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## Internal Audit of Compensation and Benefits

Office of the Chief Audit and Evaluation Executive  
Audit and Assurance Services Directorate

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# Executive Summary

## Introduction

PCH has over 2,300 full time equivalents (FTE) and annual expenditures of over \$200 million in salaries, wages and employee benefits. This is a significant area of expenditures for the Department and a critical area to ensure that controls and governance/risk management processes are appropriate.

The Director General, Human Resources and Workplace Management is responsible for the Compensation and Benefits group. She reports directly to the Deputy Minister.

Compensation and Benefits group is responsible for providing timely and effective compensation services such as employee pay, records of employment, and pension advice in accordance to Public Service legislation and regulations. In order to deliver these services, the Compensation and Benefits Group can rely on approximately 23 full-time equivalents and its total budget for 2008-2009 was \$1.2M.

The authority for this audit was derived from the Multi-Year Risk-Based Audit Plan 2009-2010 to 2013-2014 which was recommended by the Departmental Audit Committee in May 2009 and approved by the Deputy Minister.

The audit scope focused on the Compensation and Benefits group within PCH and covered the period from April 1, 2007 to March 31, 2009.

The objectives of this audit were to provide assurance to PCH Senior Management with respect to the adequacy of management and control processes over:

- 1) Compliance with legislations, regulations, collective agreements, policies, and procedures;
- 2) Adequacy of management controls and processes; and,
- 3) Accuracy of financial records in support of audited financial statements.

## Key Findings

Throughout the audit fieldwork, the audit team observed several examples of how controls are properly designed and are being applied effectively by Compensation and Benefits management. This resulted in several positive findings which are listed below:

- The audit observed several initiatives currently being implemented by Compensation and Benefits Management in order to improve current processes relating to the key issues they identified. These include:
  - Addressing current issues within the group, the creation and filling of a new Director position specific to Compensation and Benefits;
  - Creating new CR-05 positions within the Compensation and Benefits group to address less complex transactions so that Pay Advisors can spend more time responding to client queries;

- Creating new AS-03 positions specific to the “peer verification process” to ensure appropriate segregation of duties is maintained within this process;
- Analyzing the current systems issues to create a centralized database to track compensation and benefits requests; and,
- Conducting an analysis of Human Resource (HR) system options with regards to potential PeopleSoft upgrades.
- A significant improvement was noted in the number of errors found by PCH Finance during their quarterly FAA Section 33 verification process (i.e. from December 2008 to March 2009, the error rates relating primarily to Section 34 signatures on student transactions went from 40% to 5%).

## **Recommendations**

The audit team also identified areas where management practices and processes could be improved, with recommendations being provided as summarized below:

1. The DG, Human Resources & Workplace Management should develop options and enlist support from stakeholders to integrate the payroll/HR systems in order to minimize/reduce the risks of errors associated with manual input and duplicate data entry.
2. The DG, Human Resources & Workplace Management should ensure that:
  - employee pay files are stored in a secure area at all times;
  - access to files and the Compensation and Benefits floor be limited to individuals who require access to perform their duties; and,
  - Online Pay system access is restricted to appropriate individuals.
3. The DG, Human Resources & Workplace Management should establish a more robust monitoring process over Compensation and Benefits activities across the Department.
4. The DG, Human Resources & Workplace Management, in collaboration with the DG, Financial Management, should ensure that a process is in place to confirm compliance with key payroll policies on an on-going basis.
5. The DG, Human Resources & Workplace Management should implement measures to address known HR issues currently being faced within the Compensation and Benefits group (this includes: addressing the current backlog of transactions and ensuring that employees are provided with necessary training and tools to perform their tasks).

## **Statement of Assurance**

In my professional judgment as Acting Chief Audit and Evaluation Executive, sufficient and appropriate audit procedures have been conducted and evidence gathered to support the accuracy of the opinion provided and contained in this report. The opinion is based on a comparison of the conditions, as they existed at the time, against pre-established audit criteria that were agreed to with management. The opinion is applicable only to the entity examined and within the scope described herein. The evidence was gathered in compliance with Treasury Board policy, directives, and standards on internal audit and the procedures used meet the professional standards of the Institute of Internal Auditors. Sufficient evidence was gathered to provide senior management with the proof of the opinion derived from the internal audit.

## **Audit Opinion**

The Compensation and Benefits group is generally in compliance with legislations, regulations, collective agreements, policies, and procedures and has, with a few exceptions as noted, adequate management controls and processes, and provides accurate financial records in support of auditable financial statements.

