



National
Defence

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ASSISTANT DEPUTY MINISTER (REVIEW SERVICES)



Reviewed by ADM(RS) in accordance with the *Access to Information Act*. Information UNCLASSIFIED

ADM(RS) Follow-Up of the Office of the Auditor General of Canada's Audit of Providing Relocation Services

May 2019

1259-3-0032 (ADM(RS))

Canada



Acronyms and Abbreviations

ADM(Fin/CFO)	Assistant Deputy Minister(Finance/Chief Financial Officer)
ADM(RS)	Assistant Deputy Minister (Review Services)
BGRS	Brookfield Global Relocation Services
CAF	Canadian Armed Forces
CFIRP	Canadian Armed Forces Integrated Relocation Program
DND	Department of National Defence
DRBM	Director Relocation Business Management
FAA	<i>Financial Administration Act</i>
FAM	Financial Administration Manual
FY	Fiscal Year
MAP	Management Action Plan
MILPERSCOM	Military Personnel Command
OAG	Office of the Auditor General of Canada
OCI	Office of Collateral Interest
OPI	Office of Primary Interest
RCMP	Royal Canadian Mounted Police
S.34	Section 34 of the FAA
SSE	Canada's defence policy: <i>Strong, Secure, Engaged</i>
TPSP	Third Party Service Providers



Statement of Conformance

The audit follow-up conclusions contained in this report are based on sufficient and appropriate audit evidence gathered in accordance with procedures that meet the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*. The audit follow-up thus conforms to the Internal Auditing Standards for the Government of Canada, as supported by the results of the quality assurance and improvement program. The opinions expressed in this report are based on conditions as they existed at the time of the audit follow-up, and apply only to the entity examined.



Why the Follow-Up Occurred?

The Canadian Armed Forces (CAF) relocates its members to meet departmental needs and objectives. To manage the relocation process, the Department, in conjunction with the contracted services of Brookfield Global Relocation Services (BGRS), established the Canadian Armed Forces Integrated Relocation Program (CFIRP).

In keeping with policy and standards for Internal Audit, Assistant Deputy Minister (Review Services) (ADM(RS)) monitors that management action plans (MAP) have been effectively implemented in response to previous Office of the Auditor General of Canada (OAG) audit recommendations. In accordance with the ADM(RS) Risk-based Audit Plan for Fiscal Years (FY) 2018/2019 to 2020/2021, this audit follow-up was conducted to assess the progress made towards the implementation of the MAPs from the 2014 OAG Audit of Providing Relocation Services (See Annex A for the Department of National Defence's (DND) response and expected outcomes for Recommendations 1 and 2). The 2014 OAG Fall Report included three recommendations for DND related to the CFIRP, two of which remain outstanding:

1. Improve CFIRP transaction certification and verification processes so that they are in compliance with Section 34 (S.34) of the *Financial Administration Act* (FAA). (outstanding)
2. Make better use of the results of reviews to ensure the consistent provision of CFIRP benefits to CAF members. (outstanding)
3. Consider other approaches to tracking and determining members' satisfaction. (ADM(RS) previously confirmed implementation)

To address the gaps outlined in the 2014 OAG Fall Report, the company PwC was engaged by the Department to document the financial control framework (report released in March 2016). Recommendations included:

- Ensure an end state verification process that is in compliance with S.34 of the FAA.
- Create and document a quality assurance process that includes the development of a sample plan, use of statistical software, and maximizing the use of trend analysis.

This follow-up aimed to conclude on MILPERSCOM's progress towards the implementation of the MAPs resulting from the 2014 OAG Audit as well as the 2016 PwC recommendations given their similarities.

Note: The Office of Primary Interest within DND at the time of this audit was Chief of Military Personnel. This organization has been renamed to Military Personnel Command (MILPERSCOM).



Going Forward – New Contract

On December 1, 2017, BGRS was awarded the new contract to administer the CFIRP. Under the new contract, centralized support and guidance to members is provided by a call centre. Processes under the new contract are electronic based (e.g., emails, upload of supporting documents), and are meant to allow for more real-time access to relocation information and member files.

In addition, effective April 19, 2018, 15 changes were made to the relocation policies for the CAF. Ten are enhancements or the addition of benefits, and the remaining five mainly relate to pursuing cost-saving options incentives for relocation activities (e.g., shorten house hunting trip).

The BGRS contract has recently been amended, effective April 1, 2019, to provide for service delivery improvements. For example, BGRS will be offering individual planning sessions to relocating members and providing a session at the end of their relocation to ensure that all applicable items and benefits have been covered and claimed. Other changes to the CFIRP as part of Canada's defence policy: *Strong, Secure, Engaged* (SSE) commitment to support military families include adding more relocation process information in the posting messages and providing relocating members with time during their work day to organize their moves.

These changes aim to align CAF member benefits with those parallel benefits provided to members of the Royal Canadian Mounted Police (RCMP) and the Public Service and also align with the SSE commitment to take better care of military personnel and their families.



CFIRP Management within DND/CAF

When it comes to the management and monitoring of the CFIRP, MILPERSCOM is the responsible organization. Under MILPERSCOM, and the Director General Compensation and Benefits, Director Relocation Business Management (DRBM) is responsible for monitoring the administration of the CFIRP.

DRBM is a small organization whose responsibilities include:

- Measuring the effectiveness of the CFIRP;
- Developing and monitoring the current and future CFIRP contracts; and
- Conducting verifications to ensure that payments made under the CFIRP are compliant with S.34 of the FAA.

