

**FOLLOW-UP AUDIT
PAY AND BENEFITS**

FINAL REPORT

Prepared by:

Office of Internal Audit and Evaluation

DECEMBER 2009

**Her Majesty the Queen of Canada, represented by
the Chief Executive Officer of Parks Canada, 2010
Catalogue No.: R62-392/2010E-PDF
ISBN: 978-1-100-15544-9**

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Report presented to the Audit Committee at the meeting of March 18, 2010.

SUMMARY

At the request of the Audit Committee, the Office of Internal Audit and Evaluation (OIAE) conducted a follow-up audit of the administration of pay and benefits, specifically including an audit of the administration of overtime.

The objective of the follow-up audit was to ensure that the undertakings made by management in response to the recommendations set out in the 2006 audit report were met and that the measures put in place to guarantee the accuracy and integrity of pay and benefits are working.

Because overtime was added to the project, the audit will focus more on that element than would normally be the case in a regular follow-up.

The scope of the follow-up audit includes a review of actions taken, processes and documentation of pay transactions, including base pay, retroactive pay, overtime, severance, bonuses and leave, in accordance with the policies, procedures and collective agreement in effect at the Parks Canada Agency. Specifically excluded from the audit are overtime allocation and management of access to information systems.

The audit method included a review of relevant documents, interviews with staff responsible for and involved in the pay and benefits process and overtime allocation and pay, and analysis of a sample of transactions in each unit responsible for processing time sheets. The on-site work was carried out between May 6 and August 11, 2009.

The audit engagement was planned and conducted to be in accordance with the Internal Audit Standards for the Government of Canada.

CONCLUSION

The audit work showed that processes were put in place to correct the problems identified in the 2006 audit. However, we did find some shortcomings regarding the processing of reports on hours worked and overtime; supporting documents; the roles and responsibilities of stakeholders; etc. Improvements are still needed to ensure compliance with PCA and TBS policies and directives and the standards set out in the current collective agreement.

The table below compares the rating given to the items audited in 2006 and 2009.

Item	2006 Rating	2009 Rating
6.1.1 An appropriate organizational structure is in place to ensure compliance to policies, efficient and effective service delivery and financial integrity.	Moderate Improvements Needed	Significant Improvements Needed
6.2.1 Taken-on-strength (TOS) and Struck-off-strength (SOS) procedures and practices comply with Acts and regulations and Parks Canada policies and directives.	Moderate Improvements Needed	Minor Improvements Needed
6.2.2 Executive pay services are provided consistently and efficiently across the Agency.	Moderate Improvements Needed	Controlled
6.2.3 Adequate controls have been established and implemented for pay transactions, and the pay processes are efficient and effective and part of the Agency's financial management framework.	Minor Improvements Needed	Significant Improvements Needed
6.2.4 Allowances are paid as per the provisions of the collective agreement.	Minor Improvements Needed	Moderate Improvements Needed
6.2.5 Controls over the payment of bilingual bonus.	Significant Improvements Needed	Moderate Improvements Needed
6.2.6 Leave without pay is authorized in accordance with the Parks Canada collective agreement or appropriate conditions of employment.	Minor Improvements Needed	Moderate Improvements Needed
6.3.1 Management of leave within Parks Canada is in accordance with the Parks Canada collective agreement and Agency policies and procedures, and the process for leave requests and their approvals is clear, consistent, understood by staff, properly documented and based on sound decision-making.	Minor Improvements Needed	Minor Improvements Needed
6.3.2 Mechanisms are in place to record and account for leave, including entry into the Leave Reporting System (LRS), as well as to ensure that all leave is recorded in a timely and efficient manner.	Significant Improvements Needed	Moderate Improvements Needed
6.3.3 A leave monitoring system has been set up to identify and correct data inaccuracies, system weaknesses, potential abuse, trends and is used for planning purposes (i.e. scheduling, budgeting).	Significant Improvements Needed	Moderate Improvements Needed

The following is a list of recommendations to the Chief Human Resources Officer and the Directors General for Western and Northern Canada and Eastern Canada

6.1.1 An appropriate organizational structure is in place to ensure compliance with policies, efficient and effective service delivery, and financial integrity

1. The Chief Human Resources Officer and the directors general for Western and Northern Canada and Eastern Canada should ensure that the organizational structure and levels of accountability for the delivery of pay and benefits services are consistent.
2. The Chief Human Resources Officer should ensure that the roles and responsibilities of managers, supervisors, staffing officers and compensation

advisors in their pay actions are clearly defined and that those guidelines are communicated to managers and applied.

3. The Chief Human Resources Officer should ensure that clear directives are established regarding the retention period and filing of pay records.

6.2.1 Taken-on-strength (TOS) and Struck-off-strength (SOS) procedures and practices comply with statutes and regulations and Parks Canada policies and directives

4. The Chief Human Resources Officer and the directors general for Western and Northern Canada and Eastern Canada should ensure that the necessary pay documents and checklists are completed and placed in the employee's file for all TOS transactions.
5. The Chief Human Resources Officer and the directors general for Western and Northern Canada and Eastern Canada should ensure that compensation staff have clearance reports for all struck-off-strength transactions.

6.2.3 Adequate controls have been established and implemented for pay transactions, and the pay processes are efficient and effective and part of the Agency's financial management framework

6. The Chief Human Resources Officer and the directors general for Western and Northern Canada and Eastern Canada should ensure that pay transactions are supported by appropriate documentation and bear the authorization signatures required by FAA section 34.
7. The Chief Human Resources Officer and the directors general for Western and Northern Canada and Eastern Canada should ensure that a concrete and effective approach is used to audit pay transactions.
8. The Chief Human Resources Officer and the directors general for Western and Northern Canada and Eastern Canada should ensure that compensation advisors are identified on documentation for pay system entries.
9. The Chief Human Resources Officer and the directors general for Western and Northern Canada and Eastern Canada should ensure that pay authorizations under FAA section 33 are supported by periodic audits of a sample of transactions.

6.2.4 Allowances are paid as per the provisions of the collective agreement (except the bilingual bonus)

10. The Chief Human Resources Officer should ensure that clear directives regarding the use of acting assignments and the Interchange Canada program are established and communicated.

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11. The Chief Human Resources Officer should ensure that the collective agreement is interpreted consistently so that the practices used in paying allowances are also consistent.
 12. The Chief Human Resources Officer and the directors general for Western and Northern Canada and Eastern Canada should ensure that delegated managers are familiar with and apply the clauses in the collective agreement pertaining to allowances.
 13. The Chief Human Resources Officer and the directors general for Western and Northern Canada and Eastern Canada should ensure that the information in pay transaction documentation is complete and compliant and that clear direction is given in cases of non-compliance.

6.2.5 Controls over payment of the bilingual bonus

14. The Chief Human Resources Officer and the directors general for Western and Northern Canada and Eastern Canada should ensure that bilingualism requirements are met and that payment of the bilingual bonus is properly documented with respect to position requirements and the employee's official results.
15. The Chief Human Resources Officer and the directors general for Western and Northern Canada and Eastern Canada should ensure that internal controls to prevent errors in payment of the bilingual bonus are strengthened.

6.2.6 Leave without pay is authorized in accordance with the Parks Canada collective agreement or appropriate conditions of employment

16. The Chief Human Resources Officer and the directors general for Western and Northern Canada and Eastern Canada should ensure that tracking of extended leave is established.
17. The Chief Human Resources Officer and the directors general for Western and Northern Canada and Eastern Canada should ensure that managers are given clear direction regarding the use of leave without pay.
18. The Chief Human Resources Officer and the directors general for Western and Northern Canada and Eastern Canada should ensure that processing of leave without pay is properly documented and that the information is complete.

6.3.1 Management of leave within Parks Canada is in accordance with the Parks Canada collective agreement and Agency policies and procedures, and the process for leave requests and their approvals is clear, consistent, understood by staff, properly documented and based on sound decision-making.

19. The Chief Human Resources Officer and the directors general for Western and Northern Canada and Eastern Canada should ensure that use of the LRS becomes mandatory except:

- by employees who may not have access to a computer that supports the LRS or
- to authorize leave not supported by the LRS. Such transactions must, however, be properly documented so that they can be tracked manually.

6.3.2 Mechanisms are in place to record and account for leave, including entry into the Leave Request System (LRS), as well as to ensure that all leave is recorded in a timely and efficient manner

20. The Chief Human Resources Officer should ensure that a monitoring system is put in place to:

- detect and resolve errors in LRS data; and
- ensure that employees are not able to authorize leave for themselves.

21. The Chief Human Resources Officer should ensure that a system of controls is put in place to reconcile PeopleSoft and LRS data.

6.3.3 A leave monitoring system has been set up to identify and correct data inaccuracies, system weaknesses, potential abuse and trends and is used for planning purposes (i.e., scheduling, budgeting)

22. The Chief Human Resources Officer and the directors general for Western and Northern Canada and Eastern Canada should ensure that sick leave advances remain within the allowable limits and that such advance are tracked by compensation managers.

23. The Chief Human Resources Officer and the directors general for Western and Northern Canada and Eastern Canada should ensure that the granting of annual leave does not exceed those granted under the collective agreement.

24. The Chief Human Resources Officer and the directors general for Western and Northern Canada and Eastern Canada should ensure that managers are given clear direction regarding the use of “other paid leave.”

25. The Chief Human Resources Officer should ensure that the system used is capable of detecting overruns of leave limited to a specific number of days.

Overall Management responses

This audit follows up on the recommendations of the 2006 audit. Management recognized the importance of the issues raised in that audit and focused its efforts on addressing the issues that had the most serious consequences. Nevertheless, the 2009 audit demonstrates that some of the actions taken in response to the 2006 audit have not delivered the expected results.

While not directly related to either the 2006 or 2009 audits, it is worth mentioning that over the last seven years, the Agency carried out the National Classification Review (NCR), which was a complete review of the classifications of its positions. In doing so, it committed to providing retroactive pay from as far back as April 1, 1999, to employees who at any time occupied a position that was reclassified at a higher level.

While the recommendations of the 2006 audit were being addressed between 2006 and 2009, the retroactive pay exercise associated with the NCR was also underway. This resulted in a thorough review of the employment and pay histories of active and retired employees since 1999. In a number of cases, corrections were made to pay files that either favoured employees or resulted in the Agency being able to recover past overpayments.

This exercise also resulted in improvements to processes and timeliness. The Agency gained significantly through the complete updating of its electronic employment and compensation data, which now provides a solid basis for enhanced administration of compensation and its future automation.

Finally, the signing of a new Collective Agreement in early 2009 required a further verification of all employee pay accounts followed by the payment of retroactive salary adjustments. The Compensation community while maintaining day-to-day operations accomplished all of this.

Although this follow-up audit identifies issues and makes recommendations under Pay and Benefits, an appropriate response to some of these requires the participation of other leadership in the Agency and of other functions both inside and outside the Human Resources function.

It should also be noted that since the follow-up audit was conducted, the title Compensation Supervisor has been changed to Compensation Manager. These two titles are used interchangeable in this document.

1. BACKGROUND

A preliminary survey was conducted in 2004 by Samson & Associates, under direction of the Office of Internal Audit and Evaluation, to identify potential areas of risk in the administration of pay and benefits. Subsequent to the survey, an audit was conducted in two pay offices located into service centres and National Office in 2006. The audit consisted in assessing the organizational structure and the systems and controls in place to administer pay and benefits. The audit did not include processing of regular pay for employees or overtime.

Furthermore, in its annual audit of the Agency's 2006–2007 financial statements, the Office of the Auditor General of Canada (OAG) identified substantial overtime expenditures. As a result of that finding, the internal audit group produced a description of the process used to allocate, authorize and process overtime in 2008.

The 2006 audit brought to light a number of shortcomings that required action by the Human Resources Directorate. The audit committee was so concerned by the audit findings that a formal follow-up was requested in order to ensure that the action plan put forward by the Human Resources Directorate was being implemented. In addition, the description of the overtime management process produced in 2008 highlighted shortcomings that needed to be corrected in order to reduce the risk associated with that budget item.

It was agreed that the follow-up audit of the administration of pay and benefits would also include an audit of overtime management. That audit was incorporated into the 2008–2009 annual audit plan and confirmed as a planned activity for 2009–2010.

The following is a summary of the Agency's salary expenditures for the 2007–2008 fiscal year:

Description	Amount	%
Base salaries	\$252,873,700	74.6%
Employer contributions	\$48,547,500	14.3%
Retroactive pay	\$7,439,100	2.2%
Isolated posts	\$6,485,000	1.9%
Overtime	\$5,858,600	1.7%
Severance	\$4,979,200	1.5%
Allowances and costs	\$3,606,800	1.1%
Bonuses other than bilingual bonus	\$2,675,600	0.8%
Annual or statutory leave	\$2,409,200	0.7%
Maternity allowances	\$2,033,400	0.6%
Worker's compensation	\$1,204,500	0.4%
Bilingual bonus	\$846,400	0.2%
Signing bonuses	\$100	0.0%
Total	\$338,959,100	100%

In 2007–2008 salary expenditures were almost \$339 million, or approximately 53% of the Agency's total expenditures (\$636 million).

2. OBJECTIVES AND SCOPE

The objective of this follow-up audit is to ensure that the undertakings made by management in response to the recommendations set out in the 2006 audit report were met and that the measures put in place to guarantee the accuracy and integrity of pay and benefits are working.

Because overtime was added to the project, the audit will focus more on that element than would normally be the case in a regular follow-up.

The scope of the follow-up audit includes a review of actions taken, processes and documentation of pay transactions, including base pay, retroactive pay, overtime, severance, bonuses and leave, in accordance with policies, procedures and collective agreement in effect at the Parks Canada Agency.

The audit of the compensation process covers expenses incurred between June 2008 and August 2009, depending on the site visited.

Limits

It is important to note that the following items are not included in this audit: overtime allocation and management of access to information systems.

3. METHOD

The audit method comprised:

- Review of documentation including:
 - the current collective agreement;
 - the Policy on Isolated Posts;
 - the Parks Canada Agency handbook;
 - the initial 2006 audit;
 - the 2008 description of the overtime process;
 - the Directive on Executive Compensation (TBS);
 - the Bilingualism Bonus Directive (TBS);
 - the Interchange Canada Policy and Directive (TBS).
- Interviews with compensation staff involved in the pay and benefits process and the allocation and processing of overtime.

- Analysis of a sample of transactions in each unit responsible for processing time sheets (Quebec City, Cornwall, Halifax, Winnipeg and Calgary Pay offices located in Service Centers and National Office, as well as four satellite offices: Peterborough, Chambly, Mauricie and Gaspé).