Further to my review of management controls, risk management frameworks and overall governance structure to ensure practices are effective and adequate, in my opinion, the Compensation and Benefits group should address its HR issues and has moderate issues requiring management focus in the areas of risk management, control and governance.

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**Jean-Pierre Gauthier**

Acting Chief Audit and Evaluation Executive  
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# **1. Introduction and Context**

## **1.1 Authority for the Project**

The authority for this audit is derived from the Multi-Year Risk-Based Audit Plan 2009-2010 to 2013-2014 which was recommended by the Departmental Audit Committee in May 2009 and approved by the Deputy Minister.

## **1.2 Background**

PCH has over 2,300 full time equivalents (FTE) and annual expenditures of over \$200 million in salaries, wages and employee benefits. As such, this is a significant area of expenditures for the Department; therefore a critical area to ensure that controls and governance/risk management processes are appropriate.

Payroll administration within the federal public service is governed by various authorities, including the *Public Service Employment Act*, the *Financial Administration Act*, terms and conditions of employment, collective agreements, and Treasury Board directives and policies. Responsibilities for payroll administration are distributed between human resources, finance, and other sectors in the Department.

Within PCH, payroll, expenses, leave and employee benefits information is captured in four different systems: SAP, PeopleSoft, Public Works and Government Services Canada's Online pay system and manual pay cards.

The Director General, Human Resources and Workplace Management is responsible for the Compensation and Benefits group. She reports directly to the Deputy Minister.

Compensation and Benefits group's role is to provide timely and effective services such as employee pay, records of employment, and pension advice in accordance to Public Service legislation and regulations. In order to deliver these services, the Compensation and Benefits Group can rely on approximately 23 full-time equivalents and its total budget for 2008-2009 was \$1.2M.

# **2. Objectives**

The objectives of this audit were to provide assurance to PCH Senior Management with respect to the adequacy of management and control processes regarding:

- 1) Compliance with legislations, regulations, collective agreements, policies, and procedures;
- 2) Adequacy of management controls and processes; and,
- 3) Accuracy of financial records in support of audited financial statements.

### **3. Scope**

The audit scope covered the period from April 1, 2007 to March 31, 2009, and addressed areas of governance, internal controls, and risk management. For testing purposes, samples were selected from the most recent fiscal year in scope (fiscal year 2008-2009) as this is the most relevant. The audit was carried out at PCH headquarters in Gatineau, Quebec between November 2009 and March 2010.

The focus of the audit was on the Compensation and Benefits group within PCH, specifically on high risk areas identified in the planning phase.

### **4. Approach and Methodology**

This audit was conducted in accordance with the Standards for the Professional Practice of Internal Auditing as per the Institute of Internal Auditors (IIA), and the standards and requirements set out in the Treasury Board Policy on Internal Audit.

Sufficient and appropriate audit procedures have been conducted and evidence gathered to support the audit conclusion provided and contained in this report.

The principal audit techniques used included:

- Interviews with Compensation and Benefits Management and staff, as well as Financial Management Branch Management and staff;
- Reviewing relevant documentation;
- Evaluating the system of internal controls, risk management, and governance in regards to compensation and benefits; and,
- Examination of a random sample of payroll transactions to assess appropriateness of internal controls.

The approach used to address the audit objectives included the development of audit criteria against which observations, assessments, and conclusions were drawn. The audit criteria developed are included in Appendix A.

Control testing over transactions was conducted by selecting a random sample of high risk transactions such as “taken on strength”, “struck off strength”, and “acting assignments”, for the period covering April 1<sup>st</sup>, 2008 to March 31<sup>st</sup>, 2009. The sample of 44 out of 2,666 transactions was determined based on internationally accepted guidelines for attribute sampling when testing control activity performance. The sampling strategy considered the identified risks and the controls to be tested.

## **5. Observations, Recommendations and Management Response**

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

In completing this audit, the audit team identified moderate issues in the area of compensation and benefits, which have resulted in five recommendations where management controls can be improved. Details of these observations are provided in the next section.

### **5.1 Stewardship**

#### **5.1.1 Payroll Systems**

The audit team identified a number of issues related to PCH's payroll-related systems that could lead to efficiency and effectiveness challenges.