DRBM has ten positions in its organization that conduct trend analysis, daily relocation transaction reviews and annual complete file reviews. As of November 2018, two of these positions were vacant.

BGRS

DND/CAF has integrated the administration of relocation with a single contractor (with the exception of the physical moving of household goods and effects which is administered under a different contract) to make relocation easy and efficient.

- BGRS has been administering the CFIRP for the federal government since 1994, and the CAF since 1999, providing advisory services including information about relocation benefits, relocation planning, and financial claim processing support.
 - While BGRS representatives were previously co-located at many military bases, under the new contract, centralized support and guidance to members is provided by a call centre with in-person consultations no longer available.
- BGRS administers approximately 14,000 relocations per year.
- BGRS maintains over 8,000 approved third party suppliers for activities related to member relocations.



Strong, Secure, Engaged - Impact on CFIRP

SSE aims to ensure CAF members and their families are well supported, diverse and resilient by including initiatives that minimize disruptions associated with frequent relocation. For example, on June 27, 2018, DND/CAF launched the Seamless Canada Initiative to better align programs and services for military members and their families that are subject to change within different jurisdictions across the country. These include education, health, employment credentials, and licensing for drivers and vehicles.

SSE Initiative

To improve support and services offered for military family members, the Defence team will:

- #24. Develop a Comprehensive Military Family Plan to help stabilize family life for CAF members and their families who frequently have to relocate. This includes:
- Establishing relocation expertise to help military families find and access the services they need in a new community

The main goal of the CFIRP is to ensure that all CAF members and their families are provided with high-quality information and guidance throughout their relocation processes that meet both their current and future needs.¹

¹ <http://www.forces.gc.ca/en/caf-community-benefits/know-your-benefits-articles/modernizing-relocation.page>



What is the CFIRP?

The CFIRP represents the Treasury Board’s approved policy for relocation of CAF members and their dependants, household goods and effects. The Department will:

- Pay for a door-to-door move when authorized to relocate at public expense; and
- Ensure reimbursement of relocation expenses as per the CFIRP policy.

In FY 2016/17, 580,327 relocation transactions were processed for 17,956* CAF members resulting in benefits of approximately \$195 million.

* A member’s relocation file is, on average open for two years. A BGRS press release stated there are more than 14,000 yearly relocations. ADM(RS) examined 26 completed relocation files that ranged from 7 to 96 transactions and an average of 45 transactions per file.

** For Move Type definitions see Annex B

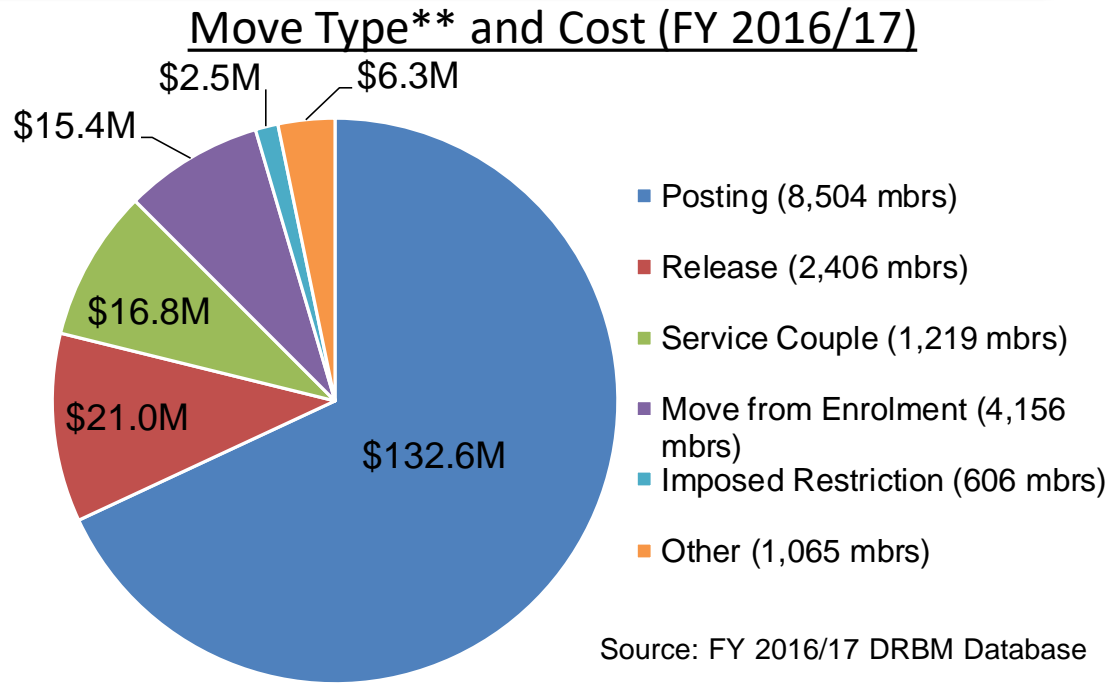


Figure 1. Move Type and Cost (FY 2016/17). This is a pie chart of move type and cost in FY 2016/17.



What does the CFIRP offer?

Largest Transaction Categories

Third Party Service Provider (TPSP): benefits with pre-defined rates such as real estate agents, lawyers, notaries, home inspectors, appraisers and rental search agencies.

Personal Cash Payout: a taxable cash benefit specifically calculated for each relocating member to assist with relocation costs that are not covered under the CFIRP.

Interim Lodging, Meals and Miscellaneous Expenses (ILM&M):

accommodations, meals and miscellaneous expenses during packing and unloading of a member's household goods.

