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COMPENSATION ANNUAL REPORT 2007-2008



Public Works and
Government Services
Canada

Travaux publics et
Services gouvernementaux
Canada

Canada

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Highlights

In 2007-2008, Public Works and Government Services Canada (PWGSC) Compensation continued its effective management of payroll, benefits and pension business processes and systems by providing administrative functions to 109 departments, agencies and organizations representing over 318,500 employees and 342,000 pensioners. More than 13 million payments were made to employees and pensioners. Significant effort was made in support of the government's agenda to modernize the compensation administration by undertaking key initiatives such as the transformation of pay and pension administration. Work efforts continue to support client departments and agencies in the achievement of their objectives in spite of ageing technology and its inherent limitations. Efforts to build and maintain a skilled and knowledgeable workforce continued through the implementation of a comprehensive Human Resources plan, which is fully integrated with operational business plans.

PWGSC Compensation also:

- received approval in June 2007 and started to proceed with the implementation phases of the Transformation of Pension Administration Projects (Government of Canada Pension Modernization Project and the Centralization of Pension Services Delivery Project);
- engaged stakeholders to develop options to answer the challenges faced by federal government departments and agencies related to their capacity to deliver compensation services, as well as various business models for modernizing our pay systems and processes as part of the transformation of pay administration initiative;
- worked diligently with Treasury Board Secretariat's Corporate Administrative Shared Services initiative and the Canada Public Service Agency's Common Human Resource Process initiative to better explore linkages and dependencies to obtain a better alignment for compensation modernization;
- continued the deployment of the Compensation Web Applications across the Government of Canada using a secure channel solution providing access to employees of 59 departments and agencies. In keeping with the Canadian government's commitment to environmental sustainability, new paperless documents were created: a record keeping feature was added to the Pension and Benefits Statement Web applications and to the Statement of Earnings (Pay Stub);
- created a Web repository under a common Accounting, Banking and Compensation corporate Web banner which serves as a holding place for all PWGSC pension plan members' communication products. This streamlined approach reduces the effort spent on Web maintenance activities and improves plan members' ability to quickly and easily access the information needed instead of accessing it through three different sites;
- worked on changes to the Regional Pay System to improve the accuracy of pay data, including changes related to leave without pay, improved tombstone data between systems,

and a new overtime edit. In addition, systems development work was initiated on four additional initiatives;

- completed extensive system changes to implement new formulas co-ordinating benefits with the Canada Pension Plan and the Quebec Pension Plan;
- succeeded in achieving 94% of the Regional Pay Offices' annual commitment to correct pension data accounts identified as failing the pension data repository integrity test;
- published *Liaison*, a newsletter about pension and benefits for retired members of the public service under the *Public Service Superannuation Act (PSSA)*. *Liaison* has been designed to offer retired members timely information about their pension and benefits plans. The articles chosen are based on frequently asked questions and recurring inquiries received from retired members;
- has undertaken an Internal Control Framework Project to document and assess internal controls for both pay and pension.

If you have any comments about this report or would like further information, please contact:

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A Few Words About PWGSC Compensation

PWGSC Compensation administers Government of Canada payroll, pension and insurance processes, including the development and maintenance of computer systems and a national business administration infrastructure. This allows departments to administer pay and benefits in accordance with collective agreements and compensation policies established by Treasury Board Secretariat and certain separate employers, as well as to fulfill the requirements of the *Public Service Superannuation Act*.

PWGSC Compensation also provides specialized pension services for the administration of superannuation plans to the Department of National Defence, Members of Parliament, diplomatic services, lieutenant governors and judges.

Administration is provided for insurance plans, including the Public Service Health Care Plan, the Disability Insurance Plan, the Public Service Management Insurance Plan - Life Insurance, the Public Service Management Insurance Plan - Long-term Disability, the Dental Care Plan and the Pensioners' Dental Services Plan.

The Compensation Sector, which is a part of the Accounting, Banking and Compensation Branch of PWGSC, directs these activities in partnership with PWGSC regional pay offices, the Superannuation, Pension Transition, and Client Services Sector (Superannuation Sector), located in Shediac, New Brunswick, and the Information Technology Services Branch.

The informatics aspect of compensation administration is managed by the Information Technology Services Branch, and the Superannuation Sector is responsible for the administration of benefits provided under the *Public Service Superannuation Act*. Regional pay offices provide pay, advisory and training services to compensation advisors across the country. Insurance administration activities and functions are divided between the Compensation Sector, the regional pay offices, and the Superannuation Sector.

The number of pay accounts paid through the Regional Pay System increased by 3.5 % in 2007-2008. On March 31, 2008, there were 297,942 pay accounts, an increase of 10,195 accounts from the previous year.

ACCOUNTS BY REGIONAL OFFICE	
LOCATION	NUMBER OF ACCOUNTS
Atlantic - Halifax	29,073
Quebec - Montreal	32,531
National Capital Area - Ottawa	136,078
Ontario - Toronto	39,112
Western - Edmonton	37,127
Pacific - Vancouver	24,021
TOTAL PAY ACCOUNTS	297,942
Superannuation - Shediac	225,383
Pay Facts	

Payroll Clients		Annual Payments	
PSSRA I.I	73	Public Service	8.8 million
PSSRA I.II	22	RCMP	<u>.5 million</u>
Others	14	Total	<u>9.3 million</u>
Total	<u>109</u>		
Accounts		Direct Deposit Participation Rates	
<u>Regional Pay System</u>		(eligible employees only)	
PSSRA I.I	220,451		
PSSRA I.II	70,921	Public Service Pay	96.6 %
Crown corporations and agencies	<u>6,570</u>	RCMP Pay	96.7 %
Total	<u>297,942</u>		
RCMP - Pay System	<u>20,569</u>		
<ul style="list-style-type: none"> • 4 different pay cycles • 450 types of entitlements • 500+ types of deductions 		<ul style="list-style-type: none"> • 13 collective agreements under TB • 136 collective agreements under separate employers • 150 remittance agencies 	