##### **Analysis**

Considering PCH's current payroll systems infrastructure, payroll transactions are entered into four separate systems: Online Pay, PeopleSoft, SAP, and manual pay cards. Due to the lack of interfaces between these various HR systems, manual input is necessary throughout the process. This increases the risk of errors, data integrity and/or consistency issues within the various systems. In addition to this duplication of effort, Management identified a backlog of 1641 transactions in Online Pay as of January 2010 and 4631 transactions in People Soft as of February 2010 that resulted in client dissatisfaction.

The Department is currently using PeopleSoft version 8.0, as their Human Resource Management system, which is hosted by Parks Canada. Although a draft service level agreement was developed to ensure clarity on required services, and roles and responsibilities, this agreement had not been signed/approved for the fiscal year 2009-2010. An upgrade to the PeopleSoft 8.0 software is required to address interface issues. Moreover, PCH Management has been informed that the current version of PeopleSoft (8.0) will no longer be supported by the supplier (PeopleSoft), and that there will be a need for an upgrade to version 8.9. Consequently, the Department is currently undertaking an option analysis to determine the most appropriate and cost effective next steps with regards to this system. Results of this analysis were not available at the end of audit fieldwork as this analysis has not yet been finalized.

Furthermore, the results of the Client Service Survey conducted in 2009 (dated September 11, 2009) on the Human Resources and Workplace Management Branch (HRWMB) showed that 50% of respondents are dissatisfied with the response time as well as the quality of service/information received from the Compensation and Benefit group.

### **Risk Assessment**

Because of the lack of interfaces between systems and the requirement for manual input in various systems, there is a risk that data integrity within these systems is compromised, which could result in inaccurate decision making.

### **Recommendation(s)**

- 1) The DG, Human Resources & Workplace Management should develop options and enlist support from stakeholders to integrate the payroll/HR systems in order to minimize/reduce the risks of errors associated with manual input and duplicate data entry.

### **Management Response**

Agreed

## ***5.1.2 Information Security***

Weaknesses were identified in regards to access controls and physical security for compensation and benefits information.

### **Analysis**

The audit team identified issues associated with access controls to the Online Pay system. Five instances were found where users had left the Department but still had access rights to Online Pay. In addition, it was noted that there is no active monitoring of access requests to ensure an adequate segregation of duty.

As per our observations, Online Pay user access is formally reviewed on an annual basis. With the consideration of the risk of fraud, in our opinion the review of user access should be performed on a more regular basis.

During the walkthrough of the Compensation and Benefits floor, it was noted:

- cabinets containing personal information were unlocked;
- personal information was found on unattended desks;
- system passwords were found; and,
- access to the floor is not limited to Compensation and Benefits staff (e.g. all employees of the building have access to the floor where employees' files are being processed).

## **Risk Assessment**

Due to the lack of security measures ensuring the protection of personal information, there is a risk that sensitive information is accessed by non-authorized individuals. This could result in non-compliance with security requirements of government policies and in information breach damaging the Department's reputation.

## **Recommendation(s)**

- 2) The DG, Human Resources & Workplace Management should ensure that:
  - employee pay files are stored in a secure area at all times;
  - access to files and the Compensation and Benefits floor be limited to individuals who require access to perform their duties; and,
  - Online Pay system access is restricted to appropriate individuals.

## **Management Response**

Agreed

### ***5.1.3 On-going Monitoring of Compensation and Benefits***

The audit team noted opportunities for improvement regarding the monitoring of the compensation and benefits process as well as the performance of the Compensation and Benefits group.

## **Analysis**

Responsibilities for payroll administration are distributed between human resources, finance, and other sectors in the Department.

Compensation and Benefits group is responsible for processing transactions in Online Pay, which then need to be printed and peer reviewed by a different compensation advisor. Finance verifies all high risk transactions before releasing a payment and performs quarterly post verification on a sample of low and medium risk transactions.

Although reports are available to the Compensation and Benefits group to oversee the process, the information contained in PeopleSoft was described as being out-of-date (refer to section 5.1.1 for backlog transactions), therefore not relied upon for reporting and decision making. A Master Employee Record report is used by Compensation and Benefits group to evaluate the gap between the information contained in PeopleSoft and Online Pay. Additional reports are available through PWGSC; however, these reports are not received in a timely manner and in a manageable format. This not only presents a challenge to perform effective and efficient monitoring, but could also become problematic in case of an urgent request for information.

It was observed that 900 reports are available through PeopleSoft, including more than 40 reports that are “dashboard” reports. This number of reports presents a challenge because of the variability in data that could be depicted in each report and are not sufficient for the Compensation and Benefits Management to provide appropriate oversight. Specifically, these reports do not cover areas such as key service delivery standards and performance measures for the group.

