

Management Response and Action Plan  
 Audit of Key Financial Controls – Year 2  
 October 2012

Recommendations	Management Response and Planned Management Action	Deliverables	Expected Completion Date	Responsibility
<p><b>Recommendation 1</b></p> <p><i>It is recommended that the Chief Financial Officer, in collaboration with the Assistant Deputy Minister of the Corporate Services Branch, ensure that appropriate segregation of duties is enforced; and that monitoring of segregation of duties in the departmental financial system is performed according to the established monitoring schedule.</i></p>	<p>Management agrees with this recommendation.</p> <p>The Chief Financial Officer Branch (CFOB) will perform regular monitoring of the segregation of duties between the Management of Contracts and Contributions System (MCCS) and SAP, the departmental financial system related to the posting of invoices and the processing of payments.</p>	<p>CFOB will implement a two-pronged solution, as follows:</p> <p>(1) As an interim solution, under the current decentralised environment, CFOB will perform, on a quarterly basis, a reconciliation of users with access to both MCCS and SAP to ensure appropriate segregation of duties exists, related to the posting of invoices and the processing of payments.</p>	<p>December 31, 2012</p>	<p>CFOB - Accounting Operations and Systems Division (AOSD)</p>
		<p>(2) On a longer term basis, under a hub service delivery structure, CFOB will maintain segregation of duties by ensuring segregation exists on a functional basis.</p>	<p>March 31, 2013</p>	<p>CFOB - AOSD</p>
<p><b>Recommendation 2</b></p> <p><i>It is recommended that the Chief Financial Officer ensure that the results of the annual risk assessments are properly reflected in the agreements that are put forward to support grants and contributions payments.</i></p>	<p>Management agrees with this recommendation.</p> <p>CFOB will amend the existing policies, procedures and guidelines, as well as the corresponding process, to clearly articulate the roles and responsibilities in regards to reviewing and ensuring the risk assessment is aligned with the financial components of transfer payment agreements.</p>	<p>The current policies, procedures and guidelines will be amended to prescribe the alignment of risk assessments with the financial components of transfer payment agreements.</p> <p>The transfer payment approval routing process will be revised to include the requirement for reviewing and approving the alignment of the annual risk assessments with the financial components of the transfer payment agreements by the appropriate Branch or Regional Senior Finance Officer (B/RSFO).</p> <p>The revised policies, procedures and guidelines, and corresponding routing process, will be</p>	<p>September 30, 2013</p>	<p>CFOB - Public Accounts and Policy Division</p>

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		communicated to B/RSFOs and programs. *Note: Once Health Canada begins using the Aboriginal Affairs and Northern Development Canada Grants and Contributions System, processes and procedures will be revised accordingly.		