Our observations and recommendations have been made in accordance with the following Audit Reporting Rating System.

Audit Reporting Rating System		
RED	Unsatisfactory	Controls are not functioning or are nonexistent. Immediate management actions need to be taken to correct the situation.
ORANGE	Significant Improvements Needed	Controls in place are weak. Several major issues were noted that could jeopardize the accomplishment of program/operational objectives. Immediate management actions need to be taken to address the control deficiencies noted.
YELLOW	Moderate Improvements Needed	Some controls are in place and functioning. However, major issues were noted and need to be addressed. These issues could impact on the achievement or not of program/operational objectives.
BLUE	Minor Improvements Needed	Many of the controls are functioning as intended. However, some minor changes are necessary to make the control environment more effective and efficient.
GREEN	Controlled	Controls are functioning as intended and no additional actions are necessary at this time.

4. STATEMENT OF ASSURANCE

The audit engagement was planned and conducted to be in accordance with the Internal Audit Standards for the Government of Canada.

5. CONCLUSION

The audit work showed that processes were put in place to correct the problems identified in the 2006 audit. However, we did find some shortcomings regarding the processing of reports on hours worked and overtime; supporting documents; the roles and responsibilities of stakeholders; etc. Improvements are still needed in order to ensure compliance with PCA and TBS policies and directives and the standards set out in the current collective agreement.

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6.2.2 Executive pay services are provided consistently and efficiently across the Agency.	Moderate Improvements Needed	Controlled
6.2.3 Adequate controls have been established and implemented for pay transactions, and the pay processes are efficient and effective and part of the Agency's financial management framework.	Minor Improvements Needed	Significant Improvements Needed
6.2.4 Allowances are paid as per the provisions of the collective agreement.	Minor Improvements Needed	Moderate Improvements Needed
6.2.5 Controls over the payment of bilingual bonus.	Significant Improvements Needed	Moderate Improvements Needed
6.2.6 Leave without pay is authorized in accordance with the Parks Canada collective agreement or appropriate conditions of employment.	Minor Improvements Needed	Moderate Improvements Needed
6.3.1 Management of leave within Parks Canada is in accordance with the Parks Canada collective agreement and Agency policies and procedures, and the process for leave requests and their approvals is clear, consistent, understood by staff, properly documented and based on sound decision-making.	Minor Improvements Needed	Minor Improvements Needed
6.3.2 Mechanisms are in place to record and account for leave, including entry into the Leave Reporting System (LRS), as well as to ensure that all leave is recorded in a timely and efficient manner.	Significant Improvements Needed	Moderate Improvements Needed
6.3.3 A leave monitoring system has been set up to identify and correct data inaccuracies, system weaknesses, potential abuse, trends and is used for planning purposes (i.e. scheduling, budgeting).	Significant Improvements Needed	Moderate Improvements Needed

6. **OBSERVATIONS AND RECOMMENDATIONS**

The table below summarizes the status at the time of the follow-up audit of the recommendations made in 2006. For purposes of the follow-up audit, transactions were selected in order to validate the existing processes and ensure compliance with policies and regulations. However, our review of those transactions brought to light anomalies that led to new recommendations.

For situations deemed to be in compliance, we indicate in the *Action Required in 2009–2010* column that no additional measures are needed. For recommendations that the Chief

Human Resources Officer and/or the directors general for Western and Northern Canada and Eastern Canada have not yet met, we provide a brief description of the corrective measures that need to be taken and include a cross reference to the relevant section. The new recommendations in the following sections cover both the 2006 audit and the new findings.

Table 1. Status of recommendations made in 2006

	2006 Recommendation	Management Response	Status in 2008–2009	Action Required in 2009–2010
Organizational structure - Yellow	1. Ensure that the current organizational structure and accountability for the delivery of compensation and benefits services is reviewed and assessed so that the optimum level of compensation services is provided to all employees.	The current reporting structure of Compensation and Benefits is not significantly different from other parts of the Public Service. In most non-centralized departments, compensation operations do not report to Compensation and Benefits at the National Office. In terms of background to the current structure at Parks Canada, the Executive Board, the Agency CEO and DGs approved, during a retreat in March 2001, HR strategies for the short and long term and how best to structure HRNO. The Executive Board decided that the HR model should be aligned with the overall accountability and organizational structure of Parks Canada, whereby the National Office would have key responsibility for policy, standards and monitoring and for HR functional direction, and the DG East and DG West/North would have primary responsibility for coordination of program delivery and operations. This change took effect April 1, 2001. However, in keeping with the ongoing changes in central agency service delivery models, Parks Canada is conducting a national review of the organizational structure within Compensation, including the current accountability structure.	Process being implemented	<p>Changes have been made to the organizational structure, and one satellite office has been closed. There are still four satellite offices that should be closed by 2011.</p> <p>Compensation managers in the various service centres report to compensation managers in Cornwall and Calgary.</p> <p>Compensation managers in Cornwall and Calgary do not have the same responsibilities.</p> <p>Staff in the satellite offices in Eastern Canada report to compensation managers in Quebec City or Cornwall.</p> <p>See section 6.1.1, Recommendation 1</p>

	<p>2. Ensure that existing guidelines be updated and expanded to clearly define and communicate the responsibilities of the manager, supervisor, staffing officers/HR advisors, and compensation and benefits advisors in the process for effecting pay actions and that these guidelines be communicated to managers and be supported by senior management.</p>	<p>The Compensation and Benefits service standards, which were developed, approved by Senior Management, and issued to Managers, HR Managers, Finance and Compensation staff in December 1999 will be updated. These include the responsibilities of the Manager, HR Manager, Compensation and Benefits, and Finance in the processing and documentation required to effect pay actions. The standard will also include PeopleSoft protocols, in anticipation of the implementation of the pay interface. These standards will then be communicated to Managers, HR Managers, Compensation and Finance staff. We are targeting April 2008.</p>	<p>Not met</p>	<p>The existing guidelines do not clearly define the responsibilities of the manager, supervisor, staffing officers/HR advisors and compensation and benefits advisors in the process for effecting pay actions.</p> <p>New delegation of authority has been established but was not yet official at the time of the audit.</p> <p>See section 6.1.1 Recommendations 2 and 3</p>
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Taken-on-strength (TOS) and Struck-off-strength (SOS) - Yellow</p>	<p>3. Ensure that employee files contain the adequate documentation which provide compensation staff with the authority to pay.</p>	<p>As stated in the audit report, the 2005 staffing letters of offer showed a marked improvement over the letters examined from early 2004. The standard letters of offer are reviewed and updated from time to time and were updated most recently in April 2006 to include the Code of Ethics requirement and are available on the HR Library to all HR staff. At that time, a communication was sent to the HR Managers to advise them of the updated letters, as well as to introduce two new documents. These new documents are “What letter to use” (depending on type of employment) and “Information applicable to your employment” (which is completed and attached to letters of offer). This latter document includes the required information regarding the bilingual bonus. We will investigate the possibility of capturing the attachment information in the letter of offer to ensure that Compensation staff receive all documentation required.</p>	<p>Partly met</p>	<p>The templates for letters of offer are very similar from region to region. The bilingual bonus is routinely mentioned. However, the position language requirements are not always clearly indicated.</p> <p>The content of call-back or extension letters for seasonal and acting employees can vary in terms of language requirements from one year to the next, and the pay scales are not always indicated.</p> <p>Documentation can be sent to compensation advisors after the fact.</p> <p>See section 6.2.1 Recommendation 4</p>

	4. Ensure that a common set of checklists are developed for TOS and SOS actions.	Checklists for TOS and SOS actions are now available on the Publiservice Virtual Pay Web site, which is available to all Compensation staff. A Compensation Directive will be issued to ensure Parks Canada Compensation staff use these checklists.	Partly met	Checklists have been added to the virtual pay system and are available and known to all compensation advisors. However, they are not used in all service centres and satellite offices and are not routinely placed in the employee's file. See section 6.2.1 Recommendation 4
	5. Ensure that employee clearance reports are received by compensation staff for all SOS actions.	The procedures for employee clearance reports will be reviewed by National Office and discussed with the Compensation Managers. These procedures, along with a generic clearance form, will be provided to Compensation and Finance staff as well as HR Managers. We are targeting September 2007.	Not met	The clearance form is not used routinely in all locations. There was no clearance form in most of the files audited. The employee and his or her supervisor are responsible for completing a clearance form. See section 6.2.1 Recommendation 5
Executive pay- Yellow	6. Ensure that an independent pay verification process is in place for Executive pay transactions.	In light of the sensitivity and confidentiality of the information, there is currently no "buddy" system in place for verification. There are not a lot of PCX transactions, as this is a fairly stable group. There is a special allocation for the PCX group, which is monitored by the HRNO Finance and Administration Officer as well as the Chief Financial Officer. As a result, errors are guarded against and would be detected. However, on a quarterly basis, we propose to do some sampling of transactions after the fact to determine the rate of error.	Met	Verification is done by another compensation advisor.
Controls for pay transactions and compensation process - Blue	7. Ensure that procedures for the authorization of pay transactions are developed and communicated and that a consistent approach to pay verification is implemented across the Agency.	The financial authorities related to FAA section 33 have been in place for many years in the Public Service, including Parks Canada, which was previously affiliated with different departments prior to becoming an Agency on April 1, 1999. We will meet with the Chief Financial Officer to discuss the issues related to FAA section 33. The pay verification procedures in place in the Compensation units will also be reviewed.	Partly met	Compensation managers now do payment authorizations (S33). Pay verification procedures are inadequate. See section 6.2.3 Recommendations 6 and 7

	8. Ensure that guidelines for service centres financial officers, which outline the pay transaction authorization process, associated sampling process, and documentation requirements are developed.	Same as response to Recommendation 7.	Partly met	<p>Half-day training session provided for financial officers whose duties include authorizing payments (in place of compensation managers).</p> <p>In the majority of cases, no sampling method is used.</p> <p>See section 6.2.3 Recommendation 9</p>
Bilingual bonus - Orange	9. Ensure that compensation staff receive the necessary documentation, on a timely basis, to support the commencement and cessation of the bilingual bonus.	Compensation staff require this information in a timely manner. Appropriate measures will be taken to ensure that the HR Managers put the information regarding the employee's entitlement to the bilingual bonus on the staffing file in cases of acting situations and that this information is also provided to Compensation staff to authorize the payment or cessation of the bilingual bonus, where applicable. A review of the concurrence of the information between the position and the incumbent is currently underway and, where applicable, any changes related to the payment or cessation of the bilingual bonus will be provided to Compensation. Compensation will work with the Official Languages group to address the issue.	Partly met	<p>An attachment explaining the bilingual bonus is sent with letters of offer.</p> <p>The handling of extensions and acting positions is inconsistent.</p> <p>See section 6.2.5 Recommendation 14</p>
Leave without pay - Blue	10. Ensure that Compensation Managers have an active role in monitoring LWOP cases.	Monitoring of LWOP will take place. Compensation and Managers have a role to play. While a significant number of LWOP transactions were processed in 2004–2005, amounting to \$3 million, much of that was related to the strike that occurred in that year and lasted 64 days. To further strengthen our controls in this area, the National Office will investigate the possibility of managing requests for LWOP through the LRS. Following from a review of the LWOP accounts on a national basis, Parks Canada through the CHRO will commence with a comprehensive return to work program. This program will have the goal of reducing the amount of LWOP necessary to ensure that employees are returning to their positions after illness or injury. The revised return to work program will commence in early 2007–2008.	Not met	<p>A committee has been set up for a return to work program. The program is designed for employees who are returning to work after leave related to illness or injury.</p> <p>There is currently no tracking done by compensation managers.</p> <p>See section 6.2.6 Recommendations 16, 17 and 18</p>

Management of leave – Blue	11. Ensure that use of the Leave Request System (LRS) becomes a mandatory requirement for the processing of leave requests.	To date, the LRS system has been rolled out to 98% of the staff. Steps will be taken to make the Leave Request System (LRS) mandatory where possible immediately in order to ensure full usage of the system. Work will continue on resolving the issue of employees who do not have access to a computer and in the interim will continue to promote the use of the Third Party function in the Leave Request System (LRS). Plans are being developed to include functionality for Extra Duty and Overtime, complete with the ability to do scheduling forecasts, and expand the capabilities for reporting purposes, within the Leave Request System (LRS). The functionality for Extra Duty and Overtime is targeted for late 2007–2008.	Partly met	Most employees appear to be using the Leave Request System. However, manual requests are still processed by compensation advisors in several locations even though employees have direct or indirect access to the system. See section 6.3.1 Recommendation 19
	12. Ensure that step-by-step procedures for accessing and using the LRS are developed.	A Procedure / Training manual will be developed for the Leave Request System (LRS) to assist new employees and those employees who are infrequent users of the Leave Request System (LRS). Target date is April 2007.	Met	The Leave Request System is featured on the Agency's intranet site. On-line help is available, and there is a link to user assistance.
Leave monitoring system - Yellow	13. Ensure that a leave monitoring system is implemented to identify and correct data inaccuracies, system weaknesses, potential abuse and trends.	Management will develop a leave monitoring system that will address inaccuracies by analyzing random reports of the various leave entitlements on a cyclical basis. Since the period of investigation of this Audit, Management has introduced edits in the Leave Request System (LRS) that limit the use of code 540-Personal Day to a maximum available in the Leave Request System (LRS) of one day, code 530-Volunteer Day to a maximum of one time use up to one day, and Family Related Leave up to 5 days (37.5 or 40 hours depending on Group) and will investigate other methods of securing the business rules as set out in the Collective agreement within the automated Leave Request System (LRS). Management further intends to develop red flags for key code numbers within the Leave Request System (LRS). Some work has already been done are we are targeting April 2008 for the completion date.	Not met	Limits on the number of hours allowed for certain types of leave have been introduced, but there are several deficiencies that call into question the effectiveness and compliance of the system. According to the Leave Request System, some employees have granted themselves leave. Section 6.3.2 Recommendation 20

	14. Ensure that utilization of the leave code 699 is assessed and restrict the usage of this code to exception situations.	Management intends to analyse the situation for Code 699 “Other Paid Leave” to see if there are alternative means of monitoring its usage and will add this code to the Leave Request System (LRS) to improve its management. Managers will be reminded to limit this type of leave to exception situations.	Partly met	A labour relations bulletin was issued regarding the use of other paid and unpaid leave. Current use of other paid leave does not always comply with the bulletin. See section 6.3.3 Recommendation 24
	15. Ensure that controls are in place to allow good transition between systems (i.e. change, upgrade) and data validation.	A snapshot of the data in PeopleSoft will be taken before an upgrade and then compared with the data in PeopleSoft after the upgrade is completed. This is to ensure data integrity is maintained after the transition. Also, using a random sample of employees, monitor their leave information for the next three months following the upgrade to ensure calculations are working properly.	Not met	Change postponed to 2011

Sections 6.1 to 6.3 discuss problems identified in the 2006 audit that have not yet been resolved and anomalies observed in the follow-up audit.