Consequently, these issues could impact the ability of the Compensation and Benefits to generate accurate information in a timely manner for Senior Management’s decision making and sound management.

### **Risk Assessment**

Without a comprehensive and formalized monitoring process to oversee the compensation and benefits process, there is a risk that accountability and responsibility for monitoring of the process and expected results are not clearly defined. This could result in ineffective and inefficient management (e.g. errors going unnoticed or not being addressed on a timely basis, service standards not being met, opportunities for improvement being missed and/or improper decisions being made based on incorrect information).

### **Recommendation(s)**

- 3) The DG, Human Resources & Workplace Management should establish a monitoring process over compensation and benefits activities across the Department.

### **Management Response**

Agreed

#### ***5.1.4 Process to Ensure Ongoing Alignment with key Payroll-related Policies***

The audit findings show that there is currently no formal process whereby the Department assesses and verifies its alignment and compliance with key payroll-related policies and requirements (e.g., the new Guideline on Financial Management of Pay Administration, Policy on Terms and Conditions of Employment).

### **Analysis**

In 2005, the Treasury Board Secretariat and Public Service Human Resource Agency of Canada launched a review of Treasury Board management policies in order to clarify the responsibilities and accountabilities of Ministers and Deputy Heads in key areas of public service work. This review has resulted in new policies and a new guideline applicable to the compensation and benefits process, the main areas being:

- *Policy Framework for the Management of Payroll* that incorporates Policy on the Administration of the Public Service Pension Plan and Group Insurance and Other Benefit Programs; Policy on Terms and Conditions of Employment; Directive on Leave and Special Working Arrangements; Directive on Terms and Conditions of Employment; and,
- *Guideline on Financial Management of Pay Administration*.

As best practice, a process should be in place to assess compliance with and alignment to key policy requirements and related guidance. This process should involve an analysis comparing current practices against the policy requirements to identify gaps (if any) in order to confirm that key controls, which are in place to address policy requirements, are operating effectively on an ongoing basis. While PCH management has recently initiated the documentation of the payroll process and key controls (as part of the Department's financial statement audit readiness project), the audit team could not note the existence of a formal process to assess the Department's alignment to and ongoing compliance with key payroll policy-related requirements.

### **Risk Assessment**

As there is no formal process in place to assess the Department's alignment to and ongoing compliance with key payroll policy-related requirements, there is a risk that the Department does not comply with these policies and guideline requirements and that the implemented controls within the compensation and benefits process are inappropriate/insufficient. This could result in non-compliance with policies, inaccurate processing of transactions and/or could adversely impact the Department's reputation.

### **Recommendation(s)**

- 4) The DG, Human Resources & Workplace Management, in collaboration with the DG, Financial Management Branch, should ensure that a process is in place to confirm compliance with key payroll policies on an on-going basis.

### **Management Response**

Agreed

## **5.2 People**

### **5.2.1 Human Resource Management within the Compensation and Benefits Group**

The audit team noted some human resources-related challenges, such as lack of training and tools, within the Compensation and Benefits group that need to be addressed.

## **Analysis**

Results of focus groups conducted with Compensation and Benefits staff identified a lack of training received by the group pertaining to the payroll process and information security. Over the last years, the work of compensation and benefits advisors has evolved significantly since employees/clients have access to various sources of information. As a result, the questions and information requests received are increasingly complex, creating additional pressure and higher expectations for the compensation and benefits staff.

Compensation and Benefits Advisors have access to the PWGSC's Virtual Pay website that provides them with generic tools, forms, and checklists. However, based on discussions with staff and the review of pay files, the audit team noted a lack of procedural documentation available for staff. During the pay file testing, it was noted that available forms and checklists were not consistently used (e.g. for 7 out of 44 transactions tested a checklist was used). Additional tools, checklists, and procedures that meet their specific needs would benefit them to perform their duties in a consistent and adequate manner.

At the time of this audit, three Compensation and Benefits Advisor positions were vacant and a current backlog of 1641 transactions in Online Pay as of January 2010 and 4631 transactions in People Soft as of February 2010 needed to be entered into the various systems. Interviews conducted with compensation and benefits management and staff have revealed challenges regarding employee morale, turnover, and increasing workloads.

In addition, given the lack of training and tools, the vacancies, and turnover that has occurred within the Compensation and Benefits group, there are concerns about the consistency of transaction processing as well as the ability of the group to ensure continuity of knowledge with regards to key process and HR information.