Pension Facts			
Pension Clients			
Annuitant Accounts		Benefits Paid	
PSSA - Shediac	225,383	PSSA	\$4.4 billion
CFSA	109,506	CFSA	\$2.3 billion
MPs and Judges	<u>1,296</u>	MPs and Judges	<u>\$0.2 billion</u>
Total	<u>336,185</u>	Total	<u>\$6.9 billion</u>
Annual Payments		Direct Deposit Participation Rates	
PSSA	2.72 million	PSSA	92.9%
CFSA	1.31 million	CFSA	95.0%
MPs and Judges	<u>0.02 million</u>	MPRAA	96.0%
Total	<u>4.05 million</u>	Judges	98.97%

Insurance Facts			
Insurance Accounts		Dental Care Plan Inquiries	
PSHCP	441,717	Total	8,394
DI	223,853		
PSMIP - Life Insurance	21,848		
PSMIP - LTD	35,467		
DCP & PDSP	395,206		
Total	<u>1,118,091</u>		

PWGSC Compensation Activities

The following is a summary statement of the objectives, commitments, strategies and key activities of PWGSC Compensation.

Objectives

The objective of PWGSC Compensation is to provide payroll, benefits and pension plan administrative functions for the Government of Canada. This includes: the administration of payroll, pension and health/disability insurance processes for public service employees and pensioners; for the RCMP - payroll services; for the federal judiciary - pension services; and for active and retired Members of Parliament - pay and pension services.

Key commitments are to:

- meet the stewardship obligation to ensure the integrity and sustainability of the pay and pension operations for which it is responsible on behalf of the Government of Canada;
- support the government's commitment to modernize management practices ensuring sound management, delivering services smarter, faster and at a reduced cost with improved accountability and increased transparency, supported by adequate risk management - demonstrating that the Government of Canada and its employees and pensioners, are getting good value for taxpayer dollars;
- address changing demands requested by departments and agencies and those resulting from new legislation and policies; and
- promote a work environment through an expert, diverse and motivated workforce which supports, understands and practices the concepts of integrity, values and ethics.

Initiatives Common to Pension, Pay and Insurance

Transformation of Compensation

The compensation modernization initiative is PWGSC's renewal of its pay and pension business processes and systems to ensure the ongoing capability to provide compensation functions for federal public servants and pensioners, and to provide greater flexibility and functionality, and improved efficiency and effectiveness in service delivery. There is a need to replace PWGSC's 40-year old pension and pay systems that use outdated technology and rely on the expertise of staff, many of whom are due to retire in the next few years.

The current decentralized pension delivery model relies heavily on the knowledge and experience of compensation advisors across approximately 109 client departments, separate employers, agencies and Crown corporations. This fragmented and dispersed delivery model limits the plan administrator's ability to address significant duplication of effort and inefficiencies that currently exist, and allows for limited flexibility to augment existing service channels. In addition, the pressures will escalate in the coming years as the number of retiring public servants increases.

The payroll service delivery model is decentralized. Part of the payroll administration process is conducted across government departments by compensation advisors. There are also many manual processes that are completed by pay and pension agents within regional pay offices across the country. This cross-delineation of work processes makes the Government of Canada payroll administration the least efficient, in terms of cost, quality and effectiveness among its peers in the industry.

The legacy systems are difficult to maintain and limit the department's ability to provide modern services to plan members, employees, departments and agencies and managers. PWGSC has the opportunity to address these challenges and deficiencies with the delivery of new capabilities through the modernization of its technologies and business processes. Modernization will allow PWGSC to support competitive and industry best practice pension and pay services with a new and greater focus on self-service and contact centres providing expert advice and services.

Compensation Sector Web Site

The PWGSC Compensation Sector Web site:

<http://www.tpsgc-pwgsc.gc.ca/remuneration-compensation/txt/index-eng.html> provides information on both pay and pension services. The Web site contains information concerning compensation products including publications, directives, bulletins and communiqués. In 2007-2008, approximately 580 pages of information for compensation clients were published. This included 26 new pay rate information bulletins for 26 new compensation directives. Amendments were made to 7 pages of the Insurance Administration Manual, 183 pages of the Personnel-Pay Input Manual, 24 pages of the Superannuation Administration Manual, 13 forms, 28 broadcast messages, as well as other essential Web publications.

Beyond these day-to-day activities, the Compensation Sector continued the planning and evolution of the Web site. The Sector continued to make the Web site easier to use, search and maintain. For example, a concrete review of the site was conducted to ensure that only pertinent and current information is contained on the site. In 2007-2008, preparatory work was completed to convert the site to the Treasury Board, Common Look and Feel 2.0 standards, which required documenting all files, establishing a conversion workplan, and commencing the conversion.

The popularity and success of the Compensation Sector Web site is demonstrated by the average number of hits which exceeded 1.1 million per month in 2007-2008.

Compensation Web Applications

As part of the Sector's commitment to demonstrate excellence, it embarked on a renewal effort to modernize and increase the efficiency of our service delivery, supported by the strategic use of technology. To this end, the Sector developed a suite of Compensation Web Applications to expand its provision of pay and pension information and services to include self-service applications. Using a secure channel solution, the Compensation Web Applications enables employees to monitor and manage their personal compensation information, as well as calculate pay and pension "what if" scenarios to assist with financial planning. The Compensation Web Applications won a bronze medal at the Government Technology and Exhibition Conference, in the Human Dimension Category.

Employees have access seven days a week, with the exception of a maintenance period (6 p.m. Saturday to 1 p.m. ET Sunday). Help desk support is available Monday through Friday, from 7 a.m. to 7 p.m. ET.

As of March 2008, the Compensation Web Applications were deployed (pilot and full deployment) to 59 departments and agencies, the equivalent to approximately 204,752 employees. The departments with highest take-up rates include:

- Health Canada at 56%
- PWGSC at 44%
- Service Canada at 38%
- Canada Revenue Agency at 37%
- Transport Canada at 29%

Employees who have access to the Compensation Web Applications in the various departments can view the Pension and Benefits Statement and the Statement of Earnings (Pay Stub), use the Gross to Net Regular Pay Estimate Calculator and request changes through Voluntary Deductions. In addition to these, all employees have access to the Pension Benefits Calculator, the Service Buyback Estimator, the Retirement Package, the Pension Portability Package and the Service Buyback Package. For more information, all of these services can be accessed on-line at: <http://www.tpsgc-pwgsc.gc.ca/remuneration-compensation/txt/index-eng.html>.