6.1 Organizational structure for the administration of pay and benefits

6.1.1 An appropriate organizational structure is in place to ensure compliance with policies, efficient and effective service delivery, and financial integrity

ORANGE	Significant Improvements Needed	Controls in place are weak. Several major issues were noted that could jeopardize the accomplishment of program/operational objectives. Immediate management actions need to be taken to address the control deficiencies noted.
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Resource and work allocation

Since 2006, a number of changes have been made to the organizational structure of the Compensation and Benefits unit.

The main changes are:

Western and Northern Canada

- Compensation supervisors in Calgary and Winnipeg, formerly known as compensation managers, now report to a new Manager, Compensation, Resourcing and Occupational Health and Safety, located in Calgary.

National Office

- The title of Director, Labour Relations, Compensation and Occupational Health and Safety, has been changed to Director, Labour Relations, Compensation and Classification.
- The position of Director, Executive Services, has been removed from the organizational structure.
- The position of Senior Advisor, Compensation and Benefits, has been added under Labour Relations, Compensation and Classification.
- The title of Team Leader, Compensation and Benefits, has been changed to Corporate Manager, Compensation and Benefits.
- The two Project Leaders, Operations, are now Corporate Advisors, Compensation and Human Resources, and report to the Corporate Manager, Compensation and Benefits.
- The Compensation Manager is now the Compensation Supervisor and reports to the Corporate Manager, Compensation and Benefits.
- The Executive Compensation Advisor now reports to the Compensation Manager and also performs compensation duties for non-executive employees.

Eastern Canada

- In the 2006 organizational chart, the Director, Human Resources, was located in Quebec City; in the new structure, the position is located in Halifax.
- The title of Manager, Compensation and Labour Relations, is now Manager, Compensation, and the position is located in Cornwall.
- The three Compensation Managers in Quebec City, Ontario and Halifax are now referred to as Compensation Managers.
- The satellite office in Louisbourg has been removed from the organizational structure.

In 2009, after the completion of the Audit Planning phase, a decision has been made to standardize the title of the Compensation Supervisors and named them as Compensation Managers. It should be noted that these two titles are used interchangeably in this document.

Outside of National Office, the human resources directors for Western and Northern Canada and Eastern Canada report to the operational directors general and not the Chief Human Resources Officer, in contrast to the National Office, where the Director of Labour Relations, Compensation and Classification reports directly to the Chief Human Resources Officer. The hierarchies of the Western and Northern Canada and the Eastern Canada are such that human resources directors may find themselves in delicate situations or situations of conflict. The impartiality of the human resources process reduces the risk of non-compliance with policies and the collective agreement and helps

ensure that human resources services providers are not placed in compromising situations.

Roles and responsibilities

Three different organizational structures are reflected in the decentralization of compensation services: the National Office, the Western and Northern Canada Directorate and the Eastern Canada Directorate. The level of accountability attributed to managers varies. Accountability for pay and benefits overall must be clearly defined.

Every Agency employee is assigned to a compensation advisor. Compensation advisors can be responsible for 52 to 230 employees; the average is 120 to 150. Compensation advisors in the National Office have too many files to handle because of a shortage of staff, but that situation is being rectified. Compensation officers can also have fewer files than average because some transactions are more complex, per employee, or because they work part time. Those two situations aside, we found that compensation advisors in the satellite offices have fewer files than average and other advisors may have too many files. The risk of not providing the same level of service to all employees increases if the number of files each advisor has to process is too high.

Functional direction and policy interpretation, which are the responsibility of the National Office, do not ensure solid links in the Western and Northern Canada and Eastern Canada directorates. For example, we found that there currently differences in compensation regarding standby allowances (section 6.2.4) from a pay office to another, which can lead to uneven salary expenditures. The clauses in the collective agreement were interpreted in isolation, which led to different approaches to the processing of pay.

The retention period and filing methods for leave requests and reports on hours worked and overtime can vary from region to region. We also found that the retention period for reports on hours worked and overtime could vary from two to seven years.

The guidelines describing the roles and responsibilities of each of the stakeholders involve in pay and benefits are not clearly defined and communicated and have not been updated since 1999. It is important to communicate and clearly define the roles and responsibilities of delegated managers, supervisors, staffing officers and compensation advisors and inform them of the possible impact on failure to comply with statutes, policies, directives, regulations and the current collective agreement.

We found errors, omissions and delays in pay transactions. Examples include processing of pay without appropriate documentation on file (section 6.2.3); multiple errors in processing overtime (sections 6.2.3 and 6.2.4); letters of offer or requests for acting assignments completed and signed after the fact (section 6.2.4); documents concerning leave without pay given to employees with relevant information missing (section 6.2.6); and an allowance for daily transportation given to an employee hired for a term under three months. These situations can result in losses for the employee and overruns for the Agency.

Conclusion

Changes have been made to the organizational structures since the 2006 audit. More adjustments are needed to establish a consistent framework for the delivery of pay and benefits services throughout the country in order to reduce the risk of inequity in compensation services and the risk of non-compliance with statutes, policies and the collective agreement. The organizational structure must foster uniform delivery of pay and benefits services.

It was observed in the initial audit and again in this follow-up audit that the roles and responsibilities of the various stakeholders involved in pay transactions are not clearly defined. We found that managers, supervisors, staffing officers and compensation advisors are not aware of or do not take into account processing times or current standards for the processing of pay and benefits for Agency employees.

Recommendations

1. The Chief Human Resources Officer and the directors general for Western and Northern Canada and Eastern Canada should ensure that the organizational structure and levels of accountability for the delivery of pay and benefits services are consistent.

Management response

Disagree. As the report indicates, the Chief Human Resources Officer (CHRO) has functional authority for the Compensation program and is responsible for National Office pay and benefits operations, while the Director General Eastern Canada (DG East) and the Director General Western and Northern Canada (DG W&N) are accountable for their respective pay and benefits operations and have dedicated resources to deliver those services. Within the current governance structure, the CHRO and the DGs do not have the authority to make unilateral changes to the organizational structure of the Compensation program. While they can make recommendations to this effect, these must be reviewed at Executive Committee and approved by the Chief Executive Officer. As stated in the management response to the 2006 Audit, the current Compensation and Benefits reporting structure is not significantly different from elsewhere in the Public Service. In most non-centralized departments, compensation operations do not report to the National Office. Preparations for the response to the 2006 Audit included an analysis of a potential review of the compensation and benefits organizational structure, the results of which were presented to the Human Resources Committee in June 2008. Upon consideration, HRC members expressed the feeling that the structure of pay and benefits function in the Agency was not the reason for non-uniform delivery of pay and benefits services or accountabilities and decided that the structure would not be changed. Management believes that the issues of inequity, inefficiency and ineffectiveness in compensation services, as well as the risk of non-compliance with policies and financial

integrity can best be addressed by focussing efforts on the current roles, responsibilities and accountabilities of the different individuals in the entire pay and benefit process.

2. The Chief Human Resources Officer should ensure that the roles and responsibilities of managers, supervisors, staffing officers and compensation advisors in their pay actions are clearly defined and that those guidelines are communicated to managers and applied.

Management response

Agree. The CHRO, in collaboration with the DG East and DG W&N, will review the roles, responsibilities and accountabilities of the parties involved in compensation activities, specifically in pay actions identified in this audit. They will ensure that roles, responsibilities and accountabilities are clearly defined and within the limit of work descriptions, and are in accordance with the Instrument of Delegation of Human Resources Authorities, the Pay Comptrollership Guide and established pay and benefits procedures. A number of initiatives are under way to help identify, document and communicate these roles, responsibilities and accountabilities.

All Agency managers, supervisors and human resources managers must successfully complete the mandatory Human Resources Management at Parks Canada course before March 31, 2011. At the end of 2009, some 33% (500 of 1500) targeted employees have taken the course. The purpose of the one-week course is to familiarize managers and supervisors with their roles and responsibilities and to introduce them to the principles of human resources management and specific issues that are raised in the audit such as leave, overtime, extra duty, issues etc, through compensation and labour relations modules, exercises and case studies. As more managers and supervisors complete the course, the level of knowledge in the organization about roles and responsibilities will also increase.

The course also introduces participants the new Instrument of Delegation of Human Resources Authorities (the Instrument) approved by the Chief Executive Officer in December 2009. This module also contains exercises to familiarize managers and supervisors with the exercise of their authorities.

The Instrument sets out the different levels of authority delegated to managers and supervisors in areas such as hours of work, overtime/extra-duty, leave, allowances, etc. The electronic version of the Instrument contains live links to documents that provide further direction, such as the Collective Agreement, policies, terms and conditions of employment, and delegated financial signing authorities, etc. It also provides for managers and supervisors losing their delegated authority in cases of non-compliance.

To further support awareness of the Instrument and related accountabilities, Human Resources Directorate (HRD) will develop a toolkit for Human Resources Managers (HRMs) to ensure that information sessions can be provided to delegated managers by the end of October 2010.

HRD’s Corporate Compensation unit will re-distribute current pay and benefits procedures to the Compensation community by the end of April 2010. These procedures specify the documentation necessary to complete compensation transactions, and describe who is responsible for submitting and approving the relevant information and forms. Where pay and benefits procedures for issues raised in this audit do not exist, these will be identified by September 2010 and new procedures developed by April 2011.

In order to ensure that roles and responsibilities are properly understood and applied by all concerned, no pay action will be taken on any document received in Compensation that is incomplete or is not in compliance with the Instrument or the Collective Agreement. Such documentation will be returned through the HRM or an agreed upon designate to follow-up with the appropriate manager/supervisor.

To support Compensation Advisors and Compensation Managers in this regard, the CHRO and the DG East and DG West & North will communicate, by May 1, 2010, to senior and middle managers and HRMs the audit findings related to management errors and inconsistencies, and their responsibilities and liabilities related to non-compliance, inaccuracies and omissions in documentation. They will also be advised that Compensation will not proceed with any pay action if proper documentation is not submitted.

3. The Chief Human Resources Officer should ensure that clear directives are established regarding the retention period and filing of pay records.

Management response

Agree. The CHRO, in collaboration with IM\IT Branch of the Office of the Chief Information Officer (OCIO) and the ATIP Office and in consultation with DG East and DG West & North, will establish Retention and Filing Directives for Pay Records, with particular emphasis on leave requests and reports on hours worked and overtime. These directives will take into consideration National Archives requirements, and should be consistent with those of other federal departments. It is expected that these directives will be prepared and shared with the Compensation community by December 2010. Ensuring appropriate implementation will be the responsibility of the CHRO and DG East and DG W&N in their respective areas.

6.2 Adequacy of systems and controls for the administration of pay and benefits

6.2.1 Taken-on-strength (TOS) and Struck-off-strength (SOS) procedures and practices comply with statutes and regulations and Parks Canada policies and directives

BLUE	Minor Improvements Needed	Many of the controls are functioning as intended. However, some minor changes are necessary to make the control environment more effective and efficient.
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Generally, standard letters of offer are used by all staffing officers and include an attachment indicating whether the employee is entitled to the bilingual bonus. However, some letters are completed and signed by employees after the date on which they were hired.

Compensation advisors do not always get the documentation needed to pay salaries when employees are taken on strength. We found two situations in which the letter of offer was not signed by the employee and three situations in which the supporting documents for the payment of salary were not in the employee's file. We also found that clearance forms are not always attached or completed when an employee is struck off strength.

The checklists are in the virtual pay system and are also available for all compensation advisors. However, they are not always completed and are not always attached to the employee's file.

Conclusion

Overall, some corrective measures have been taken, but follow-up is needed to ensure that the compensation advisors, staffing officers and managers involved do what needs to be done.

Recommendations

4. The Chief Human Resources Officer and the directors general for Western and Northern Canada and Eastern Canada should ensure that the necessary pay documents and checklists are completed and placed in the employee's file for all TOS transactions.

Management response

Agree. By July 2010, the CHRO will deliver Agency Compensation Service Delivery Standard to HRMs so that they will be properly informed of the documentation that must be completed before sending to Compensation for a pay action. No pay action will be taken on any document received in Compensation that is incomplete or is not in compliance with the Instrument or the Collective Agreement. Such documentation will be returned through the HRM or agreed upon designate to follow-up with the appropriate manager/supervisor.

In keeping with the recommendations from the 2006 audit and the responses thereto, by April 2010, the CHRO and the DG East and DG W&N will remind Compensation Managers and advisors of the mandatory use of existing compensation checklists for all Taken on Strength (TOS) and Struck Off Strength (SOS) transactions and of the requirement that completed checklists be placed on the employee's file.

The CHRO, in collaboration with the DG East and the DG W&N, will establish a working group tasked to develop and implement a Corporate Compensation Monitoring

Program (CCMP) that will incorporate internal control mechanisms and measures to self-monitor and correct the issues raised in this follow-up audit. The CHRO and the Directors General will appoint representatives to this working group by April 2010. It is expected that the CCMP framework will be developed by December 2010, with implementation in March 2011.

5. The Chief Human Resources Officer and the directors general for Western and Northern Canada and Eastern Canada should ensure that compensation staff have clearance reports for all struck-off-strength transactions.

Management response

Partly agree. Management agrees that clearance reports/departure forms are necessary. It has been confirmed that clearance reports / departure forms are deemed necessary by the Directive on Financial Management of Pay Administration pursuant to section 7 of the *Financial Administration Act*. The purpose of those forms / reports is to ensure that any monies or materials due to the Crown are identified and that Compensation is informed so that appropriate deductions can be made from any compensation due to the employee.

Management also wishes to clarify that the accountability and obligation to comply with the mandatory requirements of clearance / departure forms rests with the employee's manager or supervisor and not with the Compensation Advisor. Notwithstanding, since the clearance report/departure form is an indicated element of the procedure checklist for SOS employees, Compensation Advisors will ensure that managers/supervisors provide a copy of the form for the employee file.