## **Risk Assessment**

Due to a lack of training, tools and procedures, there is a risk that compensation and benefits transactions are not processed adequately, resulting in non-compliance with legislations, guidelines and policies, and could also impact employee satisfaction.

## **Recommendation(s)**

- 5) The DG, Human Resources & Workplace Management should implement measures to address HR issues currently being faced within the Compensation and Benefits group, including addressing the current backlog of transactions and ensuring that employees are provided with necessary training and tools to perform their duties.

## **Management Response**

Agreed



## Appendix A – Audit Criteria

The conclusions reached for the audit criteria used in the audit were based on the following definitions.

Numerical Categorization	Conclusion on Audit Criteria	Definition of Conclusion
1	Well Controlled	<ul style="list-style-type: none"> <li>Well managed, no material weaknesses noted; and,</li> <li>Effective.</li> </ul>
2	Controlled	<ul style="list-style-type: none"> <li>Well managed, but minor improvements are needed; and,</li> <li>Effective.</li> </ul>
3	Moderate Issues	<p>Moderate issues requiring management focus (at least one of the following two criteria need to be met):</p> <ul style="list-style-type: none"> <li>Control weaknesses, but exposure is limited because likelihood of risk occurring is not high; or,</li> <li>Control weaknesses, but exposure is limited because impact of the risk is not high.</li> </ul>
4	Significant Improvements Required	<p>Requires significant improvements (at least one of the following three criteria need to be met):</p> <ul style="list-style-type: none"> <li>Financial adjustments material to line item or area or to the Department; or,</li> <li>Control deficiencies represent serious exposure; or,</li> <li>Major deficiencies in overall control structure.</li> </ul>

The following are the audit criteria and examples of key evidence and/or observations noted which were analyzed and against which conclusions were drawn. In cases where significant improvements (4) and/or moderate issues (3) were observed, these were reported in the audit report.

<b>Audit Criteria #</b>	<b>Audit Criteria</b>	<b>Conclusions</b>	<b>Observations/Examples of Key Evidence</b>
<b>1. Governance and Strategic Direction</b>			
<b>1.1</b>	Those charged with governance (e.g., the DG and Director) are actively involved, have a significant level of influence, and exercise oversight of management's processes (including: HR, performance management, etc.).	2	<ul style="list-style-type: none"> <li>• Various governance practices are in place, including: weekly bilateral meetings between the DG and her Directors, bi-weekly Compensation and Benefits group meetings, an annual business plan for the Branch, etc.</li> <li>• We noted, however, that the evidence for some of the governance activities is not always appropriately maintained (e.g., reports reviewed, meetings held, follow-up on errors / issues, etc.)</li> </ul>
<b>2. Results and Performance</b>			
<b>2.1</b>	Performance measures are identified and actual performance against planned / intended performance is monitored and adjustments made as required.	3	<ul style="list-style-type: none"> <li>• Service delivery standards exist for the Compensation and Benefits group; "expected results" are identified within the Branch Plan; etc.</li> <li>• However, limited monitoring is conducted by the group to assess its performance (which includes service delivery standards and "expected results" from the Branch Plan).</li> </ul>
<b>2.2</b>	Reporting and related application and information systems are reliable.	3	<ul style="list-style-type: none"> <li>• Transactions are entered into four separate systems.</li> <li>• An upgrade is required to PeopleSoft and there are no interfaces between the various HR/Payroll systems</li> </ul>

Audit Criteria #	Audit Criteria	Conclusions	Observations/Examples of Key Evidence
			<p>requiring a lot of manual input.</p> <ul style="list-style-type: none"> <li>• Service level agreement with Parks Canada for PeopleSoft support has not been signed.</li> </ul>
2.3	Information is gathered from and disseminated to the appropriate people on a timely basis.	3	<ul style="list-style-type: none"> <li>• Some reports are available to monitor the payroll and benefits process; however, additional thought and guidance is required on department-wide monitoring and supporting reports (including monitoring of the performance of the Compensation and Benefits group).</li> </ul>
<b>3. Learning, Innovation and Change Management</b>			
3.1	Management systematically assesses results and seeks feedback to facilitate continuous improvement and innovation.	3	<ul style="list-style-type: none"> <li>• An HR survey was conducted by PCH's research group and service delivery standards exist for the group.</li> <li>• However, no ongoing formal mechanism is in place to gather feedback and to identify improvement opportunities.</li> </ul>
<b>4. Accountability</b>			
4.1	Authority, responsibility and accountability are clear and communicated.	2	<ul style="list-style-type: none"> <li>• Detailed job descriptions exist for the Compensation and Benefits group; delegated authorities for the Payroll process are in place.</li> </ul>
4.2	A clear and effective organizational structure is established and documented.	3	<ul style="list-style-type: none"> <li>• There are a variety of challenges with regards to human resources within the Compensation and Benefits group (e.g. turnover, vacancies, morale, increasing workload, the complexity of the work</li> </ul>