House Hunting Trip (HHT): accommodations, meals and miscellaneous expenses incurred when looking to secure accommodation at new place of duty.

Travel to New Location (TNL): accommodations, meals, miscellaneous expenses and transportation while traveling to the new place of duty.

Other: benefits not included in the previously mentioned categories (e.g., shipment of additional cars, property management, dependent care, effects storage, rental accommodations, insurance).

TOP 5 TRANSACTION CATEGORIES (FY 2016/17)

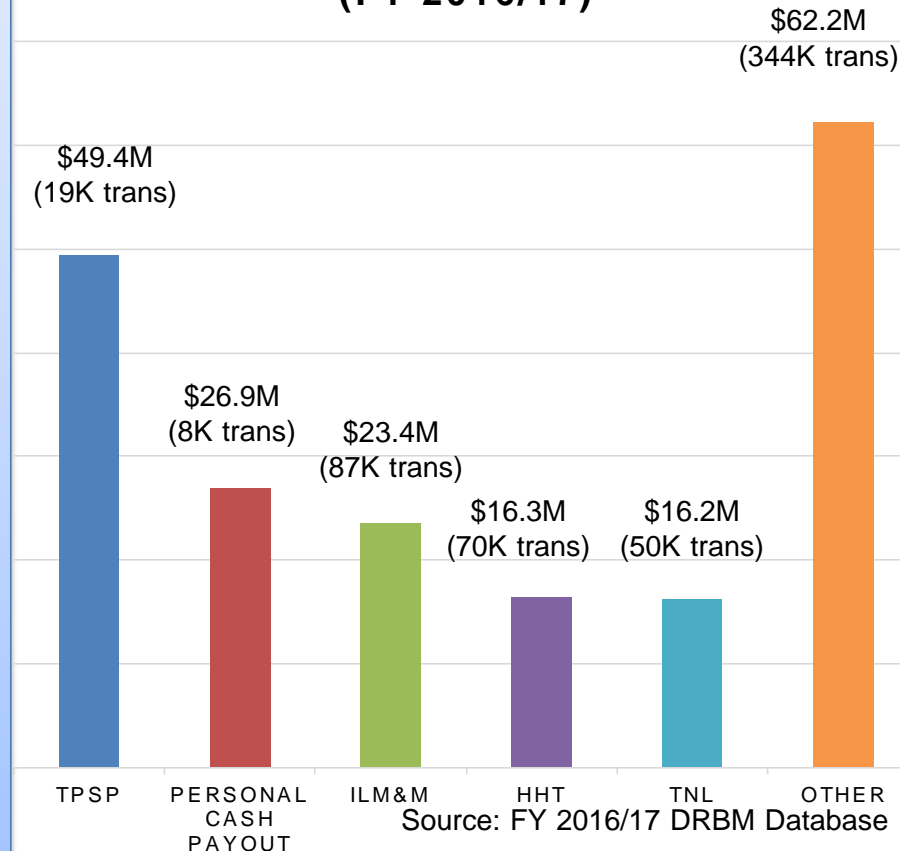


Figure 2. Top 5 Transaction Categories (FY 2016/17). This bar graph shows the top 5 transaction categories by total number and dollar value.



Follow-Up Objective, Scope & Methodology

Objective

To assess the progress made towards the implementation of DND's Management Action Plan in response to the 2014 OAG Audit of Providing Relocation Services, and to ensure that member benefits are administered in an accurate and timely manner.

Scope

Included:

- DRBM CFIRP guidance and operating procedures established to address OAG recommendations.
- Transactions administered under the BGRS CFIRP contract prior to the December 1, 2017 updated contract.

Excluded:

- OAG 2014 Recommendation 3 pertaining to member satisfaction as it was previously deemed to be fully implemented by ADM(RS).
- OAG findings and recommendation related to the RCMP relocation activities.
- The accuracy of BGRS self-reported contract performance metrics. (DRBM reviews a sample from the monthly reported BGRS performance metrics).

Methodology

- Review of documents previously received through MAP Validation processes.
- Review the old BGRS CFIRP contract (prior to December 1, 2017) and the current contract for significant changes.
- Interviews and process walk-throughs of CFIRP requests.
- Review of additional supporting documentation related to outstanding MAPs.
- Liaise with other government departments (e.g., RCMP and Correctional Services Canada).
- File sampling and verification.



Follow-Up Criteria

OAG Recommendations

Recommendation 1

The CAF should improve its process to ensure that payments made under the CFIRP are appropriate and meet all the requirements of S.34 of the FAA.



Recommendation 2

The CAF should make better use of the results of its reviews so that there is a consistent provision of benefits to all members in accordance with the policy.



Recommendation 3

The CAF should consider other approaches to tracking and determining members' satisfaction.



Follow-Up Criteria

Criteria A

Payments made under the CFIRP are appropriate and meet the requirements of the FAA:

- Compliance with FAA requirements;
- Use of established/effective sampling strategies; and
- S.34 verification processes are in place.

Criteria B

The CFIRP has necessary performance measures and monitoring processes in place to ensure that CFIRP objectives are met:

- Performance measures established; and
- Utilizing performance measures.

Criteria C

Effective procedures and practices are in place to ensure member benefits are administered in an accurate and timely manner:

- Ensuring Guidance on CFIRP provisions available; and
- Established CFIRP verification processes in place.

This recommendation, based on previous ADM(RS) analysis and review of the evidence, was considered implemented and was therefore excluded from the scope of this follow-up audit.

