of the document. It was not the intention of the reviewers to identify the small number typographical errors observed in the document.

Page 2: Key findings: 2nd para*Comprehensive traceability matrix*

A comprehensive traceability matrix had not been developed when the audit began, however, individual traceability matrices are a part of the Compensation System Development Methodology (CSDM) and were appended to the functional specifications for each system that was undergoing Pension Reform-related changes. It is noted that a comprehensive mapping takes place in the testing phases of CSDM and this has been the case for the Pension Reform project. However, management agreed that the development of a comprehensive traceability matrix would be beneficial and has taken steps to develop one.

Page 2: Key findings: 5th para*Comprehensive contingency plan*

It is agreed that a comprehensive contingency plan was not in place when the audit began, however, contingencies were identified in the risk management plan and since that time a comprehensive contingency plan including appropriate triggers has been developed as certain risks were elevated (e.g. Contributor System streamlining).

Page 3: Key findings: 2nd para*Delay incurred to start the project*

The delay referred to was the fact that the legislation was altered and then there was a delay in the passage of Bill C-78. As a result of this, Pension Reform implementation changed from a single implementation on April 1, 2000 to a four phased implementation (July 1, 1999, October-1, 1999, January 1, 2000 and April 1, 2000). This required a re-planning of activities which was done in accordance with sound project management techniques.

Page 3: Key findings: 3rd para*Project status reports and library organization*

The PRPO recognized that these were items that required remediation, and steps were taken in September, 1999 in order to mitigate these problems.

Page 3: Key findings: 4th para*Integrated Test Environment*

While the comment referring to the availability of the Integrated Test Environment for the Annuitant System is valid, the environment has not been available in the past for testing of the Annuitant System and, as such, this was taken into consideration for project planning.

Page 3: Conclusions: 1st para*"Right track"*

Concern is raised whether the term "right track" is strong enough with respect to the expected successful completion of the project. Please refer to General Comments, point #1 for details.

Page 5: Recommendation #5

The management response was specifically made to clarify PWGSC's view with respect to the financial management of the Public Service Superannuation Act (PSSA). The recommendation is more general than such a specific response would warrant. It is noted that in the main body of the document, starting on page 17, there is a clearer explanation of the financial management and control framework and the expected responsibilities for PWGSC and TBS with respect to this recommendation.