<b>Audit Criteria #</b>	<b>Audit Criteria</b>	<b>Conclusions</b>	<b>Observations/Examples of Key Evidence</b>
			etc.).
<b>4.3</b>	There is an appropriate segregation of duties.	4	<ul style="list-style-type: none"> <li>• Section 33 and 34 approvals are performed by separate individuals.</li> <li>• There were a variety of challenges regarding Online Pay access (e.g., 5 individuals who had left the Department, still had Online Pay access) and over 40 instances were noted where transactions were input and verified by the same user (based on an Online Pay report of all entries relating to fiscal year 2008-09).</li> <li>• Additionally, evidence of certain key controls (e.g. which would demonstrate segregation of duties) needs to be maintained to demonstrate responsibility for approvals.</li> </ul>
<b>5. Risk Management</b>			
<b>5.1</b>	Risks arising from business strategies and activities are identified, assessed, and prioritized.	1	<ul style="list-style-type: none"> <li>• Within the Branch Business Plan, key risks to the achievement of compensation and benefits objectives are identified, assessed (likelihood and impact) and mitigation strategies are established.</li> </ul>
<b>5.2</b>	Risk mitigation activities are designed and implemented.	3	<ul style="list-style-type: none"> <li>• A variety of risk mitigation implementation is still underway (as noted in other audit criteria in this table).</li> </ul>
<b>5.3</b>	Risks are routinely monitored and reported upon an ongoing basis.	2	<ul style="list-style-type: none"> <li>• Risk monitoring appears to be performed informally; however, there is evidence that Management is attempting to address the risks identified.</li> </ul>
<b>6. People</b>			

<b>Audit Criteria #</b>	<b>Audit Criteria</b>	<b>Conclusions</b>	<b>Observations/Examples of Key Evidence</b>
<b>6.1</b>	HR management processes adequately consider the current and future needs of the organization and address identified HR issues.	3	<ul style="list-style-type: none"> <li>There are a variety of challenges with regards to human resources within the Compensation and Benefits group (e.g. turnover, vacancies, morale, etc.).</li> </ul>
<b>6.2</b>	Employees are provided the necessary training, tools, resources and information to support the discharge of their responsibilities.	3	<ul style="list-style-type: none"> <li>There are limited tools, procedures and checklists to help Compensation and Benefits employees perform their tasks.</li> <li>Insufficient training was noted as an issue within focus groups and interviews conducted with Compensation and Benefits staff and management.</li> </ul>
<b>7. Stewardship</b>			
<b>7.1</b>	Processes and procedures exist to support the continuity of information and systems.	3	<ul style="list-style-type: none"> <li>There is limited procedural guidance and, given turnover and vacancies, an inability to conduct succession planning. As such, there are concerns about consistency of processes and the ability to maintain continuity of knowledge.</li> </ul>
<b>7.2</b>	Assets are protected (i.e. physical assets and personal information).	3	<ul style="list-style-type: none"> <li>Issues were noted with regards to both electronic and physical access to data in the payroll process (e.g., protected information was visible on ten (10) of thirteen (13) desks verified; user access passwords were sometimes left on employee keyboards; access to the Compensation and Benefits floor was not appropriately restricted; etc.)</li> </ul>
<b>7.3</b>	Transactions are coded	3	<ul style="list-style-type: none"> <li>Evidence for some of the</li> </ul>

Audit Criteria #	Audit Criteria	Conclusions	Observations/Examples of Key Evidence
	and recorded accurately and in a timely manner to support accurate and timely information processing.		key controls within the payroll process (e.g. peer verification) is not always appropriately maintained.
<b>8. Additional / Payroll Specific Criterion</b>			
<b>8.1</b>	Established process to confirm ongoing alignment with key payroll policies	3	<ul style="list-style-type: none"> <li>• A variety of policies and a new guideline apply to the compensation and benefits process; however, we noted that Management does not have a formal process in place to assess alignment to the policies and an ongoing process to confirm that controls are operating effectively to ensure compliance with policy requirements.</li> </ul>