Because Government Compensation Service Standards dictate that employees receive their final payment within 10 working days of departure, managers/supervisors are responsible for ensuring that the clearance report is forwarded to Compensation within 10 working days of the employee's departure. The Compensation Advisor must proceed with the final payments in accordance with the service standards even when the clearance report / departure form is not received. If it is not received, Compensation Advisors will notify the HRM or agreed upon designate that the clearance report/departure form has not been received. The HRM or designate will then follow up with the appropriate managers.

By June 2010, the CHRO, in collaboration with the Chief Financial Officer (CFO), will review the current form to ensure that it fulfills the requirements of the *Financial Administration Act* and determine if a directive is required. Should a directive be required, the CHRO and the CFO will develop one. Monitoring of compliance with the recommendation will be included in the Corporate Compensation Monitoring Program identified in response to Recommendation No. 4.

6.2.2 Executive pay services are provided consistently and efficiently across the Agency

GREEN	Controlled	Controls are functioning as intended and no additional actions are necessary at this time.
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The 2006 audit revealed the absence of a key element in the pay verification process, namely adequate separation of responsibilities. The compensation advisor responsible for the files of Agency executives was also responsible for checking the accuracy of the data he himself had created. Management had suggested checking a sample of transactions quarterly. It was decided, however, that another compensation advisor would check the data for accuracy as is done for transactions involving non-executive employees.

We did not find any major errors apart from the use of an incorrect source of documentation (see sections 6.1.1 and 6.2.3 of this report).

No recommendation

6.2.3 Adequate controls have been established and implemented for pay transactions, and the pay processes are efficient and effective and part of the Agency's financial management framework

ORANGE	Significant Improvements Needed	Controls in place are weak. Several major issues were noted that could jeopardize the accomplishment of program/operational objectives. Immediate management actions need to be taken to address the control deficiencies noted.
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Pay verification

Compensation advisors enter pay transactions in Public Works and Government Services Canada's (PWGSC) on-line pay system. We found that some transactions were entered even though the documents given to the compensation advisors were incomplete or did not comply with standard Agency procedure. We identified transactions related to acting assignments and leave without pay in the report on hours worked and overtime. Among the information missing from that report were: normal hours; overtime; type of day; and normal or compressed work schedule. Missing information can make it hard for the compensation advisor to determine whether the compensation rates, total hours claimed and financial coding are correct. Missing information can lead to errors in the delivery of pay services and/or expenditures being incorrectly charged.

In some pay offices in Quebec, the Manage system is still being used to submit regular hours, overtime, shift premiums and other information to compensation advisors. Documents submitted through that system do not contain detailed information about employees' normal hours of work and overtime. The compensation advisor is therefore unable to properly verify the content of those documents.

It was confirmed that compensation advisors do not verify the delegated managers' signatures with the Specimen Signature cards in place. We found several leave requests and reports on hours worked and overtime that had no signatures. Some documents received by compensation advisors, such as documents from the Manage system, contained no authorization by the delegated manager and were possibly submitted by an employee from a sector other than the sector covered by the source documents.

Employees can elect to be paid for overtime or take time off. The employee's decision is indicated in the report on hours worked and overtime. Compensation advisors enter compensatory time in PeopleSoft and paid overtime in the PWGSC pay system. An internal control has been established to minimize the risk of errors in the PWGSC pay system: source documents and pay system entries are checked by a different advisor following the initial entry. Compensatory time entries in PeopleSoft are not checked. They should be checked, however, because there is an equal risk regarding compensatory time tracked in PeopleSoft. Employees can ask to be paid for any compensatory time they do not use by September of the following year.

We reviewed 105 reports on hours worked and overtime. With regard to paid overtime, approximately 16% of the reports contained rate errors and approximately 26% contained errors in arithmetic. Such errors are sometimes corrected by the compensation advisor who made the initial entry in the pay system but regularly go unnoticed. Advisors can make corrections directly in the pay system without indicating them in the source document. We found that these incorrect rates and/or calculation errors are not picked up by the second compensation advisor. A report on hours worked and overtime should not be initially processed if the document is ambiguous, contains incomplete information or violates the current collective agreement. There is a risk of creating an additional expense for the Agency or losses for employees in addition to breaching the standards set out in the current collective agreement.

For a variety of reasons, a given report on hours worked and overtime can be received twice in the same pay period. This increases the risk of expenditures being posted twice in the system because the system allows double entries. The audit team did not find any double entry errors, but did observe that there is no internal control in place to minimize these risks. We found that photocopies and faxes are still accepted in some locations as overtime claims and that no preliminary check is done to determine whether the hours have already been claimed.

Recommendations

6. The Chief Human Resources Officer and the directors general for Western and Northern Canada and Eastern Canada should ensure that pay transactions are supported by appropriate documentation and bear the authorization signatures required by FAA section 34.

Management response

Agree. The offices of the CHRO and of the DG East and DG W&N will issue clear directions to Compensation Advisors and managers that they must not process compensation activity or pay action if proper documentation is not submitted, is incomplete, not signed, or does not respect the provisions of the Collective Agreement. In the absence of proper documentation, the Compensation Advisors will return the documentation to the appropriate HRM or agreed upon designate. The CHRO and the DG East and the DG W&N will advise managers and supervisors that Compensation will not process any pay action if proper documentation is not submitted. This information will be delivered by May 1, 2010.

DG East has already instructed that the use of the Manage 2000 system in Quebec is to cease effective April 1, 2010.

The monitoring of compliance with this requirement will be included in the Corporate Compensation Monitoring Program identified in the response to Recommendation No. 4.

7. The Chief Human Resources Officer and the directors general for Western and Northern Canada and Eastern Canada should ensure that a concrete and effective approach is used to audit pay transactions.

Management response

Agree. The monitoring of compliance with established procedures will be included in the Corporate Compensation Monitoring Program identified in response to recommendation No. 4.

Identification of advisors

The compensation advisor makes an entry in the PWGSC pay system and prints a copy of the entry screen that will be given to another advisor to check against the source documents. When the advisor responsible for doing the check is not in the same location as the advisor making the initial entry, the second advisor is the one who prints the copy of the pay system screen. The source documents are then faxed to the advisor who made the entry.

Very rarely is the advisor who made the initial entry identified on the copy of the pay system screen or the source documents. There are several ways of accessing the PWGSC pay system, and we found that only in the National Office does the system access procedure make it possible for the advisor who made the initial entry to be identified automatically when the screen copy is printed. The other pay offices service are unaware of this method, however.

The 2006 audit report mentioned that employees' files do not contain any proof that the accuracy and validity of pay transactions had been verified. We found that there has been some improvement in that regard since 2006 and that in some locations, the copy of the pay system screen includes the initials of the advisor who checked the documents. However, this practice is not yet used consistently by all compensation advisors.

Recommendation

8. The Chief Human Resources Officer and the directors general for Western and Northern Canada and Eastern Canada should ensure that compensation advisors are identified on documentation for pay system entries.

Management response

Agree. Using a specific link to access the Public Works and Government Services Canada (PWGSC) Pay System enables Compensation Advisors to be properly identified on any pay transaction they process. Corporate Compensation will resend this link and advise all Compensation Managers and advisors that the use of this system is mandatory by March 31, 2010. The existing alternative method for accessing the PWGSC Pay System will also be eliminated by March 31, 2010.

While the above process identifies the Compensation Advisor who created the pay transaction, it does not identify the individual who verified the pay transaction to ensure adherence to policy, regulations and legislation. To address this, Corporate Compensation and the offices of the DG East and the DG W&N will mandate the use of an indelible stamp that will identify the individual who verified the transaction. This will be in place by November 2010.

The monitoring of compliance with this procedure will be included in the Corporate Compensation Monitoring Program identified in response to Recommendation No. 4.

Payment authorization

The 2006 audit showed that responsibility for authorization under section 33 was usually assigned by financial officers. Those officers were unable to give assurance that the accounts were verified in accordance with section 34 because they did not have the supporting documents in hand at the time of authorization.

The Treasury Board of Canada (TBS) Policy on Pay Administration states, "Section 33 of the FAA authority can be delegated to a person outside the line authority of the senior financial officer..." Changes have been made to allow compensation managers to grant authorization. Only when the compensation manager is absent can a financial officer authorize salary payments. A half-day training course has been given to all compensation managers and financial officers who authorize payments.

Compensation managers authorize payments based on pay records completed by advisors, not source documents. Because a preliminary check is done by another advisor, a second check is not done when payments are authorized, although some managers review the source documents in unusual situations.

It should be noted that this follow-up audit did not include “system” controls related to the authorization of payments under section 33, but did seek to ensure that the basic operational controls used in the administration of pay are effective in keeping tasks separate.

Recommendation

9. The Chief Human Resources Officer and the directors general for Western and Northern Canada and Eastern Canada should ensure that pay authorizations under FAA section 33 are supported by periodic audits of a sample of transactions.

Management response

Agree. The CFO has indicated that the Pay Comptrollership Guide is scheduled for implementation by April 1, 2010. The periodic audit of pay transactions identified in the Guide will be included in the Corporate Compensation Monitoring Program identified in the response to Recommendation No. 4.

Conclusion

Compensation advisors do not apply the audit procedures rigorously and consistently and do not fulfill their role when errors are detected on documents or if they do not comply. Source documents and system entries are not being properly checked, because errors and omissions found during our follow-up audit, such as payment or non-payment of the bilingual bonus, are not always caught. We also found that checks are made to validate the accuracy of the data entered, not the transaction itself.

Paid overtime and signatures on documents are not currently checked to ensure that payment is based on a legitimate, authorized claim. Compensation advisors and financial officers are currently unable to ensure when payments are authorized that the claims comply with the Agency’s directives and standards under FAA section 33. Review of documents is left entirely to compensation advisors, and almost no spot checks are done. Because the proper approval level is missing and there are no real spot checks, errors go unnoticed.

6.2.6 Allowances are paid as per the provisions of the collective agreement (except the bilingual bonus)

YELLOW	Moderate Improvements Needed	Some controls are in place and functioning. However, major issues were noted and need to be addressed. These issues could impact on the achievement or not of program/operational objectives.
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The initial audit in 2006 did not specifically cover the various allowances that can be paid to Agency staff. We incorporated into this follow-up audit allowances related to acting assignments, overtime, shift premiums, call-back and return to work, standby and meals.

We expected these allowances to be well documented, the clauses of the collective agreement to be complied with, the amounts paid to be accurate and payments to end when entitlement expired.

Acting assignments

We examined the records of 35 employees who had received an allowance for an acting assignment in the previous 12 months. We did not find any major problems with the calculation of the allowances to be paid. However, in more than 25% of the files, it was impossible to verify the amounts paid and the dates the actual payments were made because the pay system copy was not attached to the employee's file. In some locations, we were told that pay system copies have only been printed since the start of the 2009–2010 fiscal year.

Acting assignments should be used to meet short-term operational needs. Almost 20% of assignments were for more than a year and some were for as long as five years. The longest assignment we saw, five years, was signed at the same time as the letter of offer for the same term.

Acting assignments and extensions are often completed and signed by the employee after the effective date of the assignment. In some cases, it can take approximately six months for an employee to be paid for services rendered. Letters of assignment do not always inform the employee of the pay scale.

We also found that payments were not always stopped at the end of the term. In three cases, payments were still being made at the end of the term without a letter of extension on file. This can lead to overpayment situations for the Agency if the term is not actually extended. Cases where the term is not extended and overpayments to the employee are recovered create extra work for compensation advisors and could make the employees concerned unhappy.

In another specific case, an acting assignment within the Agency was extended, but the employee was unable to remain in the acting position because he was enrolled in the Interchange Canada program. We closely examined the documents submitted and identified a number of shortcomings regarding the use of that program, including non-compliant documents used to support pay transactions; documentation produced

after the fact; no directives in place to warrant an increase or decrease in pay; and no relevant information included in the interchange contract to inform the compensation advisor in the host organization regarding the salary to be paid during the program.

Recommendation

10. The Chief Human Resources Officer should ensure that clear directives regarding the use of acting assignments and the Interchange Canada program are established and communicated.

Management response

Agree from a Compensation perspective. Documents required to proceed with acting assignments, extensions and the Interchange Canada Program will be identified in the Pay and Benefits procedures referred to in the response to Recommendation No. 2.

Partly agree from a Staffing perspective. Parks Canada currently provides directives on acting assignments that make reference to the auditor's comments and include the statement that "acting assignments should be used to meet short-term operational needs". Promoting this understanding is also being accomplished through the Human Resource Management mandatory training for all managers/supervisors referenced in the response to Recommendation No. 2.

As well, all staffing policies and guidelines, including policies, guidelines and other directives concerning acting assignments, will be reviewed during fiscal year 2010/11, by HRD's Staffing Policy unit. The Interchange Canada Program will be similarly reviewed during the same period and, following consultation, clear directives will be established and communicated. It is also noted that the Office of the Chief Human Resources Officer of Treasury Board Secretariat is currently reviewing its framework for people management and related policies and that this exercise may have impact on the use of the Interchange Canada Program.

The monitoring of compliance with these directives will be included in the Corporate Compensation Monitoring Program as per the response to Recommendation No. 4.

Overtime

Employees, supervisors and delegated managers do not comply or are unfamiliar with some of the overtime clauses in the collective agreement. We found, for example, that some employees claimed overtime at straight time; and overtime worked on the second day of rest was claimed at time and a half; hours worked beyond seven and a half or eight hours on the first day of rest were not always claimed at double time. Inversely, we found an employee in one pay office who claimed overtime at double time on a Sunday even though Sunday was not a second day of rest according to his normal work schedule.

Of the 105 reports on hours worked and overtime we examined, 50 contained errors in arithmetic (total number of hours claimed, for example) and/or were missing information (work schedule, type of day, supervisor's or delegated manager's signature, etc.). We also found that the financial coding sometimes varied from location to location, especially for overtime worked on a statutory holiday (coded sometimes as 263 and at other times as 043). Incorrect coding skews the actual allocation of expenditures. The type of code used can have many financial implications for the employee and/or the Agency, especially in terms of salary.

Shift premiums

Article 23 of the collective agreement states that shift premiums apply to employees who do not work days based on a standard week, that is, Monday to Friday. Shift premiums cover regular hours and overtime between 5:00 p.m. and 6:00 a.m. and regular hours and overtime on Saturday and Sunday.

We found that shift premiums related to overtime were not always claimed and that in some cases, when the employee indicated premiums when claiming overtime, the compensation advisors sometimes adjusted them downward. On the other hand, employees working a regular day schedule sometimes claim shift premiums on overtime worked in an evening or on a day of rest, that is, Saturday and/or Sunday.