The Compensation Sector Web site also contains online tools, which form part of the secure Compensation Web Applications to assist compensation advisors in their daily operations. For example, in those departments that have deployed the Web applications, compensation advisors have simultaneous access to the personal pay and pension information being viewed by their

clients. Available since 2005, this access enhances the level of service to the clients by improving response times.

The Web applications, such as the pay and pension calculators, will reduce the number of estimate requests received by departmental compensation advisors, allowing them to concentrate on other value-added activities.

Compensation advisors in 59 departments and agencies have access to the online pay register. The hard copy pay registers are suppressed for departments that have access to the Compensation Web Applications, approximately three months after full implementation. Also, changes were made to the online pay register in 2007-2008, as a result of client feedback. An archived search was added, the existing search capabilities were updated, and additional information was added to assist with pay cheque distribution.

Greening of Government Operations

Savings will be realized through a reduction in costs associated with printing, shipping, postage, handling and distribution of hard copy reports across Canada. In addition to cost savings, this will contribute to the greening of government operations by reducing the consumption of paper by approximately 26 tonnes per year. The method used to calculate consumption of paper has been modified following the release of the 2006-2007 Annual Report. Calculations are now based on the exact weight of the document as opposed to the metric weight of the boxes of paper and envelopes used in the printing of documents.

In keeping with the government's commitment to environmental sustainability, a new Paperless Record Keeping feature was added to the Pension and Benefits Statement Web application. Approximately 1,250 statements were suppressed as of February 2008, three months after introducing this innovative capability. Each published statement uses 0.0001 tonnes of paper. If the 210,000 people who have access to the Compensation Web Applications at the end of March 2008 stopped the publication of their statement, the Government of Canada would save approximately 16 tonnes of paper. In addition, in the past, each statement was accompanied by a 36-page guide, which will no longer be printed as of 2008-2009.

A Paperless Record Keeping feature was also added for the Statement of Earnings (pay stub). Approximately 219,842 pay stubs were suppressed in 2007-2008.

In 2007-2008, a new feature was added to allow employees to view their tax slips online. This feature, available to all departments who have deployed the Compensation Web Applications, allows employees to see a consolidated view of their tax slips, including tax slips from previous departments. Employees are able to view and print these slips and are able to file their tax returns earlier as electronic copies are available prior to the distribution of the hard copies by the departments.

The automated Record of Employment was implemented April 30, 2007, as part of the Compensation Web Applications to replace the current paper version. As of March 31, 2008, the Record of Employment application was fully deployed to 59 departments and agencies that have implemented the Compensation Web Applications and to date 29,302 have been electronically submitted to Service Canada. Compensation advisors now need only an average of 15 minutes to prepare the Record of Employment, instead of the average of 30 to 45 minutes that it took with

the manual process. This equates to a work effort savings of between 5 to 10 full-time equivalents (between \$250K to \$500K) per year to complete the Record of Employment, dependent upon the complexity of the employee record. Electronic Records of Employment contribute to the government sustainable development objective by reducing paper usage and postage costs.

Other Improvements

In 2007-2008, work continued on the initiative to simplify existing payroll processes, increase the use of direct deposit and contribute to the government's sustainable objective. The Web-based pay register was accessible to those departments that implemented the Compensation Web Applications. By the end of the fiscal year, the paper version of the pay register was discontinued for 41 departments.

Systems development was initiated to enable direct deposit of supplementary payments. This initiative will significantly improve services for employees and the compensation community. To facilitate the introduction of direct deposit, two new features are being introduced within the federal payroll system as follows:

- Employees will be able to choose a bank account other than the account to which regular pay is deposited. On initial implementation, supplementary payments will be automatically deposited into the same bank account that is used for regular pay. If employees want to have supplementary payments deposited into another account, they will request this through their departmental compensation advisor. It should be noted that retroactive supplementary payments (e.g. signing new contracts that are dated in the past) will not be included in the initial implementation.
- Compensation advisors in departments and agencies will have an improved mechanism to verify and intercept payments, if required, before they are deposited to an employee's account. This will result in improved client service to public servants as the current intercept process is cumbersome and involves several parties.

The direct deposit of supplementary payments will be a major improvement to the current process as it will eliminate lost or stolen cheques, result in a more expedient and efficient process for employees receiving maternity and paternity benefits, eliminate the need for employees to deposit supplementary cheques at their bank, and contribute to the greening of government operations.

Pension and Benefits Portal

The Compensation Sector and Treasury Board Secretariat have formed a strategic partnership to create and maintain a single window for authoritative pension and benefits information and tools. This team has built an easy-to-navigate integrated portal entitled Public Service Pension and Benefits Portal (Portal), launched in 2006. This self-service tool allows government to reduce the effort spent by compensation specialists on pension/benefit queries, while providing rapid access to information to active and retired plan members.

The Portal contributes to the attainment of critical Government of Canada objectives, including environmental sustainability and value for taxpayer dollars. Today, employees can stop the publication of their annual pension statement, and view it online instead by using tools accessed through the Portal. Additionally, the existence of an authoritative online alternative discontinued the need to publish annual documents such as the Pension and Benefits Statement. Taken together, these activities represent important environmental and cost savings.

In addition to monthly activities, a new “printable version” of the Pension and Benefits Statement, as well as the newsletter for retired plan members, were introduced. The Portal also introduced a new graphic design in September 2007, which focused on people at various stages of life events. This same graphic presentation will be gradually incorporated into all of the pension products for plan members to provide continuity of program communication to clients.

Compensation Web Repository

In 2007-2008, a project was initiated to move all communications directed to pension plan members onto a single Compensation Web repository. Before the repository, plan members went to one of three separate Branch Web sites to obtain information: the Compensation Sector site, the Pension and Benefits calculator site, and the Superannuation site. This project aims to create a common repository to store all PWGSC authored plan member communication products, thus ensuring that pension members have easier access to the information they require.