Figure 3. Follow-up Criteria. This is a two-column table that links the recommendations made from the 2014 OAG audit to the criteria developed for this follow-up audit.



Management Action Plan Implementation Assessment Summary

Criteria	OAG Audit Finding	MAP Item Associated to Criteria	Follow-Up Audit Findings	Status of MAP Item	Actions Required to Achieve Full Implementation
A	Processes did not meet all S.34 requirements of the FAA	<ul style="list-style-type: none"> Complete Program examination 	<ul style="list-style-type: none"> PwC report completed. 	Full Implementation	No additional action required.
		<ul style="list-style-type: none"> Increase sample size 	<ul style="list-style-type: none"> Financial Administration Manual (FAM) change of these transactions from high to low risk. Daily number of reviewed transactions increased from 15 to 30 plus all pre-negotiated TPSP transactions. 19k transactions reviewed annually through review of up to 1,000 complete relocation files. 	Substantial Implementation	Document an appropriate methodology to meet S.34 requirements for low-risk transactions.
B & C	Not leveraging the information collected from file reviews	<ul style="list-style-type: none"> Leverage data collection & analysis 	<ul style="list-style-type: none"> The majority of performance measures are contractor focused. Data is available to monitor CFIRP. Authorities, Responsibilities and Accountabilities are well communicated. Automated controls & manual processes are in place. 	Substantial Implementation	Develop and document CFIRP performance measures that are linked to SSE initiatives.

Legend (See Annex C for Assessment Criteria)

Obsolete or Superseded	No Progress or Insignificant Progress (0%-24% Completed)	Planning Stage (25%-49% Completed)	Preparation for Implementation (50%-74% Completed)	Substantial Implementation (75%-99% Completed)	Full Implementation (100% Completed)
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Table 1. Management Action Plan Implementation Assessment Summary. This table outlines how the MAP Items were implemented and further actions required. Reviewed by ADM(RS) in accordance with the *Access to Information Act*. Information UNCLASSIFIED



Finding - FAA S.34 Compliance and Sampling Methodology

While DRBM performs various verification activities to ensure CFIRP transactions do not contain major inaccuracies, they do not satisfy DND/CAF requirements for low-risk transactions. Sampling methodologies pertaining to how transactions are selected for validation have not been fully documented.

Background

The FAM, issued by the Assistant Deputy Minister(Finance)/Chief Financial Officer (ADM(Fin)/CFO), interprets Government of Canada financial policies applicable to DND/CAF, including relocation, and sets departmental financial administration direction. The FAM chapter 1016-3 outlines the policy for the account verification and certification process for payments and interdepartmental settlements pursuant to FAA S.34.

In December 2013, relocation claims were identified in the FAM as highly sensitive and therefore classified as high-risk transactions, which require 100 percent review.

- The 2014 OAG Fall Report stated “while 100% review of all relocation claims may not be practical, we found that the review of 15 transactions per day is not usually large enough to give the CAF statistical assurance on the population of transactions for the purposes of certifying compliance with S.34 on that day.”

In May 2015, the FAM was amended with relocation claims now being classified as low-risk transactions which require a cursory review prior to payment but a complete verification within 30 days after payment, unless otherwise authorized by the Director of Financial Policy within DND.



Findings - FAA S.34 Compliance and Sampling Methodology Cont'd.

What we found

Correctional Services Canada: An October 2015 Audit of the Management of Relocation of Staff identified minimal monitoring of individual relocation files by the Department in all but one region.

RCMP: Historically administered relocation services in conjunction with BGRS (similar to DND). As of December 2016, they no longer use BGRS, and administer their 2,400/year member relocations “in-house.” Daily transactions are reviewed on a spot check basis and a sample of 100 complete relocation files are reviewed each year.

DND: In FY 2016/17, 580,327 relocation transactions took place through the contract with BGRS for a total amount of approximately \$195 million. There are many forms of monitoring in place for relocation transactions.

BGRS: While we did not validate BGRS’s process of vetting relocation expenses prior to submitting them to DRBM, the contract stipulates that “all expenses submitted are valid relocation expenses in accordance with the CAF Relocation Program Policy”. There are also performance metrics in the BGRS contract to incentivize this validation.

DRBM: performs a daily review of 30 BGRS submitted CFIRP transactions (increased from 15 at the time of the OAG audit) and began reviewing all TPSP transactions with pre-negotiated rates prior to payment release in April 2017 (e.g., real estate, legal, appraiser and inspector fees). There were 19,288 TPSP transactions in FY 2016/17.



Findings - FAA S.34 Compliance and Sampling Methodology Cont'd.

What we found

Additionally, DRBM annually requests the supporting documentation of up to 1,000 files from BGRS to perform full file reviews to verify benefit eligibility, application of the CFIRP and amounts claimed/received. Any over or under payments discovered lead to recovery or reimbursement adjustments made to members' files. From FY 2011/12 to FY 2015/16, an average of 18,568 transactions were examined through full file reviews with an average observation rate of 4.15 percent which included, but were not limited to, misapplication of rates/benefits and insufficient supporting documentation.

Similar to the OAG sampling methodology in 2014, the audit team examined 26 complete relocation files from those reviewed as part of DRBM's annual review.

- The analysis included 1,171 transactions totaling \$341,274.
- Above the observations noted by DRBM's annual review, one minor overpayment totaling \$654 was found.