A labour relations bulletin was issued in November 2006 to clarify shift premiums. The audit team obtained a copy of the English version from 2006 and the French version from 2008. We found that the content was the same with the exception of one note that did not appear in the 2008 French version, which stated that shift premiums did not apply to employees called back to work.

Call-back, return-to-work and stand-by allowances

Article 58.09 of the collective agreement states, "Payments provided under Overtime and Reporting Pay provisions, the Designated Paid Holiday and Standby provisions of this Agreement and clause 31.01 above shall not be pyramided, that is an employee shall not receive more than one compensation for the same service." The TBS document on supplements to base pay states that allowances are paid whether or not the employee returns to work. Irrespective of pay offices, the periods are sometimes reduced by the hours worked or not worked, but there is no consistency.

Many different interpretations are currently used within the Agency to calculate employee compensation. In Eastern Canada, the most common practice is to subtract the number of hours worked from the total number of stand-by hours, divide by four and multiply by a half hour. In Western and Northern Canada, employees usually enter a specific number in the report on hours worked and overtime, sometimes minus hours worked, sometimes not. These periods are added up and then multiplied by a half hour.

Of the 47 allowance claims audited, eight did not include the employee's stand-by schedule. Several reports on hours worked and overtime included regular hours, overtime and stand-by for the same workday. It is hard for supervisors, delegated managers and compensation advisors to verify the authenticity of claims if the stand-by schedule is not provided.

Employees called back to work must be paid a minimum of three hours of overtime. This rule is met for the most part, but in two cases, employees were paid for fewer than the prescribed minimum number of hours, which meant they sustained a loss.

Meal allowances

We found that employees do not always claim meal allowances when they work three hours or more before or after their regular hours. We discovered one case where the employee claimed mealtimes but those times were not recorded in the pay system.

Conclusion

If information like the delegated manager's signature is missing, the compensation advisor cannot be sure the documents he or she checked and approved are accurate. It is therefore hard for the advisor to confirm the validity of those documents.

We found that there is a lack of knowledge and command of the clauses in the collective agreement and that some methods need to be clarified and standardized. Lack of clarification can lead to a risk of uneven or unfair treatment of employees.

Several labour relations bulletins clarify ambiguities regarding the interpretation of clauses in the collective agreement, such as the clauses on shift premiums, stand-by and other paid leave and leave without pay (section 6.3.1). However, we checked with some managers and learned that the bulletins apparently did not reach their level.

Recommendations

11. The Chief Human Resources Officer should ensure that the collective agreement is interpreted consistently so that the practices used in paying allowances are also consistent.

Management response

Agree, with the understanding that the focus of this recommendation is on the consistent application, interpretation and payment of allowance by Compensation Advisors. The Auditor has already highlighted the existence of the Labour Relations Bulletins that HRD has developed to help with interpreting Collective Agreement clauses related to overtime, shift premiums, call back and return to work pay, stand-by allowances and meal allowances. These bulletins have been shared with the labour

relations community, Compensation Managers and advisors and HRMs and have been discussed during teleconferences. Examples of calculations have also been provided where appropriate to ensure consistency of payments.

This audit did not identify any specific need for new Labour Relation Bulletins. If any should come to the attention of HRD, new bulletins will be developed within 4 to 6 months of the issue being identified.

To further ensure a common understanding and application in the above-noted areas, HRD's Labour Relations, Classification and Compensation Branch will develop an information/training session using the existing Compensation Directives and Labour Relations Bulletins that will be delivered to the Compensation and HRM communities by videoconference or webinar. It is expected that the sessions will begin in November 2010 and be completed in March 2011.

In accordance with the Pay Comptrollership Guide, the CFO will provide Compensation Advisors with signature cards identifying managers/supervisors who have authority to approve payments. Compensation Advisors will verify that the person signing the payment request has a valid signing authority. By December 2010, Compensation Advisors will also have access to the list of managers with delegated human resources authority. If the financial or human resources signing authority is invalid, Compensation will return the request to the HRM or agreed upon designate.

Management's responses to recommendation No. 2 (pay and benefits procedures) and No. 4 (pay documents and checklists) will address the issues of missing information, signatures and incorrect financial coding. The monitoring of compliance with the Collective Agreement will be included in the Corporate Compensation Monitoring Program as per the response to Recommendation No. 4.

12. The Chief Human Resources Officer and the directors general for Western and Northern Canada and Eastern Canada should ensure that delegated managers are familiar with and apply the clauses in the collective agreement pertaining to allowances.

Management response

Agree, with reservations. All employees should be familiar with their Collective Agreement. The Human Resources community as well as managers and supervisors should be in a position to properly apply its provisions and appropriate allowances, when approving employee requests.

To ensure a common understanding and consistent application of the Collective Agreement, the initiatives presented in the response to Recommendation no. 2 are already under way. More specifically, Labour Relations Bulletins are being explained and shared

with participants of the Human Resources Management Course during group exercises on the application of the Collective Agreement. In addition, HRD's Labour Relations, Classification and Compensation Branch will start reviewing the Labour Relations Bulletins so that they become accessible to all delegated managers by the end of fiscal year 2011/12 to ensure greater familiarity with and correct application of Collective Agreement clauses dealing with allowances. In case of ambiguity, supervisors and managers will be directed to communicate with their respective HRM and/or Labour Relations Advisor.

13. The Chief Human Resources Officer and the directors general for Western and Northern Canada and Eastern Canada should ensure that the information in pay transaction documentation is complete and compliant and that clear direction is given in cases of non-compliance.

Management response

Agree. The responses provided to Recommendations Nos. 2, 4 and 6 are also applicable to No. 13. As stated in the response to Recommendation no. 2, Corporate Compensation will communicate existing pay and benefits procedures regarding necessary documentation to the Compensation community by the end of April 2010. Where pay and benefits procedures for issues raised in this audit do not exist, these will be identified by September 2010 and new procedures developed by April 2011.

In the response to Recommendation No. 4, the CHRO will advise HRMs by July 2010 that they must ensure that all documentation defined as necessary in the Agency's Compensation and Benefits Service Delivery Standards must be completed prior to being sent to the Compensation Office for a pay action. By April 2010, the CHRO and the DG East and DG W&N will inform Compensation Managers and advisors of the mandatory use of existing compensation checklists. As stated in the response to Recommendation No. 6, by May 1 2010, the CHRO and DG East and DG W&N will issue clear directions to the Compensation Advisors and managers informing them not to proceed with any compensation activity or pay actions if the proper documentation is not submitted, is incomplete, not signed, or does not respect the provisions of the Collective Agreement. In the absence of proper documentation, Compensation Advisors will return the documentation to the HRM or agreed upon designate who will follow up with the appropriate manager/supervisor.

In addition, HRD's Labour Relations, Classification and Compensation Branch, in collaboration with the Office of the DG East and DG W&N will develop an information/training session on standard procedures regarding documentation compliance via videoconference or webinar for the compensation community to review the standard procedures regarding documentation compliance. We expect the sessions to be presented by November 2010.

6.2.7 Controls over payment of the bilingual bonus

YELLOW	Moderate Improvements Needed	Some controls are in place and functioning. However, major issues were noted and need to be addressed. These issues could impact on the achievement or not of program/operational objectives.
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We examined 36 employee files in which we expected to find a clause in the letter of offer justifying payment of the bonus. We also wanted to be sure that the payments were in compliance, that the staffing files contained the official results and that the results were in line with the position requirements.

In at least four cases, the language requirements were not detailed in the letter of offer, and approximately eight staffing files did not contain the official results of the employee's tests. We also found that for seasonal positions and some extensions of term appointments and acting assignments, the letters of offer set out different language requirements for the same substantive position. In cases like that, it is hard for compensation and staffing personnel and employees themselves to track records.

A number of anomalies were detected. In two cases, the bonus was paid even though entitlement was not specified in the letter of offer. In one case, the bonus was not paid to an employee who had been entitled since November 2008. One employee was compensated for bonus that had not been paid since 2004. A 2006 promotion required a level of language proficiency that was not met, but the bonus was still paid until 2008. These situations create additional expenditures for the Agency or income losses for employees.

Section 1.8.2 of the TBS Bilingualism Bonus Directive states, "An eligible employee shall be entitled to receive the bilingualism bonus for the full month for any month in which the employee receives a minimum of ten (10) days' pay in a position(s) to which the bilingualism bonus applies." Registration for the bonus at the time of hiring varies from location to location. There are two different ways of registering the bonus in the pay system: based on the date of hiring prorated to the number of days worked in the month; or starting the first day of the month in which the employee works more than 10 days. The amounts involved are not significant for the Agency, but the method used could be to the employee's disadvantage. When an employee is transferred from one federal institution to another and works more than 10 days in each place in the same month, there is no way for us to tell whether the employee was paid for the entire month in both places. It is important to identify severance payments in the employee's file so that extra expenditures are not created for the Parks Canada Agency or the federal government as a whole.

Conclusion

We can conclude that letters of offer now include an attachment that clearly states whether the employment is entitled to the bonus. However, we believe that there is still room for improvement regarding the controls over payment of the bilingual bonus,

because there are situations where an employee is paid too much, paid late or not paid at all. There should also be consistency with respect to extensions of term positions and acting assignments in terms of language requirements, and initial letters of offer should include the required levels.

Recommendations

14. The Chief Human Resources Officer and the directors general for Western and Northern Canada and Eastern Canada should ensure that bilingualism requirements are met and that payment of the bilingual bonus is properly documented with respect to position requirements and the employee's official results.

Management response

Agree. As indicated in the response to Recommendation No. 10, HRD's Staffing Policy Unit will be reviewing all staffing process documents including letters of offer, extensions of term positions and acting assignments in fiscal year 2010/11. Official language information will be closely reviewed during this process to ensure that required language profiles are appropriately reflected in these documents.

It should also be noted that HRD's Official Languages Unit conducts an annual monitoring exercise to ensure that employees meet the language requirements of the position to which they are appointed. This information is then sent to the HRMs. In cases of non-compliance, the HRM works with the manager to ensure that the appropriate corrective measures are taken.

15. The Chief Human Resources Officer and the directors general for Western and Northern Canada and Eastern Canada should ensure that internal controls to prevent errors in payment of the bilingual bonus are strengthened.

Management response

Agree. Although the financial impact of errors associated with bilingualism bonus payments may be minimal, there is an impact on employees affected by the inconsistent application of the Parks Canada Agency Bilingualism Bonus Policy. HRD's Corporate Compensation unit will provide the Compensation community with the policy and inform them of appropriate calculation procedures by June 1, 2010. Monitoring of compliance in the payment of the bilingualism bonus will be included in the Corporate Compensation Monitoring Process referenced in the response to Recommendation No.4.

6.2.6 Leave without pay is authorized in accordance with the Parks Canada collective agreement or appropriate conditions of employment

YELLOW	Moderate Improvements Needed	Some controls are in place and functioning. However, major issues were noted and need to be addressed. These issues could impact on the achievement or not of program/operational objectives.
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Medium- and long-term leave without pay

We examined 25 files involving leave without pay. When an employee goes on leave without pay, the compensation advisor sends the employee a letter explaining the impact of the leave that includes a paragraph on the amounts due on sick leave and vacation advances. We found that in 14 of 15 files, the employee was in a negative situation for having taken too much vacation or sick leave, and those balances, attributable to the Agency, were not explained in the letter sent to the employee.

Leave is generally granted in accordance with the current collective agreement except for one situation where two years of education leave were granted, whereas clause 47.02 states that education leave is granted for up to one year and can be renewed by mutual agreement.

We were unable to determine from the employee's file whether there was specific follow-up regarding leave. In two cases, the employees were off for more than 12 years and there was little information in the file that could be used for follow-up. We also found nothing for employees who had been granted leave that could be used only once during their entire employment with the Agency, such as personal leave. The risks associated with lack of follow-up can lead to abuse by employees and make it difficult for managers to fill positions left vacant for an extended period.

Recommendations

16. The Chief Human Resources Officer and the directors general for Western and Northern Canada and Eastern Canada should ensure that tracking of extended leave is established.

Management Response

Agree. Monitoring of medium- to long-term leave without pay should be a standard requirement. This monitoring begins with the delegated managers. The response to Recommendation No. 2 already highlights initiatives that will help ensure that managers are informed regarding the various types of leave without pay and limits specified in the Collective Agreement (Human Resources Management course, the Instrument). Access to Labour Relations Bulletins (Response to Recommendation No. 12) will also help delegated managers understand the limits of leave without pay. This will help ensure compliance with the authority regarding approval of leave without pay.

In addition, HRD will provide, on a quarterly basis, a list of all employees who are on leave without pay to the Directors of Human Resources in the offices of the DG East and DG W&N and to the HRM in National Office. The Directors will then share this list with HRMs for review with the delegated managers to ensure that all cases of leave without pay in their business unit are in compliance. In case of non-compliance, the manager and HRM will work with Labour Relations to identify appropriate corrective measures. This process will be implemented by July 2010.

A number of initiatives and changes in recent years have led to the recent establishment of a Return to Work program (RTW) at Parks Canada to assist in managing disabling injuries and illnesses and to ensure a safe, timely and efficient return to work of employees in accordance with the Agency's policies and Values and Operating Principles. The core principles of the RTW include: early contact and ongoing communication; early intervention and timely return to work processes, and a proactive, consistent and collaborative multidisciplinary approach. The extended leave reports being provided will further allow a proactive focus on such initiatives.

In cases where the Compensation Advisors identify inconsistencies or non-compliance, they will be directed to inform the HRM or agreed upon designate and take no pay action until the situation is addressed.

Short-term leave without pay

Code 999, Other Leave Without Pay, is the code most commonly used for short-term leave without pay. More than 6,855 hours were granted to approximately 116 employees between April 1, 2008, and May 20, 2009, at the Parks Canada Agency. We audited 17 requests for leave without pay that were coded 999.

Requests for leave without pay are supposed to be submitted to compensation advisors using the designated form. However, in many situations, the form was not on file or the request was made by e-mail, an Excel spreadsheet, a timetable or the report on hours worked and overtime. Improperly completed requests may not have the appropriate approval levels and could cast doubt as to the reliability of the information, which is sometimes incomplete or missing.

The reasons for using leave without pay is not always given, and where they are, they cover a range of possibilities: personal day, training; manager's discretion; family responsibilities; holiday for a part-time employee; suspension; illness; vacation; etc. Some situations should not be coded 999 because there are, for example, specific codes for sick leave without pay and personal leave. Miscoding skews data and reports that might be submitted to management and perhaps used in making decisions.