In January 2008, the contents of the Superannuation Web site were moved to this new repository and duplicate information was deleted. Those who want to access the former Superannuation Sector site (www.pwgsc.gc.ca/superannuation) are now redirected to the retired member page on the Portal at <http://pensionetavantages-pensionandbenefits.gc.ca/rtr/ppntrtr-rtrmmbr-eng.html>.

Recruitment and Development Programs

To continue to support the pension and pay administration of departments and agencies, PWGSC Compensation Sector created the Compensation Officer Apprenticeship Program in 2004-2005. In 2007-2008, an external recruitment process was initiated in addition to the internal component, which brings the total to 19 participating in the program. In addition, in 2007-2008, seven participants successfully progressed through the program.

The Superannuation Sector has developed a Pension Benefit Advisor Apprenticeship Program to address the need to replace employees who are retiring and/or leaving the organization. The four-year learning program develops competencies through a variety of experiences gained

through rotational assignments, mentoring, self-learning and classroom training. In 2007-2008, 20 recruits were hired within this program.

Internal Control Framework

The Compensation Sector has undertaken an initiative to document and assess internal controls. The project objectives are:

- to ensure effective internal control over the reliability of financial and non-financial reporting;
- to ensure adequacy of legislative and policy compliance controls over the pay and pension processes; and
- to ensure adequate operational controls for efficiency and effectiveness of operations.

The project has three phases:

- Phase I of the project was completed in 2007-2008. It consisted of documenting and testing of key controls in pay and pension manual processes to ensure the reliability of financial and non-financial information reporting and compliance with policies and legislation, and developing a framework to enable a yearly assessment of our program controls.
- Phase II, currently underway, consists of ensuring effectiveness and efficiency of key operational controls over pay and pension's documented manual processes. The expected result is to identify and streamline key controls that could be done more efficiently (preventive or automated). The impact of Pension Modernization on existing processes in the future will also be considered in this assessment.
- Phase III will consist of information technology system controls, such as general computer controls and application-specific controls for pay and pension, to increase the level of assurance of controls embedded in the mainframe and standalone systems.

Request for proposals to be done in 2009-2010, will bring in expertise to conduct Phase III.

Pension Initiatives

Transformation of Pension Administration

PWGSC Compensation Sector has undertaken several initiatives aimed at improving pension administration. These initiatives, designed to strengthen accountability, increase capacity, enhance system sustainability, and improve the overall quality and efficiency of work, are collectively referred to as the Transformation of Pension Administration. The initiatives include the Government of Canada Pension Modernization Project, the Centralization of Pension Services Delivery Project, the Pension Data Correction Project, the Pension Imaging initiative, and the Pension Communication and Web Development initiative. Although these are separate and distinct initiatives, each of them will provide the necessary services, processes and systems to enable a modern pension administration.

In June 2007, PWGSC received approval to proceed with the implementation phases of both the Government of Canada Pension Modernization Project and the Centralization of Pension Services Delivery Project. Over the next three and a half years, these projects will:

- undertake the transformation of pension administration business processes;
- centralize the delivery of pension services within a centre of pension expertise located in PWGSC's Superannuation Sector in Shediac, New Brunswick; and
- replace outdated systems infrastructure with a technical solution based on proven commercial off-the-shelf software products.

Government of Canada Pension Modernization Project

The Government of Canada Pension Modernization Project was initiated to ensure the ongoing capability to provide pension administration for federal public servants and pensioners, and to provide greater flexibility and functionality in service delivery. The current systems use outdated technology and rely on the expertise of key staff, many of whom are due to retire in the next few years.

Through extensive assessment activities, the Pension Modernization Project confirmed that the new commercial off-the-shelf software based solution proposed by the project vendor would meet technical and business requirements. Although the project is focused on the *Public Service Superannuation Act* administration, the project will implement a multi-plan solution that will provide for the implementation of other public service pension plans. In July 2007, following receipt of approval, the Pension Modernization Project began start-up activities for the implementation phase of the project. Implementation of the system will occur in a series of five releases, and each release will build upon the successful implementation of the previous one(s).

In October 2007, the Pension Modernization Project began the detailed design and construction of Release 1.0 which focuses on client services. This release will provide a case management application (Siebel) to track all activities related to telephone requests from active and retired members, as well as employers. The project has completed the detailed design for this release

and is presently developing organizational and operational transition plans. Implementation of Release 1.0 is expected to be completed in late 2008.

In January 2008, the project began the detailed design for Release 2.0, which focuses on functions related to the administration of accounts for active members. This release will replace the existing legacy Contributor System (and some associated systems) with a new application (Penfax) and will integrate it with the case management and workflow functions implemented in Release 1.0. The project is currently conducting detailed design workshops to define the business specifications that will be used to develop the new system components related to the administration of active member accounts.

In March 2008, the project began preparations for Release 1.5. This release, which will begin in May 2008, will build on the functionality of Release 1.0, to provide enhanced case management capabilities, including the electronic imaging of all incoming documents.

In addition to ongoing project activities, the Pension Modernization Project team has been assisting the RCMP with its study on the feasibility of using the Pension Modernization solution for the RCMP pension plan administration.

Centralization of Pension Services Delivery Project

The Centralization of Pension Services Delivery Project was initiated to contribute to PWGSC's vision to provide best practice pension administration services to all employees subject to the *Public Service Superannuation Act*. This will be accomplished by progressively implementing new and redeveloped pension services and by consolidating the delivery within PWGSC's centre of expertise in Shediac, New Brunswick. Centralization, in concert with the Pension Modernization Project, presents an opportunity to improve the consistency, accuracy and timeliness of service delivery at a reduced cost, to provide direct access to pension expertise, to enable direct problem resolution, and to eliminate duplication of effort and inherent deficiencies of the current delivery model.

Three services have been centralized to date: Division of Pension Benefits, Pension Transfers, and the management of the Retirement Planning Information Session. The centralization of the nine remaining pension services (Pre-employment Information, Spousal/Dependant Benefits Information, Service Purchase, Plan Enrolment, Orientation, Leave Without Pay, Employer Support, Pension Benefit Entitlements and Survivor Pension Entitlements) is scheduled for completion in 2010, and is aligned with the Pension Modernization Project releases.