Detailed standard operating procedures relating to the DRBM review activities existed. While the OAG stated that "100% review of relocation claims may not be practical," the approach currently conducted is not in adherence to the DND FAM. An exception to the FAM would require authorization by the Director of Financial Policy within DND. Furthermore, a methodology of "how and why" the number and types of transactions and files were selected for review was not provided. Without a documented methodology that considers the transaction population and review findings, the more substantive transaction risks may not be identified and appropriately mitigated. The use of IT preventative controls and data analytics can be used to increase the efficiency and effectiveness when mitigating risks.

Recommendation 1. It is recommended that MILPERSCOM develop and implement an ADM(Fin)/CFO approved relocation transaction review methodology for daily and annual monitoring.



Findings - Performance Measures & Accountabilities

Performance measures to monitor contractor performance remain and are reported on as required. While the use of available information to ensure that members receive benefits according to policy has improved, performance measures to ensure that the CAF is meeting its commitments to military personnel have not been fully established.

Background

The OAG found that the key elements required to monitor the contractor's performance were developed and reported on as required. The OAG stated that "the CAF does not leverage the information at its disposal to help ensure that every member receives benefits in accordance with the policy."

Timeliness and accuracy of relocation benefits is a shared responsibility.

- The CAF, through DRBM, is responsible for monitoring the CFIRP;
- The contractor administers the CFIRP, including the provision of advice and guidance to the CAF member; and
- The CAF member is responsible for understanding the CFIRP and providing required information in a timely manner.



Findings - Performance Measures & Accountabilities Cont'd

What we found

Authorities, Responsibilities and Accountabilities

- CFIRP and FAA authorities, responsibilities and accountabilities are clearly communicated to, and understood by DRBM staff through the CFIRP directive, DRBM standard operating procedures, and consistent communication between DRBM and other DND organizations that may be asked questions by a CAF member about the move process (e.g., Military Career Managers).
- Military members are responsible for becoming familiar with the CFIRP instructions and using BGRS and departmental resources for assistance to ensure that they obtain their entitled relocation benefits. Relocating members are provided with a BGRS contact person who assists with the administration of the CFIRP.
- DRBM stated they would notify members of entitlements that they may have missed (if found during file review, for example).

Contract Monitoring Activities

Contract Performance: The CFIRP contract contains over 60 performance measures (covering items such as allowable error rate, time to contact member, time system is down) that were found to be reported on in accordance with reporting requirements. The majority of measures focused on contract administration, rather than the application of CFIRP benefits.



Findings - Performance Measures & Accountabilities Cont'd

What we found

Data Verification Processes

- Automated system controls are in place to ensure data integrity and reduce the number of errors. For example:
 - Mandatory fields must be completed and city names are standardized; and
 - Treasury Board of Canada meal, incidental, and kilometer rates are constantly reviewed and updated in the BGRS system to reduce entitlement errors.
- Daily and annual verification processes are performed by staff with an in-depth knowledge of the CFIRP directive.

CFIRP Benefit Application Trend Analysis

- While DRBM interviewees stated that trend analysis is now being incorporated into CFIRP review activities, no evidence was available. Identification of locations and benefit categories where increased error rates have been discovered were stated as being used to produce sample items for transaction and file review.

Data Analytics

- Increased data collection and validation activities (when compared to 2013) by BGRS and DRBM allow for more accurate monitoring and assessment of CFIRP results.
- Evidence was not available to illustrate that regular analytics were performed to ensure members received all their entitled benefits.



Finding – Performance Measures & Accountabilities Cont'd

Documenting and implementing a process to track transaction information from the entire population, sample of daily transactions and annual complete file reviews could allow DRBM staff to more easily identify benefit usage trends and higher risk relocation transactions by move type, transaction benefit category or by location. DRBM could use these types of analysis to optimize the information gathered to assist those responsible within MILPERSCOM to enhance CFIRP communication to CAF members and BGRS for desired improvements, if necessary. For example, the complete file reviews could be analyzed to determine if any member entitlements are consistently not utilized during particular move types. These results could be considered in communications that are used to increase CAF member entitlement awareness. DRBM could also use the history of the observations to determine what types of transactions or from which locations are more prone to issues. This information could be used to impact future daily transaction and complete file reviews.

While there was no evidence of detailed trend analysis of observations discovered, DRBM is in contact with BGRS to resolve each issue identified and work to prevent future occurrences. Also, the DRBM relocation transaction database was used for the 2018 update to the CFIRP.

In addition to the earlier graphs in this report demonstrating some high-level data analysis of the relocation transaction database, DRBM could search for potential duplicate payments (i.e., transactions that have the same member identification number, benefit code and amount on the same date). Examples of other possible types of analysis are illustrated in Annex D.

Recommendation 2: It is recommended that MILPERSCOM identify performance metrics and leverage available relocation transaction information:

- for year over year CFIRP analysis and decision making;
- to measure the effectiveness of the CFIRP;
- to better indicate to BGRS which areas of the CFIRP members could benefit from improved communication, awareness and clarity; and
- to help ensure the consistent provision of benefits to all members in accordance with the policy.

Recommendation 3: To help ensure the consistent provision of relocation benefits to CAF members, following the identification of the monitoring requirements (daily and annual), and the performance information/data analytics needed, it is recommended that MILPERSCOM conduct an analysis to determine its long-term resource and capacity needs.



Overall Conclusion

Notable progress was observed in the area of meeting the requirements of S.34 of the FAA. While MILPERSCOM, through DRBM, has performed numerous activities to address the findings and management action plan activities stated in the OAG 2014 Audit of Providing Relocation Services, a documented transaction review methodology which is aligned with DND/CAF S.34 requirements for low-risk transactions has not been created.