A labour relations bulletin dated 2007 provides managers with direction regarding the use of other paid leave and leave without pay. According to the bulletin, an employee should

not use other leave without pay if he or she has a negative balance of compensatory or annual leave. Five of the files we examined had a negative balance of compensatory and/or annual leave. In dual employment situations, employees sometimes use leave without pay if they have not yet earned annual leave credits in one job and there is a negative balance in the other job. This practice creates extra coverage costs for the Agency, especially where the covering employees work overtime, because the employee is off for a period longer than annual leave would allow.

Conclusion

Use of leave without pay requires closer tracking in order to respect situations where leave is granted only once or the employee is off for several years. Coding and documentation should be consistent, and the “Other Paid Leave” code should be monitored and used for specific reasons and clearly described on the request for leave form.

Recommendations

17. The Chief Human Resources Officer and the directors general for Western and Northern Canada and Eastern Canada should ensure that managers are given clear direction regarding the use of leave without pay.

Management Response

Agree. Managers must be properly informed regarding the various types of coded leave without pay and also reminded about the proper use of other leave without pay. The Human Resources Management at Parks Canada course and the Instrument (response to Recommendation No. 2) explain the use of leave without pay, using the Labour Relations Bulletin developed in 2007. The letter to managers from the CHRO and the DG East and DG West & North will also make reference to leave without pay (response to Recommendation No. 2). Moreover, as stated in the response to Recommendation No. 12, HRD’s Labour Relations, Classification and Compensation Branch will start reviewing the Labour Relations Bulletins so that they become accessible to all delegated managers by the end of fiscal2011/12.

18. The Chief Human Resources Officer and the directors general for Western and Northern Canada and Eastern Canada should ensure that processing of leave without pay is properly documented and that the information is complete.

Management Response

Agree. As stated in the response to Recommendation No. 17, managers will be reminded of the various types of coded leave without pay and also reminded about the proper use of other leave without pay. As stated in the response to Recommendation No. 2, HRD’s Corporate Compensation unit will re-communicate established pay and benefits procedures to the Compensation community by the end of April 2010. The procedures

will identify the documentation necessary to complete compensation transactions and also who is responsible for submitting and approving the relevant information and forms. Where pay and benefits procedures for issues raised in this audit do not exist, these will be identified by September 2010 and new procedures developed by April 2011.

6.3 Adequacy of systems and controls for the management of leave

6.3.1 Management of leave within Parks Canada is in accordance with the Parks Canada collective agreement and Agency policies and procedures, and the process for leave requests and their approvals is clear, consistent, understood by staff, properly documented and based on sound decision-making.

BLUE	Minor Improvements Needed	Many of the controls are functioning as intended. However, some minor changes are necessary to make the control environment more effective and efficient.
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The Leave Request System (LRS) is used most of the time, but we found that pay offices still process leave requests prepared by hand whereas those requests could be submitted through the LRS.

For leave not covered by the LRS, the leave request form is not always used, and when it is used, relevant information may be missing.

Conclusion

The LRS appears to be used properly overall, but it is not always mandatory in some locations that continue to send requests manually. Manual requests should be used only for employees in remote areas who do not have effective access to the LRS.

For purposes of processing in the compensation unit, documents should be consistent and the information required for processing should be complete and compliant with Parks Canada Agency directives.

Recommendations

19. The Chief Human Resources Officer and the directors general for Western and Northern Canada and Eastern Canada should ensure that use of the LRS becomes mandatory except:
 - by employees who may not have access to a computer that supports the LRS, or
 - to authorize leave not supported by the LRS. Such transactions must, however, be properly documented so that they can be tracked manually.

Management Response

Partially agree. The LRS system provides for third party access in the limited circumstances where employees do not have access to a computer. The non-use of LRS is more often than not a product of neglect, e.g. not inputting leave for an entire season and then forwarding leave forms to Compensation after the employee has been temporarily SOS'ed. This again is an issue of education and compliance. The communication to senior and middle managers referenced in the response to Recommendation No.2 will include the requirement to enter leave into LRS in a timely way.

In terms of leave types not supported by LRS, HRD's Planning, Reporting and Systems Branch, in collaboration with the Corporate Compensation Unit and Directors of Human Resources in the offices of the DG East and DG W&N will review the FAQs on the LRS website to ensure the information provided is adequate to guide users. The review will also ensure that there is guidance on the proper completion of paper leave forms. This review will be complete by July 2010. From then on and provided that information is available to support proper completion of forms, incomplete or late leave documentation will not be accepted in Compensation and will be returned through the HRM or agreed upon designate.

6.3.2 Mechanisms are in place to record and account for leave, including entry into the Leave Request System (LRS), as well as to ensure that all leave is recorded in a timely and efficient manner

YELLOW	Moderate Improvements Needed	Some controls are in place and functioning. However, major issues were noted and need to be addressed. These issues could impact on the achievement or not of program/operational objectives.
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When employees request leave through the LRS, a request for approval is automatically sent to the employee's supervisor or manager. Where employees are unable to access the LRS, the request is made through a third party who sends it to the responsible supervisor or manager. The data is then transferred automatically to PeopleSoft.

If, when the data is transferred, the allowable limits, such as the limits on personal leave, are exceeded, PeopleSoft will reject the request and generate an e-mail to the requester and the person who authorized the leave informing them of the situation.

We did a quick analysis of an LRS report on requests for personal, volunteer or family-related leave made between May 2008 and April 2009. The list provided the total number of hours of each type of leave granted to each employee, along with the name of the supervisor or manager who approved the requests in the system. We found approximately 30 situations in which the employee authorized his or her own leave directly. We also found approximately 95 employees who were far over the total number of hours allowed for personal, volunteer or family-related leave.

We wanted to confirm that the balances in the two systems—PeopleSoft and LRS—matched. The total number of hours used per employee for all of the types of leave mentioned above was different in the two systems. We were unable to determine whether the employees were at work or away on the surplus days shown in the LRS.

Conclusion

There are some weaknesses in the controls applied to the use and approval of leave requests made through the LRS. The leave balances in the LRS do not seem accurate and do not match the data in PeopleSoft.

Recommendation

20. The Chief Human Resources Officer should ensure that a monitoring system is put in place to:
- detect and resolve errors in LRS data; and
 - ensure that employees are not able to authorize leave for themselves.

Management Response

Agree. Employees should not be allowed more than their entitled number of hours for personal, volunteer or family-related leave with pay. Also, we acknowledge that the LRS should prevent employees from approving their own leave.

Within its current capacity, the LRS is unable to distinguish between a 37.5 or 40 hour workweek or a 7.5 or 8 hour workday. For this reason, the LRS was modified in the past to adjust the maximum number of hours for a personal or volunteer leave day from 7.5 to 8.0. Although LRS includes a maximum number of hours for each of those leave types, it does not include a maximum of number of transactions for each leave type. As for family-related leave, the LRS already limits employees to a maximum of 40 hours per week.

HRD's Planning, Reporting and Systems Branch will work with the Office of the CIO to identify whether there are viable options and to modify the LRS accordingly. It is expected that the measures that can be taken and the timeframe for implementation will be identified by the end of October 2010.

21. The Chief Human Resources Officer should ensure that a system of controls is put in place to reconcile PeopleSoft and LRS data.

Management Response

Reservations. It is recognized that in a real time situation, the data displayed in PeopleSoft and LRS should be similar. Since the LRS is not integrated with PeopleSoft,

the data in the two systems needs to be reconciled and control mechanisms have already been implemented to do this. Currently, two processes exist to ensure that LRS and PeopleSoft data are reconciled in a timely way.

First, there is a synchronization process between LRS and PeopleSoft. When leave is requested through LRS, the information is transferred into PeopleSoft through an exchange of data every 24 hours at around 5:00 pm. This process synchronizes the leave transactions and the resulting leave balances.

The second is the Leave Balance Compare Process (LBCP). This process is normally run within PeopleSoft only at the end of every month at the same time as the Leave Accrual Process. The purpose of the LBCP is to ensure that the transactions add up in PeopleSoft and that the balances reflect the sum of the transactions. At the end of this process, all transactions have been calculated in the leave balance.

Nevertheless, given that paper forms are still required to request certain types of leave, it is recognized that the LRS and PeopleSoft systems will not be perfectly synchronized at all time.

Although these two control processes are already in place, HRD’s Planning, Reporting and Systems Branch will work with the Office of the CIO to identify whether there are other viable options for reconciling LRS and PeopleSoft data. Measures that can be taken and the timeframe for implementation will be identified by the end of October 2010.

6.3.3 A leave monitoring system has been set up to identify and correct data inaccuracies, system weaknesses, potential abuse and trends and is used for planning purposes (i.e., scheduling, budgeting)

YELLOW	Significant Improvements Needed	Controls in place are weak. Several major issues were noted that could jeopardize the accomplishment of program/operational objectives. Immediate management actions need to be taken to address the control deficiencies noted.
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We expected to find a system in place that could detect and correct leave overruns and a tracking system for leave advances permitted under the current collective agreement.

Sick leave

An employee who does not have enough paid sick leave credits can, at the Agency’s discretion, obtain an advance of up to five weeks. We found that in 2008–2009, 88 employees had a leave advance, 58 of them between one and five weeks, and only one employee had almost six weeks, more than the allowable maximum.

Recommendation

22. The Chief Human Resources Officer and the directors general for Western and Northern Canada and Eastern Canada should ensure that sick leave advances remain within the allowable limits and that such advances be tracked by compensation managers.

Management Response

Partly agree. Responsibility for ensuring that sick leave advances remain within allowable limits lies first with the supervisors and managers approving the advances, as Compensation only receives the appropriate form once the supervisor or manager has approved the advance. As per instructions contained in the Instrument, managers must consult Human Resources before advancing up to 25 days of sick leave with pay. The response provided to Recommendation no. 2 should ensure that supervisors and managers understand their role and responsibilities to this end.

Employees cannot request a leave transaction through LRS that will result in a negative sick leave balance. Advances of sick leave must be approved by the delegated manager on the appropriate paper leave form and be forwarded to the Compensation Advisor, who then advances the sick leave in PeopleSoft. Once this is done, the LRS will show a negative balance for sick leave. The Compensation Advisor must be aware of situations where an employee will have a negative balance in his sick leave to ensure that any negative balances are recovered in the case of termination or leave without pay.

To help monitor this issue, HRD's planning; Reporting and Systems Branch will work with the Corporate Compensation unit to develop an appropriate monitoring report in accordance with the requirements identified by Corporate Compensation. This report will be included in the Corporate Compensation Monitoring Program referenced in the response to Recommendation No.4.

Family-related leave

Employees and managers are entitled to a total of five days of paid leave. We found that in 2008–2009, approximately 18 employees or managers had exceeded the allowable number of days; one manager had used more than 23 days.

We also found four situations of dual employment in which the total amount of family-related leave had been exceeded. Taken separately, the balances appear to be lower than the allowable annual maximum, but when they are added together, the total is over the limit.

At the end of each year, a report is submitted to compensation managers to follow up surpluses used by employees. Compensation advisors contact the supervisor and/or the employee concerned in order to determine which method of recovery will be used. In

dual employment situations, however, we were unable to determine whether the cases were flagged for recovery.

Personal and volunteer leave

We found that a control was in place in PeopleSoft limiting to one day the number of days of personal and volunteer leave for each employee. Despite that control, we found that one employee used two days of personal leave and another used two days of volunteer leave.

Annual leave

The collective agreement does not stipulate that employees can get advances on annual leave if they are short of credits. We found that 47 employees had annual leave advances of more than one hour, including 21 who had received between 20 hours and 83.33 hours of advances.

Recommendation

23. The Chief Human Resources Officer and the directors general for Western and Northern Canada and Eastern Canada should ensure that the granting of annual leave does not exceed those granted under the collective agreement.

Management Response

Agree. Employees must not be granted more annual leave than allowed under Collective Agreement. Here again, Compensation is not the first line for tracking annual leave. As per the Instrument, managers and supervisors have the authority to approve and/or schedule annual leave and, as such, are responsible for ensuring that employee annual leave balances remain within allowable limits. The response provided to Recommendation No. 2 (Human Resources Management course, Instrument of Delegation, message to managers) will help to ensure that supervisors and managers understand their role and responsibilities.

To help monitor this issue, HRD's Planning, Reporting and Systems Branch will work with the Corporate Compensation unit to develop an appropriate monitoring report in accordance with the requirements identified by Corporate Compensation. This report will be included in the Corporate Compensation Monitoring Program referenced in the response to Recommendation No.4.

When Compensation becomes aware of employees obtaining more leave than they are entitled to, appropriate action in the form of salary recoveries will be taken.

Other paid leave

Other paid leave cannot be requested through the Leave Request System. Owing to their specific nature and the reasons why their use is restricted, the audit team concurs that these requests must be controlled and submitted manually.

We audited 13 requests for other paid leave in order to determine whether the leave satisfied the clarifications set out in the 2007 labour relations bulletin on other paid leave and leave without pay. According to the bulletin, these types of leave should be used in situations for which the employee is not directly responsible. The reasons for four requests were unclear and raised questions about the coding. For example, one request, for several days of “other paid leave,” was made using an Excel spreadsheet with no authorized signature. The request included reasons that do not apply to other paid leave and referred instead to overtime and personal leave. It is important to justify the use of this type of leave in order to minimize situations that may raise doubt and lead to possible abuse.

Recommendation

24. The Chief Human Resources Officer and the directors general for Western and Northern Canada and Eastern Canada should ensure that managers are given clear direction regarding the use of “other paid leave.”

Management Response

Agree. All DGs must properly inform their managers about the proper use of other paid leave. The Human Resources Management at Parks Canada course and Instrument of Delegation (response to Recommendation No. 2) explain the use of leave with pay and references the Labour Relations Bulletin written on this subject in 2007. Moreover, as stated in the response to Recommendation No. 12, the HRD’s Labour Relations, Classification and Compensation Branch will start reviewing the Labour Relations Bulletins so that they become accessible to all delegated managers by the end of fiscal 2011/12.

Conclusion

It is important to track allowable advances and examine their potential impact in order to minimize losses to the Agency, since advances are not always recovered, especially in cases of separation on grounds of disability, death or layoff.

Other paid leave should respect the established directive in order to minimize abuse and ensure that all Agency employees are treated fairly. We found during the audit that managers whose duties include granting leave to employees were unaware of the labour relations bulletin on the use of other paid leave and leave without pay.

Recommendation

25. The Chief Human Resources Officer should ensure that the system used is capable of detecting overruns of leave limited to a specific number of days.