Since receiving approval, efforts were concentrated on preparing for the centralization of the next two pension services: Pre-employment Information and Spousal/Dependant Information, to be centralized in May 2008. Sessions were held to develop and confirm the current, transitional and future maps and procedures related to the work processes for these services with the assistance of subject matter experts from the compensation community. Web information in support of the new services is available on the Government of Canada Web site, "Your Public Service Pension and Benefits", at: <http://pensionandbenefits.gc.ca/index.html>.

Business process reviews were conducted to capture the current compensation community work processes that pertain to Plan Enrolment and Orientation services to be implemented in April 2009, and to the Pension Benefit Entitlements and Survivor Pension Entitlements to be

implemented in March 2010. Business requirements related to those services were taken into consideration during the Pension Modernization Project's Release 2.0 detailed design exercise that began in January 2008.

Plans are underway to conduct an assessment of the compensation community pension workload. The purpose of this assessment is to identify organizations that have pension backlogs. The project team will then work with these organizations to ensure that the backlog is addressed prior to centralizing the pension service in Shediac.

The Compensation community focus group, created in 2003, was reactivated. The focus group is comprised of more than 60 representatives from approximately 30 client departments, separate employers, agencies and Crown corporations. This group assists the project team at various stages of the centralization process with business process mapping, validation sessions and information gathering.

Change management activities that focus on the people aspect of the projects are key to the success of the Transformation of Pension Administration. Activities supporting staff in their transition to the new service delivery model and the use of modernized tools are ongoing. A review of employees' current skills, as well as the identification of future skills and the analysis of any gap between the two, will lay the foundation for the operational and soft skills training plans.

An evaluation to assess the effectiveness of the centralization of the Retirement Planning Information Sessions program has been initiated and will be completed by September 2008.

Pension Data Correction Project

The objective of the Pension Data Correction Project is to correct pension accounts failing the integrated Pension Data Repository integrity test. The data integrity process facilitates compliance with the requirements of Bills C-71 (*Public Service Pension Reform*) and C-78 (*Pension Investment Board Act*) by ensuring the accuracy of pension contributions deducted and credited to the Public Service Pension Fund, and the accuracy of the salary and service upon which the contributions were based. The work of the Pension Data Correction Project is also considered to be a critical element for the success of the Pension Modernization Project, Centralization of Pension Service Delivery Project and Pension Communication and Web Development initiative.

The integrated Pension Data Repository is the primary tool used to ensure the integrity of pension data. Tests within the integrated Pension Data Repository calculate the required pension contributions based on a member's salary/service data reported in the Contributor System.

Since 2005, a team has been identifying the errors on accounts and sending out requests to regional pay offices and compensation advisors to confirm the information and make the necessary corrections. As of March 31, 2008, a total of 12,564 accounts have been corrected.

In addition to the work on the Pension Data Correction Project, PWGSC has launched a Data Integrity and Correction Initiative to ensure that changes required to the Regional Pay System and current business processes are in place as the Pension Modernization Project is implemented. As a result, changes to the Regional Pay System will be made to ensure the integrity of the pay

data that will be transmitted to the new pension solution and to minimize the need for manual intervention by the compensation community. A total of nine projects will be implemented from 2007-2008 through 2008-2009 to achieve this goal.

Sustainability of Systems

During 2007-2008, highlights of systems enhancements include modifications to:

- the Regional Pay System, the Contributor System, the Annuitant System, and other related applications to incorporate the amended retirement provisions for members employed in operational service at Correctional Service of Canada. Modifications to compensation systems were required to facilitate the new pension benefit provisions and contributions. These changes affected over 10,000 Correctional Service of Canada employees with operational service;
- the Regional Pay System, the Contributor System, and other related applications as the age for contributing to the Public Service pension plan increased from age 69 to 71;
- all compensation systems to reduce the factor used in the formula coordinating *Public Service Superannuation Act* benefits with the Canada Pension Plan/Quebec Pension Plan. This change, which is in plan members' favour, was introduced on January 1, 2008. The Compensation Sector calculated and reported a Past Service Pension Adjustment to the Canada Revenue Agency for all impacted accounts which represents over 350,000 individuals. A dedicated Information Centre was put in place in Shediac to respond to enquiries from active and retired plan members on this specific legislative change;
- the RCMP compensation system to reduce the Canada Pension Plan and the Quebec Pension Plan factor used in the formula for benefits coordination under the *Royal Canadian Mounted Police Superannuation Act*. The Compensation Sector calculated and reported Past Service Pension Adjustments for over 40,000 active and retired members of the RCMP. PWGSC provided policy support to the RCMP as the processes for amending the coordination of formula were similar for the *Public Service Superannuation Act* process; and
- the Canadian Forces Annuitant System to display information on Canada Pension Plan/Quebec Pension Plan reduction on the pension payment stub in order to better inform *Canadian Forces Superannuation Act* pension plan members, leading to an improved quality of service.

Pension Activities

In 2007-2008, PWGSC Compensation successfully performed the following key pension activities:

- Pension payment services were provided to 231,418 retired members under the Public Service pension plan; 109,151 retired members of the Canadian Armed Forces; 829 retired Members of Parliament; and 778 retired judges or their respective survivors.
- Approximately 230,000 client service bulletins were successfully delivered to retired plan members in January 2008.
- A total of 13,386 public service employees attended 647 Retirement Planning Information Sessions.
- In addition, over 1,760 compensation advisors attended 211 various other pension training courses across the country; an increase of 632 participants from 2006-2007.
- The Compensation Sector has been working with other government departments and provinces to share information about deceased members to identify fraud cases where payments continue to be made to accounts where members have died and payments should cease. In the Superannuation Sector, efforts are being made to identify potentially fraudulent cases.
- In partnership with Treasury Board Secretariat:
 - ❖ developed a common look for pension and benefits communication products. The application of a consistent design to all authoritative pension products conveys the partnership approach the plan sponsor and administrator have adopted. In addition, the common look helps plan members to readily identify authoritative pension and benefits information.
 - ❖ issued 279,028 pension and benefits statements to pension plan members between May and July 2007. The addition of a tracking system, as well as regular communication with other government department contacts, significantly improved the success of the 2007 distribution. Only 338 statements were returned.
 - ❖ designed, developed and distributed the first edition of the “Liaison” - the new pension and benefits newsletter for retired plan members.