DRBM is documenting all of their observations for improvement found through their daily transaction reviews and annual complete file reviews. Although DRBM has stated they are using trend analysis of relocation transactions to generate a more risk-based sample of transaction and files for review, they could benefit from documented performance metrics, trend identification and analysis process. This analysis could better identify errors and provide MILPERSCOM with the information required to make any necessary adjustments to ensure that members are consistently getting the proper/correct amounts of CFIRP benefits.

Full implementation of these recommendations will help ensure that member benefits are accurately administered as per DND/CAF requirements, the consistent provision of CFIRP benefits to CAF members, and alignment with the SSE commitment to take better care of military personnel and their families.



Recommendations

Recommendation 1 (Moderate Significance): It is recommended that MILPERSCOM develop and implement an ADM(Fin)/CFO approved relocation transaction review methodology for daily and annual monitoring.

OPI: MILPERSCOM

OCI: ADM(Fin)/CFO

Recommendation 2 (Moderate Significance): It is recommended that MILPERSCOM identify performance metrics and leverage available relocation transaction information:

- for year over year CFIRP analysis and decision making;
- to measure the effectiveness of the CFIRP;
- to better indicate to BGRS which areas of the CFIRP members could benefit from improved communication, awareness and clarity; and
- to help ensure the consistent provision of benefits to all members in accordance with the policy.

OPI: MILPERSCOM

Recommendation 3 (Moderate Significance): To help ensure the consistent provision of relocation benefits to CAF members, following the identification of the monitoring requirements (daily and annual), and the performance information/data analytics needed, it is recommended that MILPERSCOM conduct an analysis to determine its long-term resource and capacity needs.

OPI: MILPERSCOM



Management Action Plan

ADM(RS) uses recommendation significance criteria as follows:

- **Very High**—Controls are not in place. Important issues have been identified and will have a significant negative impact on operations.
- **High**—Controls are inadequate. Important issues are identified that could negatively impact the achievement of program/operational objectives.
- **Moderate**—Controls are in place but are not being sufficiently complied with. Issues are identified that could negatively impact the efficiency and effectiveness of operations.
- **Low**—Controls are in place but the level of compliance varies.
- **Very Low**—Controls are in place with no level of variance.



Management Action Plan

ADM(RS) Recommendation 1 (Moderate Significance)

It is recommended that MILPERSCOM develop and implement an ADM(Fin)/CFO approved relocation transaction review methodology for daily and annual monitoring.

Management Actions

With regards to FAA S.34 adherence – DRBM has already engaged and will pursue/collaborate with Director of Financial Business Processes & Transformation to update the methodology regarding the account verification process for transactions reconciled under the Relocation Program. This will be included in DRBM's standard operating procedures and quality assurance program.

Target date: September 2019 (end of annual posting season)

In addition to the previously increased daily verifications from 15 to 30 transactions, the number of daily verifications will further be increased to 45 transactions. Improvements in the statistical data collection will also be pursued to provide better range for trend analysis.

Target date: April 2019

- 100 percent TPSPs are still reviewed to ensure rates are within the pre-negotiated rates.
- Annual review of 250 completed relocation files by analysts from previous FY.
- Ensure that each contracted expense categories are reviewed on a weekly basis (if expense transactions are available).
- DRBM will data mine statistical information and leverage the results to better identify and follow up on trend analysis.

Target date: September 2019 (end of Annual Posting Season)

* Analysis continues but would improve with the filling of the vacant AS-03 position – target: analytics focus.

OPI: MILPERSCOM

OCI: ADM(Fin)/CFO

Target Date: September 30, 2019



Management Action Plan

ADM(RS) Recommendation 2 (Moderate Significance)

It is recommended that MILPERSCOM identify performance metrics and leverage available relocation transaction information:

- for year over year CFIRP analysis and decision making;
- to measure the effectiveness of the CFIRP;
- to better indicate to BGRS which areas of the CFIRP members could benefit from improved communication, awareness and clarity; and
- to help ensure the consistent provision of benefits to all members in accordance with the policy.

Management Actions

Sample methodology is based on move type. The result of the data collection and analysis will be improved to ensure the consistent application of the Relocation Directive. DGCB/DRBM will utilize four complimentary methods of analysis and the results will identify where efforts are required to ensure consistent provision of service. Analysis will comprise:

- Daily monitoring of relocation transactions to identify potential observations/misapplication of benefits and track applicable observation trends;
- Annual monitoring of completed relocation files to identify potential observations, misapplication and/or underutilization of benefits for which the member may have been entitled;
- Data analytics to perform periodic trend analysis to track the utilization of various benefit categories and attempt to determine root causes of potential anomalies or outliers; and
- Review benefit linkages (e.g., home purchase and home inspection) to ensure members are aware of entitled benefits and will follow up and take action as required.

Target date: September 2019 (end of annual posting season)

DGCB/DRBM will ensure that the results from these monitoring mechanisms are incorporated into decision-making processes about the CFIRP and/or to improved communication to members, BGRS, Director Military Careers/Career Managers, and other relevant stakeholders.

OPI: MILPERSCOM

Target Date: September 30, 2019



Management Action Plan

ADM(RS) Recommendation 3 (Moderate Significance)

To help ensure the consistent provision of relocation benefits to CAF members, following the identification of the monitoring requirements (daily and annual), and the performance information/data analytics needed, it is recommended that MILPERSCOM conduct an analysis to determine its long-term resource and capacity needs.