Management Response

Agree. The responses to Recommendations Nos. 22, 23 and 24 will ensure that these situations do not occur. The Human Resources Management Course and the related exercises and case studies, the information sessions on the Instrument of Delegation and more accessible Labour Relations Bulletins on the Collective Agreement will educate managers and supervisors on the purpose, use and limits of such leaves. In addition, the development of the leave monitoring report that will be used within the Corporate Compensation Monitoring Program will identify situations of overruns and allow appropriate action to be taken.

APPENDIX A: RECOMMENDATIONS AND MANAGEMENT RESPONSES

Recommendations	Management Response	Target Date
<p>1. The Chief Human Resources Officer and the directors general for Western and Northern Canada and Eastern Canada should ensure that the organizational structure and levels of accountability for the delivery of pay and benefits services are consistent.</p>	<p>Disagree. As the report indicates, the Chief Human Resources Officer (CHRO) has functional authority for the Compensation program and is responsible for National Office pay and benefits operations, while the Director General Eastern Canada (DG East) and the Director General Western and Northern Canada (DG W&N) are accountable for their respective pay and benefits operations and have dedicated resources to deliver those services. Within the current governance structure, the CHRO and the DGs do not have the authority to make unilateral changes to the organizational structure of the Compensation program. While they can make recommendations to this effect, these must be reviewed at Executive Committee and approved by the Chief Executive Officer.</p> <p>As stated in the management response to the 2006 Audit, the current Compensation and Benefits reporting structure is not significantly different from elsewhere in the Public Service. In most non-centralized departments, compensation operations do not report to the National Office. Preparations for the response to the 2006 Audit included an analysis of a potential review of the compensation and benefits organizational structure, the results of which were presented to the Human Resources Committee in June 2008. Upon consideration, HRC members expressed the feeling that the structure of pay and benefits function in the Agency was not the reason for non-uniform delivery of pay and benefits services or accountabilities and decided that the structure would not be changed. Management believes that the issues of inequity, inefficiency and ineffectiveness in compensation services, as well as the risk of non-compliance with policies and financial integrity can best be addressed by focussing efforts on the current roles, responsibilities and accountabilities of the different individuals in the entire pay and benefit process.</p>	<p>No action is needed</p>
<p>2. The Chief Human Resources Officer should ensure that the roles and responsibilities of managers, supervisors, staffing officers and compensation advisors in their pay actions are clearly defined and that those guidelines are</p>	<p>Agree.</p> <p>2.1 All Agency managers, supervisors and human resources managers must successfully complete the mandatory Human Resources Management at Parks Canada course. At the end of 2009, some 33% (500 of 1500) targeted employees have taken the course. The purpose of the one-week course is to familiarize managers and supervisors with their roles and responsibilities and to introduce them to the principles of human resources management and specific issues that are raised in the audit such as leave, overtime, extra duty, issues etc, through compensation and labour relations modules, exercises and case studies. As more managers and supervisors complete the course, the level of knowledge in the organization about roles and responsibilities</p>	<p>March 2011</p>

Recommendations	Management Response	Target Date
<p>communicated to managers and applied.</p>	<p>will also increase.</p> <p>2.2 To further support awareness of the Instrument and related accountabilities, Human Resources Directorate (HRD) will develop a toolkit for Human Resources Managers (HRMs) to ensure that information sessions can be provided to delegated managers by the end of October 2010.</p> <p>2.3 HRD's Corporate Compensation unit will re-distribute current pay and benefits procedures to the Compensation community by the end of April 2010. These procedures specify the documentation necessary to complete compensation transactions, and describe who is responsible for submitting and approving the relevant information and forms.</p> <p>2.4 Where pay and benefits procedures for issues raised in this audit do not exist, these will be identified by September 2010 and new procedures developed by April 2011.</p> <p>2.5 To support Compensation Advisors and Compensation Managers in this regard, the CHRO and the DG East and DG West & North will communicate, by May 1, 2010, to senior and middle managers and HRMs the audit findings related to management errors and inconsistencies, and their responsibilities and liabilities related to non-compliance, inaccuracies and omissions in documentation. They will also be advised that Compensation will not proceed with any pay action if proper documentation is not submitted.</p>	<p>October 2010</p> <p>April 2010</p> <p>April 2011</p> <p>May 2010</p>
<p>3 The Chief Human Resources Officer should ensure that clear directives are established regarding the retention period and filing of pay records.</p>	<p>Agree.</p> <p>3.1 The CHRO, in collaboration with IMIT Branch of the Office of the Chief Information Officer (OCIO) and the ATIP Office and in consultation with DG East and DG West & North, will establish Retention and Filing Directives for Pay Records, with particular emphasis on leave requests and reports on hours worked and overtime. These directives will take into consideration National Archives requirements, and should be consistent with those of other federal departments. It is expected that these directives will be prepared and shared with the Compensation community by December 2010. Ensuring appropriate implementation will be the responsibility of the CHRO and DG East and DG W&N in their respective areas.</p>	<p>December 2010</p>
<p>4 The Chief Human Resources Officer and the directors general for Western and Northern</p>	<p>Agree.</p> <p>4.1 The CHRO will deliver Agency Compensation Service Delivery Standard to HRMs so that they will be properly informed of the documentation that must be completed before sending to Compensation for a pay action. No pay action will be taken on any document received in</p>	<p>July 2010</p>

Recommendations	Management Response	Target Date
<p>Canada and Eastern Canada should ensure that the necessary pay documents and checklists are completed and placed in the employee's file for all TOS transactions.</p>	<p>Compensation that is incomplete or is not in compliance with the Instrument or the Collective Agreement. Such documentation will be returned through the HRM or agreed upon designate to follow-up with the appropriate manager/supervisor.</p> <p>4.2 In keeping with the recommendations from the 2006 audit and the responses thereto, by April 2010, the CHRO and the DG East and DG W&N will remind Compensation Managers and advisors of the mandatory use of existing compensation checklists for all Taken on Strength (TOS) and Struck Off Strength (SOS) transactions and of the requirement that completed checklists be placed on the employee's file.</p> <p>4.3 The CHRO, in collaboration with the DG East and the DG W&N, will establish a working group tasked to develop and implement a Corporate Compensation Monitoring Program (CCMP) that will incorporate internal control mechanisms and measures to self-monitor and correct the issues raised in this follow-up audit. The CHRO and the Directors General will appoint representatives to this working group.</p> <p>4.4 It is expected that the CCMP framework will be developed.</p> <p>4.5 Implementation of the Framework.</p>	<p>April 2010</p> <p>April 2010</p> <p>December 2010</p> <p>March 2011</p>
<p>5 The Chief Human Resources Officer and the directors general for Western and Northern Canada and Eastern Canada should ensure that compensation staff have clearance reports for all struck-off-strength transactions.</p>	<p>Partly agree.</p> <p>5.1 The CHRO, in collaboration with the Chief Financial Officer (CFO), will review the current form to ensure that it fulfills the requirements of the <i>Financial Administration Act</i> and determine if a directive is required. Should a directive be required, the CHRO and the CFO will develop one. Monitoring of compliance with the recommendation will be included in the Corporate Compensation Monitoring Process identified in response to Recommendation No. 4.</p>	<p>June 2010</p>
<p>6. The Chief Human Resources Officer and the directors general for Western and Northern</p>	<p>Agree.</p> <p>6.1 The offices of the CHRO and of the DG East and DG W&N will issue clear directions to Compensation Advisors and managers that they must not process compensation activity or pay action if proper documentation is not submitted, is incomplete, not signed, or does not respect the</p>	<p>May 2010</p>

Recommendations	Management Response	Target Date
<p>Canada and Eastern Canada should ensure that pay transactions are supported by appropriate documentation and bear the authorization signatures required by FAA section 34.</p>	<p>provisions of the Collective Agreement. In the absence of proper documentation, the Compensation Advisors will return the documentation to the appropriate HRM or agreed upon designate. The CHRO and the DG East and the DG W&N will advise managers and supervisors that Compensation will not process any pay action if proper documentation is not submitted.</p> <p>6.2 DG East has already instructed that the use of the Manage 2000 system in Quebec is to cease.</p> <p>6.3 The monitoring of compliance with this requirement will be included in the Corporate Compensation Monitoring Process identified in the response to Recommendation No. 4.</p>	<p>April 2010</p> <p>March 2011 (see item 4.5)</p>
<p>7. The Chief Human Resources Officer and the directors general for Western and Northern Canada and Eastern Canada should ensure that a concrete and effective approach is used to audit pay transactions.</p>	<p>Agree.</p> <p>7.1 The monitoring of compliance with established procedures will be included in the Corporate Compensation Monitoring Process identified in response to recommendation No. 4.</p>	<p>March 2011 (see item 4.5)</p>
<p>8. The Chief Human Resources Officer and the directors general for Western and Northern Canada and Eastern Canada should ensure that compensation advisors are identified on documentation for pay system entries.</p>	<p>Agree.</p> <p>8.1 Using a specific link to access the Public Works and Government Services Canada (PWGSC) Pay System enables Compensation Advisors to be properly identified on any pay transaction they process. Corporate Compensation will resend this link and advise all Compensation Managers and advisors that the use this system is mandatory. The existing alternative method for accessing the PWGSC Pay System will also be eliminated.</p> <p>8.2 While the above process identifies the Compensation Advisor who created the pay transaction, it does not identify the individual who verified the pay transaction to ensure adherence to policy, regulations and legislation. To address this, Corporate Compensation and the offices of the DG East and the DG W&N will mandate the use of an indelible stamp that will identify the individual who verified the transaction.</p> <p>8.3 The monitoring of compliance with this procedure will be included in the Corporate Compensation Monitoring Process identified in response to Recommendation No. 4.</p>	<p>March 31 2010</p> <p>November 2010</p> <p>March 2011 (see item 4.5)</p>

Recommendations	Management Response	Target Date
<p>9. The Chief Human Resources Officer and the directors general for Western and Northern Canada and Eastern Canada should ensure that pay authorizations under FAA section 33 are supported by periodic audits of a sample of transactions.</p>	<p>Agree.</p> <p>9.1 The CFO has indicated that the Pay Comptrollership Guide is scheduled for implementation by April 1, 2010.</p> <p>9.2 The periodic audit of pay transactions identified in the Guide will be included in the Corporate Compensation Monitoring Process identified in the response to Recommendation No 4.</p>	<p>April 2010</p> <p>March 2011 (see item 4.5)</p>
<p>10. The Chief Human Resources Officer should ensure that clear directives regarding the use of acting assignments and the Interchange Canada program are established and communicated.</p>	<p>Agree from a Compensation perspective.</p> <p>10.1 Documents required to proceed with acting assignments, extensions and the Interchange Canada Program will be identified in the Pay and Benefits procedures referred to in the response to Recommendation No. 2.</p> <p>Partly agree from a Staffing perspective.</p> <p>10.2 Parks Canada currently provides directives on acting assignments that make reference to the auditor’s comments and include the statement that “acting assignments should be used to meet short-term operational needs”. Promoting this understanding is also being accomplished through the Human Resource Management mandatory training for all managers/supervisors referenced in the response to Recommendation No. 2.</p> <p>10.3 As well, all staffing policies and guidelines, including policies, guidelines and other directives concerning acting assignments, will be reviewed during fiscal year 2010/11, by HRD’s Staffing Policy unit. The Interchange Canada Program will be similarly reviewed during the same period and, following consultation, clear directives will be established and communicated. It is also noted that the Office of the Chief Human Resources Officer of Treasury Board Secretariat is currently reviewing its framework for people management and related policies and that this exercise may have impact on the use of the Interchange Canada Program.</p> <p>10.4 The monitoring of compliance with these directives will be included in the Corporate Compensation Monitoring Process as per the response to Recommendation No.4.</p>	<p>April 2011 (see item 2.4)</p> <p>March 2011 (see item 2.1)</p> <p>April 2011</p> <p>March 2011 (see item 4.5)</p>

Recommendations	Management Response	Target Date
<p>11. The Chief Human Resources Officer should ensure that the collective agreement is interpreted consistently so that the practices used in paying allowances are also consistent.</p>	<p>Agree, with the understanding that the focus of this recommendation is on the consistent application, interpretation and payment of allowance by Compensation Advisors.</p> <p>11.1 To further ensure a common understanding and application in the above-noted areas, HRD's Labour Relations, Classification and Compensation Branch will develop an information/training session using the existing Compensation Directives and Labour Relations Bulletins that will be delivered to the Compensation and HRM communities by videoconference or webinar. It is expected that the sessions will begin in November 2010 and be completed in March 2011.</p> <p>11.2 In accordance with the Pay Comptrollership Guide, the CFO will provide Compensation Advisors with signature cards identifying managers/supervisors who have authority to approve payments. Compensation Advisors will verify that the person signing the payment request has a valid signing authority.</p> <p>11.3 Compensation Advisors will also have access to the list of managers with delegated human resources authority. If the financial or human resources signing authority is invalid, Compensation will return the request to the HRM or agreed upon designate.</p> <p>11.4 Management's responses to recommendation No. 2 (pay and benefits procedures) and No. 4 (pay documents and checklists) will address the issues of missing information, signatures and incorrect financial coding. The monitoring of compliance with the Collective Agreement will be included in the Corporate Compensation Monitoring Process as per the response to Recommendation No. 4.</p>	<p>March 2010</p> <p>April 2010</p> <p>December 2010</p> <p>March 2011 (see item 4.5)</p>
<p>12. The Chief Human Resources Officer and the directors general for Western and Northern Canada and Eastern Canada should ensure that delegated managers are familiar with and apply the clauses in the collective agreement pertaining to allowances.</p>	<p>Agree, with reservations.</p> <p>12.1 To ensure a common understanding and consistent application of the Collective Agreement, the initiatives presented in the response to Recommendation no. 2 are already under way. More specifically, Labour Relations Bulletins are being explained and shared with participants of the Human Resources Management Course during group exercises on the application of the Collective Agreement.</p> <p>12.2 In addition, HRD's Labour Relations, Classification and Compensation Branch will start reviewing the Labour Relations Bulletins so that they become accessible to all delegated managers by the end of fiscal year 2011/12 to ensure greater familiarity with and correct application of Collective Agreement clauses dealing with allowances. In case of ambiguity, supervisors and managers will be directed to communicate with their respective HRM and/or</p>	<p>Underway</p> <p>March 2012</p>