Pension: Looking Ahead to 2008-2009

The following is a summary of the major initiatives scheduled for the next fiscal year:

- The Pension Modernization Project will complete the construction and implementation of new software that will allow compensation agents to have all of the information about a client in a single system (Release 1.0). The project will also complete the detailed design and begin construction for the functionality related to active-member accounts (Release 2.0) and for enhanced case management (Release 1.5).
- The Centralization of Pension Services Delivery Project will:
 - ❖ develop and implement business processes to provide Pre-employment Information, Spousal/Dependant Benefits Information and to streamline and modernize Service Purchase business processes;
 - ❖ develop the business processes related to Plan Enrolment and Orientation to help new employees;
 - ❖ begin to restructure the Superannuation Sector in order to accommodate the expanded services that they will deliver; and
 - ❖ develop training strategies, plans and supporting materials as a result of centralization.
- Subsequent to the centralization of Retirement Planning Information sessions, the Superannuation Sector will oversee the delivery of an estimated 450 pension-related sessions.
- PWGSC in partnership with Treasury Board Secretariat will continue working on the Pension and Benefits Portal. Noteworthy future enhancements include the addition of a new section titled “prospective members”. This section will support broader Public Service renewal initiatives by providing an overview of pension and insurance benefits - a key feature of public service employment. Other planned features include the addition of life events, the standardization of terminology, and revised “At a Glance” type documents for the *Public Service Superannuation Act* pension and benefit plans.
- The pension and benefits newsletter audience will be expanded to include survivors and dependants.
- The guide that accompanies the Pension and Benefits Statement will only be available online via the Portal. The cover of the statement will be redesigned to reflect the new common look for authoritative pension and benefits communication products and will be published as a Government of Canada document.
- The implementation of the Compensation Web Applications to all departments will continue and marketing of the Portal will get underway in 2008. Ongoing outreach activities including articles in relevant publications, attendance at government tradeshow such as the Government Technology Exhibition and Conference and professional development

conferences, such as the National Managers' Conference and National Public Service Week activities will continue.

- In 2008-2009, the Pension Data Correction Project will continue to review, analyze and correct accounts that fail data integrity.
- Work on Phase II of the Internal Control Framework that reviewed manual processes for pension and pay will continue into the second quarter of fiscal year 2008-2009; a feasibility analysis will be conducted, and a plan will be developed to assess internal controls embedded in systems at a later date.
- As part of the Pension Modernization Project, some issues have been identified related to data correction and the validity of the data in the existing applications. To ensure that the new pension system contains "clean" error-free data to the greatest extent possible, a significant work effort will be put toward the correction of the existing pension data.
- The purpose of the Pension Imaging Project was to implement imaging technology to the pension operations area of the Superannuation Sector, prior to Pension Modernization. In May 2008, the sector will begin to image service purchase-related documents.
- The Pension Services Directorate continues to seek a mechanism to obtain death information, in compliance with the *Privacy Act* and other applicable legislation and policies. This information will be used to ensure the timely cessation of Public Service pension plan and Canadian Forces pension plan payments upon a pension recipient's death.

Pay and Insurance Initiatives

Pay Administration Transformation Initiative

A number of key activities were undertaken in 2007-2008, including the following:

- continued to build a single repository of business requirements including business rules and key edits;
- completed the outline of a high-level process model to clearly delineate the scope of the Pay Administration Transformation Initiative and how it aligns to departmental responsibilities in human resources;
- initiated discussions with stakeholders on possible options to resolve the challenges faced by the federal government departments and agencies related to their capacity to deliver compensation services;
- developed an Outcomes Management Plan to clearly outline performance management parameters as the organization moves forward;
- worked diligently with Treasury Board Secretariat's Corporate Administrative Shared Services initiative and the Canada Public Service Agency's Common Human Resource Process initiative to better explore linkages and dependencies;
- conducted an independent Outsourcing Study to validate the findings; and
- developed a comprehensive procurement strategy to ensure project requirements are adequately addressed.

Compensation Training Redesign

PWGSC Compensation continued restructuring and redesigning paper-based self-instruction courses to capitalize on the potential of technology to empower learners with true self-directed learning.

In 2007-2008, work continued on the conversion of the Public Service Dental Care Plan and Pensioners' Dental Services Plan modules to online courses.

The following chart summarizes the number of pay and insurance training courses provided to clients across the country in 2007-2008.

Region	Courses	Participants
Atlantic	8	65
Quebec	13	78
National Capital Area	131	1,084
Ontario	25	130
Western	14	143
Pacific	5	46
Totals	196	1,546

Insurance Renewal

In 2007-2008, the Compensation Sector worked with the Pension Benefits Sector of Treasury Board Secretariat to develop business processes for the renewal of the Public Service Health Care Plan. This initiative will facilitate the introduction of a pay-direct drug card that will eliminate the need for plan members to pay for their prescription drugs upfront and seek reimbursement later. Analysis was initiated to identify problem areas and propose recommendations to improve the existing application process for Public Service Health Care Plan coverage.

Regional Pay Interface with the PeopleSoft Government of Canada, Human Resource Management System

In 2007-2008, the Compensation Sector worked closely with the Department of National Defence to ensure the successful phase 1 implementation of the pay interface between the Regional Pay System and the PeopleSoft Government of Canada, Human Resource Management System. To date, their Prairie region and their Montreal office have implemented the interface. It is anticipated that the full implementation will be completed by December 2008. This interface allows for significant efficiencies for departments by eliminating duplicate data entry, increasing data reliability and quality, streamlining workflow and saving time for human resources and compensation advisors, allowing them to focus on value added services rather than data management and correction.

Commemorative Coins - 2010 Olympic Winter Games

To commemorate the 2010 Olympic Winter Games that will be held in Vancouver, British Columbia, the Compensation Sector created a new payroll deduction program at the request of the Royal Canadian Mint. This program enables public servants to purchase, through regular payroll deductions, a series of gold and silver commemorative coins. To promote this initiative a handout was also distributed with regular payment statements to all employees.