Management Actions

Once account verification requirements and trend analysis processes have been completed, a resourcing strategy will be developed. This will include consideration of military, civilian, and/or temporary resources to meet operational needs. A plan will also be developed to ensure succession to account for normal turnover.

OPI: MILPERSCOM

Target Date: September 30, 2019



ANNEXES

Additional Info



Annex A – Detailed Action Plan for OAG Report Recommendations

OAG Recommendation	DND Response	Description of Final Expected Outcome/Result
The CAF should improve its process to ensure that payments made under the CFIRP are appropriate and meet all the requirements of S.34 of the FAA.	Agreed. MILPERSCOM staff will complete an examination of the management control framework governing the current process in place for the CFIRP to determine where improvements could be made to address all of the requirements of S.34 of the FAA. In particular, the suitability of the sampling plan in place will be examined. The requirements of DND financial policy will also be reviewed to ensure that it provides appropriate guidance with respect to relocation transactions	<p>The FAM has been updated indicating that for the purposes of the assessment of risk, relocation claims are deemed low-risk transactions which will allow account verification to be completed on a post payment basis.</p> <p>In support and in compliance with the Treasury Board <i>Policy on Internal Control</i>, the ADM(Fin)/CFO will work with MILPERSCOM to document and evaluate the design effectiveness of the internal controls over financial reporting in the relocation program, including manual, compliance, access and application controls. This work, to commence in FY 2015/16 by ADM(Fin)/CFO, will assist MILPERSCOM in assessing and improving the Department's financial controls and processes surrounding S.34 Account Verification and quality assurance in the CFIRP.</p>
The CAF should make better use of the results of its reviews so that there is a consistent provision of benefits to all members in accordance with the policy.	Agreed. The results of the data collection and analysis will be further leveraged to ensure the consistent application of the Treasury Board Approved CFIRP policy.	The directorate responsible for the CFIRP has changed the methodology for tracking observed discrepancies in relocation files and post payment verifications so that issues can be analyzed by policy application. This will allow for increased oversight and prompt corrective action so as to ensure the consistent application of policy to all CAF members being relocated. Five additional civilian positions have been requested as the directorate is reorganized to address the additional oversight and analyses.

Table A-1. Detailed Action Plan for OAG Report Recommendations. This table outlines the OAG Recommendation, with DND response, and description of final expected outcome/result.



Annex B – Move Type Definitions

Posting: Regular Force members who are posted, and Reserve Force members who accept a period of Class “B” or “C” service employment, who are also authorized to move their Household Goods and Effects from one place of duty to another only when the new residence is at least 40 kilometres closer to the new place of duty than the current residence.

Release (Move to intended place of residence on release): The place at which a CAF member intends to reside following a release or transfer from the Regular Force. Eligibility of members is based on the period of continuous Regular Force service and the associated release reason. Benefits are generally the same as provided to postings.

Service Couples: Relocation of two spouses or two common-law partners, both of whom are CAF members and both of whom are posted. Benefit application is dependant on whether each member of the service couple is posted to the same geographical area.

Move from Place of Enrollment: Relocation entitlements, limitations and enhancements applicable to Regular Force members on their first authorized move from place of enrolment (after graduation from military or the CAF paid for civilian university/after successful completion of officer/trade/occupation training/qualification).

Imposed Restriction: Intended to be a short-term option to mitigate potential conflict between military service and family obligations. These moves provide an option for members who are posted to proceed unaccompanied to a new place of duty and constitute an approved delay in moving dependants, Household Goods and Effects for a specific period of time.

Other moves:

- Unaccompanied: When accommodations have not been secured or they are not available prior to Call On Strength or Report For Duty, CAF members, who intend to relocate their dependants and/or Household Goods and Effects to the new location, may proceed unaccompanied to the new place of duty on a restricted basis for a maximum period of six months.
- Isolated post: Members posted to isolated locations identified in Appendix A of the Isolated Post and Government Housing Directive (March 1, 2017).
- Local Move: a relocation of 40 kilometres or less, measured using the shortest normal route available to the public, from a person’s current residence to their intended place of residence.



Annex C – MAP Assessment Criteria

Status

1. **Obsolete or Superseded.** Audit recommendations that are deemed to be obsolete or have been superseded by another recommendation.
2. **No Progress or Insignificant Progress (0-24% complete).** No action taken by management or insignificant progress. Actions such as striking a new committee, having meetings and generating informal plans are insignificant progress.
3. **Planning Stage (25-49% complete).** Formal plans for organizational changes have been created and approved by the appropriate level of management (at a sufficiently senior level, usually at the Executive Committee level or equivalent) with appropriate resources and a reasonable timetable.
4. **Preparation for Implementation (50-74% complete).** The entity has begun necessary preparation for implementation, such as hiring or training staff, or developing or acquiring the necessary resources to implement the recommendation.
5. **Substantial Implementation (75-99% complete).** Structures and processes are in place and integrated in some parts of the organization, and some achieved results have been identified. The entity has a short-term plan and timetable for full implementation.
6. **Full Implementation (100% complete).** Structures and processes are operating as intended and are implemented fully in all intended areas of the organization.



Annex D – Potential Data Analysis

Analysis of Departing and Destination Cities

The preliminary information shown could be analyzed further to:

- determine if there is equal application of benefits at various locations (i.e. if one location has limited use of a certain benefit it could be possible that the advisor responsible for that location is not aware/informing members of this benefit);
- identify those locations that have higher or lower than average relocation expenditures (further breakdown by type/code);
- determine if there are any “same city” moves and if so, are costs and circumstances reasonable.