Recommendations	Management Response	Target Date
<p>13. The Chief Human Resources Officer and the directors general for Western and Northern Canada and Eastern Canada should ensure that the information in pay transaction documentation is complete and compliant and that clear direction is given in cases of non-compliance.</p>	<p>Labour Relations Advisor.</p> <p>Agree.</p> <p>13.1 The responses provided to Recommendations Nos. 2, 4 and 6 are also applicable to No. 13. As stated in the response to Recommendation no. 2, Corporate Compensation will communicate existing pay and benefits procedures regarding necessary documentation to the Compensation community.</p> <p>13.2 In cases where pay and benefits procedures may not exist for issues raised in this audit, they will be indentify by the end of September 2010, developed and provided to the Compensation community by end of April 2011.</p> <p>13.3 In the response to Recommendation No. 4, the CHRO will advise HRMs that they must ensure that all documentation defined as necessary in the Agency's Compensation and Benefits Service Delivery Standards must be completed prior to being sent to the Compensation Office for a pay action.</p> <p>13.4 The CHRO and the DG East and DG W&N will inform Compensation Managers and advisors of the mandatory use of existing compensation checklists. As stated in the response to Recommendation No. 6, the CHRO and DG East and DG W&N will issue clear directions to the Compensation Advisors and managers informing them not to proceed with any compensation activity or pay actions if the proper documentation is not submitted, is incomplete, not signed, or does not respect the provisions of the Collective Agreement. In the absence of proper documentation, Compensation Advisors will return the documentation to the HRM or agreed upon designate who will follow up with the appropriate manager/supervisor.</p> <p>13.5 In addition, HRD's Labour Relations, Classification and Compensation Branch, in collaboration with the Office of the DG East and DG W&N will develop an information/training session on standard procedures regarding documentation compliance via videoconference or webinar for the compensation community to review the standard procedures regarding documentation compliance.</p>	<p>April 2010</p> <p>April 2011</p> <p>July 2010</p> <p>May 2010</p> <p>November 2010</p>
<p>14. The Chief Human Resources Officer and the directors general for Western and Northern Canada and Eastern</p>	<p>Agree.</p> <p>14.1 As indicated in the response to Recommendation No. 10, HRD's Staffing Policy Unit will be reviewing all staffing process documents including letters of offer, extensions of term positions and acting assignments in fiscal year 2010/11. Official language information will be closely</p>	<p>April 2011</p>

Recommendations	Management Response	Target Date
<p>Canada should ensure that bilingualism requirements are met and that payment of the bilingual bonus is properly documented with respect to position requirements and the employee's official results.</p>	<p>reviewed during this process to ensure that required language profiles are appropriately reflected in these documents.</p> <p>It should also be noted that HRD's Official Languages Unit conducts an annual monitoring exercise to ensure that employees meet the language requirements of the position to which they are appointed. This information is then sent to the HRMs. In cases of non-compliance, the HRM works with the manager to ensure that the appropriate corrective measures are taken.</p>	
<p>15. The Chief Human Resources Officer and the directors general for Western and Northern Canada and Eastern Canada should ensure that internal controls to prevent errors in payment of the bilingual bonus are strengthened.</p>	<p>Agree.</p> <p>15.1 Although the financial impact of errors associated with bilingualism bonus payments may be minimal, there is an impact on employees affected by the inconsistent application of the Parks Canada Agency Bilingualism Bonus Policy. HRD's Corporate Compensation unit will provide the Compensation community with the policy and inform them of appropriate calculation procedures.</p> <p>15.2 Monitoring of compliance in the payment of the bilingualism bonus will be included in the Corporate Compensation Monitoring Process referenced in the response to Recommendation No.4.</p>	<p>June 2010</p> <p>March 2011 (see item 4.5)</p>
<p>16. The Chief Human Resources Officer and the directors general for Western and Northern Canada and Eastern Canada should ensure that tracking of extended leave is established.</p>	<p>Agree.</p> <p>16.1 Monitoring of medium- to long-term leave without pay should be a standard requirement. This monitoring begins with the delegated managers. The response to Recommendation No. 2 already highlights initiatives that will help ensure that managers are informed regarding the various types of leave without pay and limits specified in the Collective Agreement (Human Resources Management course, the Instrument).</p> <p>16.2 Access to Labour Relations Bulletins (Response to Recommendation No. 12) will also help delegated managers understand the limits of leave without pay. This will help ensure compliance with the authority regarding approval of leave without pay.</p> <p>16.3 In addition, HRD will provide, on a quarterly basis, a list of all employees who are on leave without pay to the Directors of Human Resources in the offices of the DG East and DG W&N and to the HRM in National Office. The Directors will then share this list with HRMs for review with</p>	<p>March 2011 (see item 2.1)</p> <p>March 2011 (see item 12.2)</p> <p>July 2010</p>

Recommendations	Management Response	Target Date
	<p>the delegated managers to ensure that all cases of leave without pay in their business unit are in compliance. In case of non-compliance, the manager and HRM will work with Labour Relations to identify appropriate corrective measures.</p> <p>In cases where the Compensation Advisors identify inconsistencies or non-compliance, they will be directed to inform the HRM or agreed upon designate and take no pay action until the situation is addressed.</p>	
<p>17. The Chief Human Resources Officer and the directors general for Western and Northern Canada and Eastern Canada should ensure that managers are given clear direction regarding the use of leave without pay.</p>	<p>Agree.</p> <p>17.1 Managers must be properly informed regarding the various types of coded leave without pay and also reminded about the proper use of other leave without pay.</p> <p>17.2 The Human Resources Management at Parks Canada course and the Instrument (response to Recommendation No. 2) explain the use of leave without pay, using the Labour Relations Bulletin developed in 2007. The letter to managers from the CHRO and the DG East and DG West & North will also make reference to leave without pay (response to Recommendation No. 2).</p> <p>17.3 Moreover, as stated in the response to Recommendation No. 12, HRD's Labour Relations, Classification and Compensation Branch will start reviewing the Labour Relations Bulletins so that they become accessible to all delegated managers.</p>	<p>April 2010 (see item 2.3)</p> <p>March 2011 (see item 2.1)</p> <p>March 2012 (see item 12.2)</p>
<p>18 The Chief Human Resources Officer and the directors general for Western and Northern Canada and Eastern Canada should ensure that processing of leave without pay is properly documented and that the information is complete.</p>	<p>Agree.</p> <p>18.1 As stated in the response to Recommendation No. 17, managers will be reminded of the various types of coded leave without pay and also reminded about the proper use of other leave without pay. As stated in the response to Recommendation No. 2, HRD's Corporate Compensation unit will re-communicate established pay and benefits procedures to the Compensation community by April 2010.</p> <p>18.2 The procedures will identify the documentation necessary to complete compensation transactions and also who is responsible for submitting and approving the relevant information and forms. Where established pay and benefits procedures do not exist, they will be developed and provided to the Compensation community.</p>	<p>April 2010 (see item 17.1)</p> <p>April 2011</p>
<p>19. The Chief Human Resources Officer and the directors general for</p>	<p>Partially agree.</p> <p>19.1 The LRS system provides for third party access in the limited circumstances where employees do not have access to a computer. The non-use of LRS is more often than not a</p>	<p>April 2010</p>

Recommendations	Management Response	Target Date
<p>Western and Northern Canada and Eastern Canada should ensure that use of the LRS becomes mandatory except:</p> <ul style="list-style-type: none"> - by employees who may not have access to a computer that supports the LRS, or - to authorize leave not supported by the LRS. Such transactions must, however, be properly documented so that they can be tracked manually. 	<p>product of neglect, e.g. not inputting leave for an entire season and then forwarding leave forms to Compensation after the employee has been temporarily SOS'ed. This again is an issue of education and compliance. The communication to senior and middle managers referenced in the response to Recommendation No.2 will include the requirement to enter leave into LRS in a timely way.</p> <p>19.2 In terms of leave types not supported by LRS, HRD's Planning, Reporting and Systems Branch, in collaboration with the Corporate Compensation Unit and Directors of Human Resources in the offices of the DG East and DG W&N will review the FAQs on the LRS website to ensure the information provided is adequate to guide users. The review will also ensure that there is guidance on the proper completion of paper leave forms. From then on and provided that information is available to support proper completion of forms, incomplete or late leave documentation will not be accepted in Compensation and will be returned through the HRM or agreed upon designate.</p>	<p>(see item 2.3)</p> <p>July 2010</p>
<p>20. The Chief Human Resources Officer should ensure that a monitoring system is put in place to:</p> <ul style="list-style-type: none"> - detect and resolve errors in LRS data; and - ensure that employees are not able to authorize leave for themselves. 	<p>Agree.</p> <p>20.1 HRD's Planning, Reporting and Systems Branch will work with the Office of the CIO to identify whether there are viable options and to modify the LRS accordingly. It is expected that the measures that can be taken and the timeframe for implementation will be identified by October 2010.</p>	<p>October 2010</p>
<p>21. The Chief Human Resources Officer should ensure that a system of controls is put in place to reconcile PeopleSoft and LRS data.</p>	<p>Reservations.</p> <p>21.1 HRD's Planning, Reporting and Systems Branch will work with the Office of the CIO to identify whether there are other viable options for reconciling LRS and PeopleSoft data. Measures that can be taken and the timeframe for implementation will be identified by October 2010.</p>	<p>October 2010</p>

Recommendations	Management Response	Target Date
<p>22. The Chief Human Resources Officer and the directors general for Western and Northern Canada and Eastern Canada should ensure that sick leave advances remain within the allowable limits and that such advances be tracked by compensation managers.</p>	<p>Partly agree.</p> <p>22.1 Responsibility for ensuring that sick leave advances remain within allowable limits lies first with the supervisors and managers approving the advances, as Compensation only receives the appropriate form once the supervisor or manager has approved the advance. As per instructions contained in the Instrument, managers must consult Human Resources before advancing up to 25 days of sick leave with pay. The response provided to Recommendation no. 2 should ensure that supervisors and managers understand their role and responsibilities to this end.</p> <p>22.2 Employees cannot request a leave transaction through LRS that will result in a negative sick leave balance. Advances of sick leave must be approved by the delegated manager on the appropriate paper leave form and be forwarded to the Compensation Advisor, who then advances the sick leave in PeopleSoft. Once this is done, the LRS will show a negative balance for sick leave. The Compensation Advisor must be aware of situations where an employee will have a negative balance in his sick leave to ensure that any negative balances are recovered in the case of termination or leave without pay. To help monitor this issue, HRD's planning; Reporting and Systems Branch will work with the Corporate Compensation unit to develop an appropriate monitoring report in accordance with the requirements identified by Corporate Compensation. This report will be included in the Corporate Compensation Monitoring Program referenced in the response to Recommendation No.4.</p>	<p>October 2010</p> <p>March 2011 (see item 4.5)</p>
<p>23. The Chief Human Resources Officer and the directors general for Western and Northern Canada and Eastern Canada should ensure that the granting of annual leave does not exceed those granted under the collective agreement.</p>	<p>Agree.</p> <p>23.1 Employees must not be granted more annual leave than allowed under Collective Agreement. Here again, Compensation is not the first line for tracking annual leave. As per the Instrument, managers and supervisors have the authority to approve and/or schedule annual leave and, as such, are responsible for ensuring that employee annual leave balances remain within allowable limits. The response provided to Recommendation No. 2 (Human Resources Management course, Instrument of Delegation, message to managers) will help to ensure that supervisors and managers understand their role and responsibilities.</p> <p>23.2 To help monitor this issue, HRD's Planning, Reporting and Systems Branch will work with the Corporate Compensation unit to develop an appropriate monitoring report in accordance with the requirements identified by Corporate Compensation. This report will be included in the Corporate Compensation Monitoring Program referenced in the response to Recommendation No.4. When Compensation becomes aware of employees obtaining more leave than they are entitled to, appropriate action in the form of salary recoveries will be taken.</p>	<p>October 2010 (see item 2.2)</p> <p>March 2011 (see item 4.5)</p>

Recommendations	Management Response	Target Date
<p>24. The Chief Human Resources Officer and the directors general for Western and Northern Canada and Eastern Canada should ensure that managers are given clear direction regarding the use of "other paid leave."</p>	<p>Agree. 24.1 All DGs must properly inform their managers about the proper use of other paid leave. The Human Resources Management at Parks Canada course and Instrument of Delegation (response to Recommendation No. 2) explain the use of leave with pay and references the Labour Relations Bulletin written on this subject in 2007.</p> <p>24.2 Moreover, as stated in the response to Recommendation No. 12, the HRD's Labour Relations, Classification and Compensation Branch will review the Labour Relations Bulletins and make them accessible to all delegated supervisors and managers during fiscal years 2010/11 and 2011/12.</p>	<p>October 2010 (see item 2.2)</p> <p>March 2012 (see item 12.2)</p>
<p>25. The Chief Human Resources Officer should ensure that the system used is capable of detecting overruns of leave limited to a specific number of days.</p>	<p>Agree. 25.1 The responses to Recommendations Nos. 22, 23 and 24 will ensure that these situations do not occur. The Human Resources Management Course and the related exercises and case studies, the information sessions on the Instrument of Delegation and more accessible Labour Relations Bulletins on the Collective Agreement will educate managers and supervisors on the purpose, use and limits of such leaves.</p> <p>25.2 In addition, the development of the leave monitoring report that will be used within the Corporate Compensation Monitoring Program will identify situations of overruns and allow appropriate action to be taken.</p>	<p>March 2011 (see item 2.1)</p> <p>March 2011 (see item 4.5)</p>

APPENDIX B: TIMEFRAME FOR COMPLETION OF ACTIONS PLAN

The audit identifies a total of 25 recommendations to improve the overall Management of the Compensation function. The CHRO proposed an action plan to address all of them. Some of the corrective measures require more than 1 step to achieve the target goal. A total of 59 actions are required to fulfill the proposed action plan. The following table give a sense of the implementation schedule by action item as stated into the Appendix A.

Summary of actions plan by period			
After 6 months	After 12 months	After 18 months	After 24 months
September 2010	March 2011	September 2011	March 2012
2.3 and 2.5	2.1 and 2.4	2.2	12.2
4.1 to 4.3	3.1	10.1 and 10.3	17.3
5.1	4.4 and 4.5	13.2	24.2
6.1 and 6.2	6.3	14.1	
8.1	7.1	18.2	
9.1	8.2 and 8.3		
11.1 and 11.2	9.2		
12.1	10.2 and 10.4		
13.1, 13.3 and 13.4	11.3 and 11.4		
15.1	13.5		
16.3	15.2		
17.1	16.1 and 16.2		
18.1	17.2		
19.1 and 19.2	20.1		
	21.1		
	22.1 and 22.2		
	23.1 and 23.2		
	24.1		
	25.1 and 25.2		
Total 22	Total 28	Total 6	Total 3
37 % implemented	85 % implemented	95 % implemented	100 % implemented