Regional Pay System Improvements

In 2007-2008, significant work was conducted on the Regional Pay System to improve the accuracy of pay data. Nine initiatives were undertaken to ensure incorrect entry of pay information is reduced in the future. The following three initiatives were completed:

- **Change in Leave without Pay** - Changes were implemented to enable validation of data in cases where an employee returns to work after leave without pay for maternity, adoption, parental, and care of immediate family within or after 52 weeks of the date of birth or adoption of a child to ensure accurate recovery of pension deficiencies.
- **Improved tombstone data between systems** - Changes were implemented to align tombstone data between the pay and pension systems and the central index.
- **New Overtime Edit** - An edit was added within the extra duty (overtime) module of the pay system to issue a message to the compensation advisor when a transaction to pay overtime has already been submitted and processed for the same period.

In addition, systems development work was initiated on the following four initiatives that will help to reduce the workload of the compensation community:

- **Deduct pension contributions based on pension eligibility in effect during retroactive periods** - The retroactivity processing on all salary changes was enhanced to allow for the correct withholding of pension contributions when there is a change to pension eligibility during the retroactive periods. This also applies to employees that are on leave with income averaging, pre-retirement leave and education leave.
- **Historical salary amendments** - New functionality will be created in the pay system to ensure that the correct historical salary is used when amending salary, in order to prevent overpayment.
- **Changes required to recover overpayments on supplementary payments** - The pay system will be modified to ensure that appropriate pension contributions and other statutory deductions are withheld when there are insufficient monies to recover them from supplementary pay. These changes will also be helpful in identifying accounts with ongoing recoveries for the purpose of reconciling pension contributions on the accounts.
- **Hours, Days, Weeks indicator is missing and not being posted** - A solution is being developed to ensure that the hours, days and weeks worked are transferred accurately to the pension system, and to that ensure any entitlements are correctly attributed.

Work will continue on the above six initiatives into the 2008-2009 fiscal year, with all initiatives scheduled for implementation on or before December 2008.

Legislative Changes Implemented in Regional Pay System

In response to Treasury Board legislative changes, major modifications were made to the Regional Pay System. To ensure that the new pension contribution rates for Correctional Service of Canada operational employees are correct, a new pension type and a new contribution rate were created. In addition, refunds were automatically processed in the system to ensure operational employees were repaid their over-deduction of pension contributions for the period of time when the legislation was enforced (May 2006) until the system changes were made (June 2007).

Pay system modifications were also made to ensure that employee contribution rate changes were implemented. Additional edits were included in the system to assist compensation advisors in correctly entering pay transactions on overpayments.

Further to the transit pass credit announced in the May 2006 federal budget, which allows employees to claim the cost of commuting on public transportation, system changes were made to report payroll deductions on the 2007 tax slips (T4 and Relevé 1). In addition, system changes were made to ensure that the pension adjustment, noted on year end tax slips, is changed to coincide with the new pension legislation to reduce the Canada Pension Plan/Quebec Pension Plan factor used in the formula coordinating *Public Service Superannuation Act* benefits.

Preparing Regional Pay System for the New Pension Solution

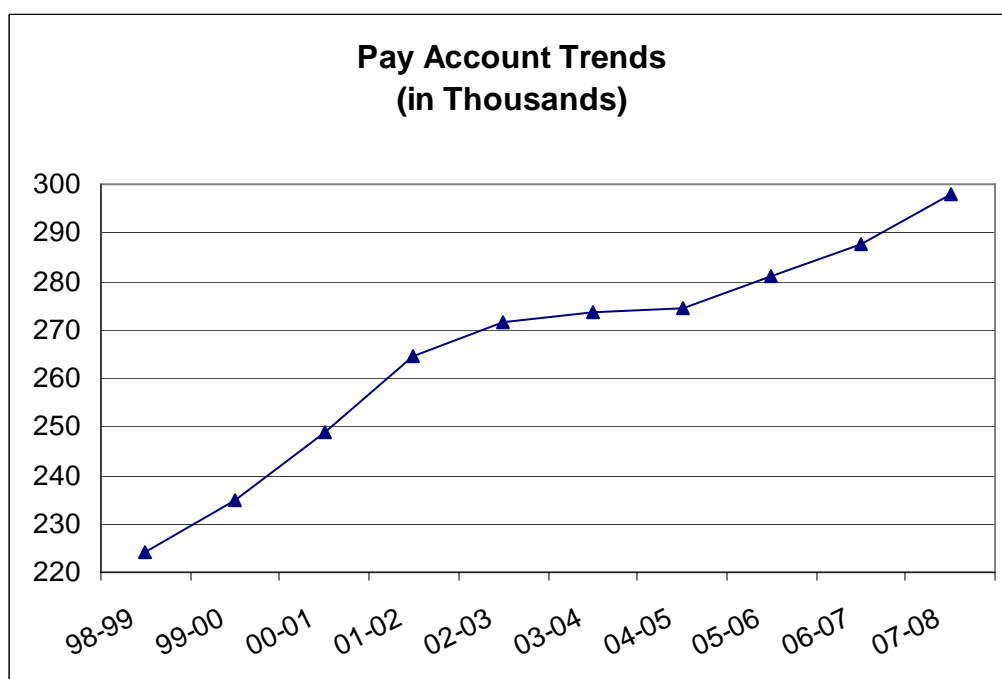
System modifications were completed this fiscal year to allow the future information flow between the pay system and the new pension system, and to ensure their availability, when required, during the phased implementation of the new pension system. This change ensured that only updated information on employee accounts is provided to the pension system. In addition, an interface was developed to provide pension adjustment information, used in year end tax reporting, to the new pension system.

Pay and Insurance Activities

In 2007-2008, PWGSC Compensation delivered the following key pay activities:

- Payments were issued on behalf of 109 client departments and agencies (departments and agencies whose employer is Treasury Board), separate employers (also considered public service), Crown corporations and the RCMP. The number of payments has increased by 229,373 or 2.5% from fiscal year 2006-2007.
- Biweekly, monthly or supplementary payments were issued in respect to 519 types of entitlements (signing bonus, isolated post allowance, bilingual bonus, etc.), on which over 500 types of deductions (union, insurance, additional tax, etc.) were made and remitted to 150 organizations (unions, agencies, provincial governments, credit unions, etc.).