Annual Average Number of Relocations (2010-2015)

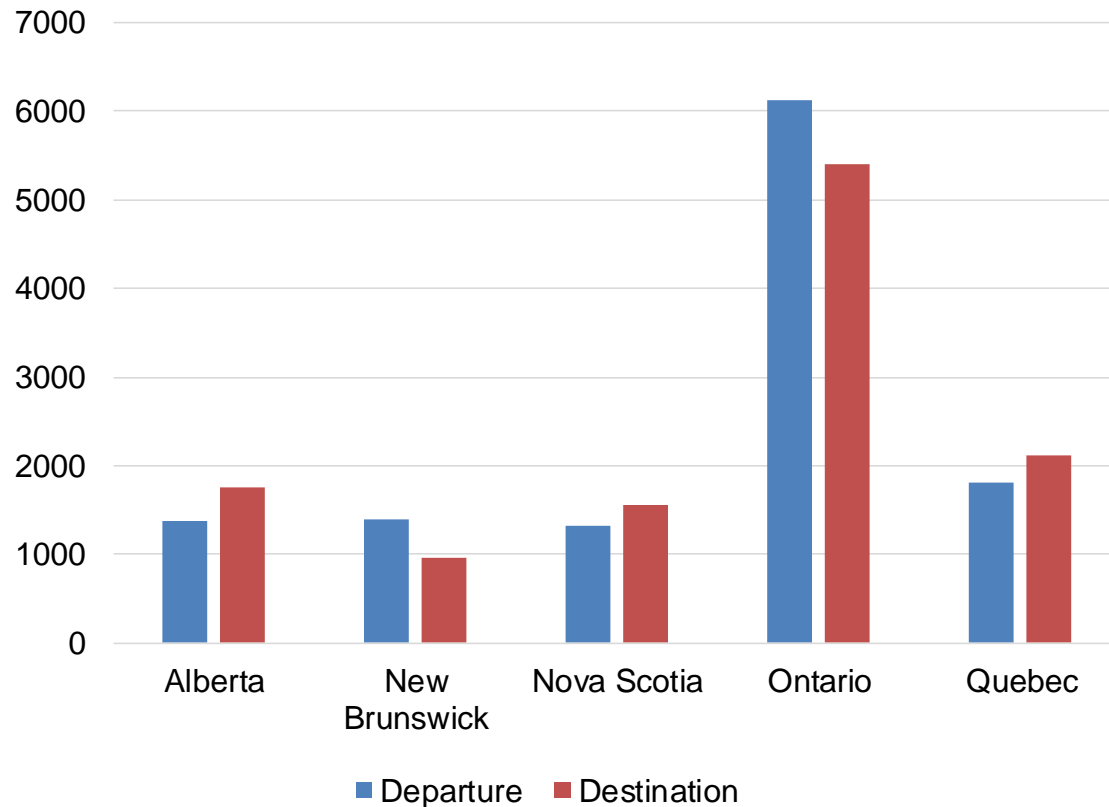


Figure D-1. Annual Average Number of Relocations. This bar graph shows the annual average number of relocations from 2010-2015 by province.

Source: DRBM Historical Data



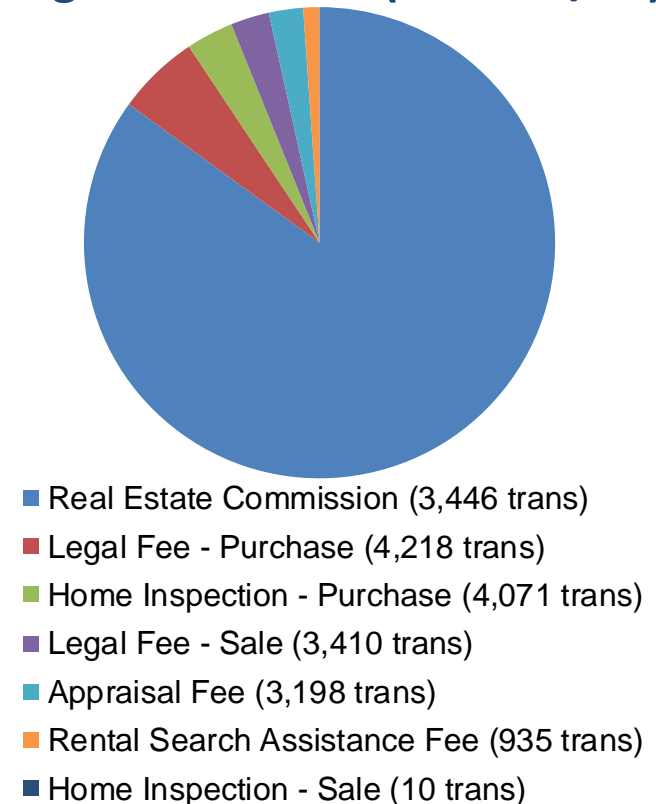
Annex D – Potential Data Analysis (Cont'd)

Analysis of TPSP Expenditures with Pre-Negotiated Rates

The preliminary information shown could be analyzed further to:

- compare trends of these types of transactions on an annual basis and/or by location to determine if there are any anomalies (e.g., costs exceeding rate maximums) and their potential maximums;
- identify any potential benefits that may be over or under used for particular move types.

TPSP Benefit Expenditures with Pre-Negotiated Rates (FY 2016/17)



Source: FY 2016/17 DRBM Database

Figure D-2. TPSP Benefit Expenditures with Pre-Negotiated Rates. Pie chart of TPSP Benefit Expenditures with Pre-Negotiated Rates (FY 2016/17).