The following chart depicts the historical trend of pay accounts administered under the Regional Pay System since 1998-1999 (does not include the RCMP).



- PWGSC Compensation processed 2,388 pay runs to issue these payments triggered by a total of 11.4 million pay transactions.
- There were approximately 43,000 requests for pay and pension-related information and guidance from clients.

The following table indicates the average number of accounts handled by departmental compensation advisors and PWGSC pay and pension agents.

Account Per Departmental Compensation Advisor/PWGSC Pay and Pension Agent					
Year	Accounts	Compensation Advisors	Accounts per Advisor	PWGSC Pay and Pension Agents	Accounts per Pay and Pension Agent
2000	234,811	1,499	157	92	2,552
2001	248,699	1,489	167	92	2,703
2002	264,500	1,689	157	101	2,619
2003	271,431	1,707	159	102	2,661
2004	273,463	1,621	169	101	2,708
2005	274,305	1,736	158	98	2,799
2006	281,214	1,761	160	90	3,125
2007	287,747	1,859	155	87	3,307
2008	297,942	2,000	149	88	3,386

- In addition, 217 technical system updates were released for production to:
 - ❖ meet legislative requirements (new pay allowances, changes to pension plan regulations, etc.);
 - ❖ improve regular system maintenance (tax year end, new year updates, etc.); and
 - ❖ add system enhancements.
- PWGSC implemented a total of 172 collective agreements, letters of authority and pay rate changes within the required timelines.
- PWGSC Compensation continued to provide expertise and training in pay and statutory deductions to ensure the implementation of compensation-related legislation and policies. The Regional Advisory and Training Network, comprised of analysts from the National Capital Area and the regional offices, harmonizes the dissemination of compensation policy, procedures, and ensures uniformity of compensation practices throughout the country. Regional communication with clients is accomplished through client inquiries, notifications (directives, bulletins and communiqués), and online broadcast messages.

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- The Compensation Sector participated in the Interdepartmental Compensation Capacity Building sub-working group on “Training & Professional Development.” The sub-working group is responsible for the development of a centrally managed developmental program to bring new departmental compensation advisors to the full working level as part of an overall professional development framework. The program will focus on a core set of skills, with a mix of classroom and on-the-job training, and will be developed and delivered in partnership with PWGSC Compensation and the Canada School of Public Service.
 - In 2007-2008, 49 compensation advisors received letters of offer under the Human Resources Capacity initiative. In addition, departments have hired a large number of compensation advisors through their regular staffing activities. The net result of this was a 105% increase in the number of PWGSC pay and insurance courses delivered in 2007-2008 in the National Capital Area, where the bulk of the new compensation advisors were hired, and an increase of 171% in the number of participants.
 - A continued emphasis was placed on communicating with compensation clients and providing them with the necessary tools for accuracy and consistency in the application of compensation policies and procedures. Most publications issued are available at the following Compensation Sector Web site address:
<http://www.tpsgc-pwgsc.gc.ca/remuneration-compensation/txt/index-eng.html>.

Pay and Insurance: Looking Ahead to 2008-2009

The upcoming fiscal year will bring new challenges and allow for the completion of many important initiatives. Below are some of the key activities that will define those challenges:

- The Pay Administration Transformation Initiative will continue to strive towards obtaining approval to implement a system allowing greater flexibility and functionality, and improved efficiency and effectiveness in service delivery. The key deliverables for the next phase will be:
 - ❖ acquiring a commercial off-the-shelf solution;
 - ❖ pursuing procurement activities for a Solution Integrator;
 - ❖ developing a future process model;
 - ❖ conducting a fit/gap analysis that will include substantive costs for the implementation phase which consists of: design, development/configuration, testing, training, piloting and implementation.
- The Pay Administration Transformation Initiative will also complete its work in gathering and documenting business and technical requirements, and will continue to:
 - ❖ build linkages between the human resource processes being documented by the Canada Public Service Agency and the payroll processes that are PWGSC's exclusive mandate; and
 - ❖ develop alternate service delivery models.
- The Compensation Web Applications will continue to be deployed to departments and agencies across the government. The Compensation Sector will work closely with departments and agencies to ensure the deployment process is understood, to address their business, technical and/or security issues and to assist them with their communications to increase the take-up rate. Pre-implementation activities, such as system connectivity testing and a pilot of a small number of designated users, will continue to ensure a successful launch of the applications, and service standards will be developed in order to provide quality service and user satisfaction.
- The option to stop the printing of tax slips will be developed and implemented for those employees on Compensation Web Applications. Employees will also be able to revert to the print option, if required. This will contribute to the government sustainable development objectives by reducing paper usage. In addition, next year, employees will have access to historical tax slips, commencing with the 2007 taxation year.
- The Compensation Sector will continue to participate with Treasury Board Secretariat on the renewal of the Public Service Health Care Plan, by developing an optional enrolment solution for employees via the Compensation Web Applications, and provide data that will

help to ensure the information necessary to properly adjudicate Public Service Health Care Plan claims is provided to the Plan Administrator.

- PWGSC Compensation will continue to participate in the Interdepartmental Compensation Capacity Building sub-working group on “Training & Professional Development” to develop a centrally managed developmental program to bring new compensation advisors to the full working level as part of an overall professional development framework.
- Changes will be completed in the Regional Pay System to improve the quality of the data entering the pension solution and minimize incorrect data as much as possible.
- In 2008-2009, once Treasury Board policies are finalized, the following changes will be made to the PWGSC pay system:
 - ❖ Conversion to a single personal record identifier will be made. Currently employees who have worked with various government employers (e.g. a department within the core public administration and a separate agency) are issued a different personal record identifier when they move to the new employer. Next year, a system change will be made to issue one personal record identifier only and employees who previously had two personal record identifiers will use the last one issued;
 - ❖ Development work will be completed to ensure that when there is insufficient pay to cover all authorized deductions, the pay system processes deductions from employees’ cheques in the order stipulated in the revised Treasury Board Secretariat policy.