
Lessons Learned and Applied to HR and Pay Transformation

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Goss Gilroy's 2018¹ independent review of the Transformation of Pay Administration (TPA) project identified 17 lessons in total that pointed to systemic weaknesses ranging from initiative definition to governance and oversight, change management, benefits and outcomes management, project management, and capacity. In short, the TPA project:

- underestimated complexity;
- reduced capacity too early;
- launched without adequate technical or business readiness; and
- lacked sufficient oversight and benefits tracking.

Public Services and Procurement Canada (PSPC) and Treasury Board Secretariats' (TBS) Human Resources (HR) and Pay Transformation Project continues to apply the review's lessons and recommendations from these findings. Doing so ensures that mistakes of the past are not repeated, and that public servants are not similarly impacted when Dayforce is launched. This summary highlights PSPC's lessons learned and progress to date with concrete examples of what is being done to apply them.

Progress Made so Far

Governance and Oversight

What we heard

The Goss Gilroy Inc. review of the TPA initiative found that governance, oversight, and accountability structures for the Phoenix Pay System were formally established but did not function with sufficient clarity, challenge, or escalation discipline given the scale and risk of the initiative. While multiple committees and senior oversight bodies were in place, the project operated with no central governing body with decision-making authority and accountability. Governance processes tended to focus on reporting progress against schedule and budget rather than rigorously monitoring readiness, operational risk, and system functionality.

¹ <https://www.canada.ca/en/treasury-board-secretariat/corporate/reports/lessons-learned-transformation-pay-administration-initiative.html>

The review also highlighted the absence of a strong, empowered challenge function. Risks raised by technical experts and stakeholders were not consistently escalated or acted upon with the urgency required. With limited oversight other than the management hierarchy within PSPC, assumptions were not tested and evidence was not scrutinized. This, coupled with pressure to meet planned timelines, meant that warning signs regarding system and workforce readiness did not inform or alter the go-live decision.

Overall, the Goss Gilroy Inc. review concluded that effective governance for large-scale enterprise transformation must go beyond formal structures. It requires clear lines of accountability, transparent and candid reporting, an empowered challenge function, and decision to proceed tied to objective evidence of readiness - not simply milestone completion. Without these elements, governance becomes procedural rather than protective.

What is different now

- ✓ **A single project sponsor**
- ✓ **Broad and inclusive governance**
- ✓ **An effective challenge function**

Governance for the current HR and Pay Transformation has been deliberately strengthened to address the gaps identified in the Goss Gilroy Inc. review. There is now a single, clearly designated Project Sponsor - the Associate Deputy Minister at PSPC - providing unified executive accountability. Supporting the Project Sponsor, PSPC has established a broad and inclusive governance structure, anchored by:

- The Program Management Committee (PMC), which includes key oversight bodies such as the Office of the Chief Information Officer as a member, Internal Audit (PSPC and TBS), and heads of HR from across the Government of Canada as observers. PMC is co-chaired by Associate Deputy Ministers from the Project Sponsor (PSPC) and Business Owner (TBS).
- The Deputy Minister Sponsoring Group (DMSG) is co-chaired by the Deputy Clerk of the Privy Council and Associate Secretary to the Cabinet and the Secretary of the Treasury Board. DMSG brings together deputy heads of key Government of Canada (GC) organizations to provide strategic oversight and guidance to the Project Sponsor (PSPC) and Business Owner (TBS).

These advisory bodies are supported by targeted senior executive committees that provide focused oversight and a venue for challenge and escalation.

In addition, PSPC has implemented a layered Oversight and Assurance Model² aligned with an approach endorsed by the Office of the Chief Information Officer for large IT transformations. This includes independent oversight from the Office of the Auditor General, the Office of the Chief Information Officer, the Office of the Comptroller General, and Departmental Audit Committees (PSPC and TBS). PSPC has also established a contractual mechanism to obtain independent, third-party assessments based on relevant industry benchmarks and best practices to inform key decisions. Together, these measures reflect a deliberate shift toward clearer accountability, structured oversight, and independent validation ensuring that readiness, operational risk, and system integrity are confirmed before major transition decisions are taken.

Supported by data and traceable, transparent progress reports, these oversight and assurance mechanisms allow key stakeholders to fulfill their responsibilities to challenge the GC's readiness for HR and Pay transformation in terms of the system's functionality, PSPC's pay operations, and each GC organization's preparedness for the change. Governance and project documentation is then proactively released publicly through the Transparency by Design initiative on the external Open Government Portal.

Technology

What we heard

The Goss Gilroy Inc. review found that the Phoenix Pay System was implemented without sufficient alignment to the real complexity of federal pay rules, HR processes, and collective agreements. The initiative was managed too much as an IT deployment rather than as part of an integrated business transformation. PSPC underestimated the challenge of operating alongside more than 30 HR systems, each interfacing with Phoenix through different methods and business models.

Furthermore, before launching Phoenix, PSPC did not complete robust end-to-end testing using real, complex pay scenarios. As a result, system defects, design gaps, and workflow misalignments were not identified early enough to correct or manage. The core lesson is that large-scale enterprise technology must be supported with a deep operational understanding,

² <https://open.canada.ca/data/en/dataset/e23241b9-36fa-4b02-968c-af7fed60ec03/resource/1511d188-6425-448f-8f43-b006595730d9>

realistic complexity assessments, disciplined testing, and readiness across the full business ecosystem - not simply technical configuration.

What is different now

- ✓ **Standardize business processes before implementing new solution**
- ✓ **Integrated HR and Pay solution**
- ✓ **Fully test the solution before launch**

The HR and Pay Transformation Project is deliberately anchored in business process standardization before deploying a new system. PSPC has standardized approximately 200 HR processes that are critical for accurate pay across the Government of Canada. These standardized processes will be mandatory for organizations onboarding to Dayforce, establishing a consistent, simplified operating model that reduces variability and risk. This represents a fundamental shift: instead of configuring technology around fragmented practices, the business is being aligned first, with the system enabling standardized ways of working (adapt to adopt). Since January 2025, PSPC has delivered more than 280 Transformation Workshops, engaging over 2,000 participants from 46 organizations to obtain critical feedback in the solution design, validate the processes, and refine the detailed list of requirements.

Technology delivery is also being approached differently. Implementing an integrated HR-to-pay platform directly addresses one of the major risk factors identified in the Goss Gilroy Inc. review – splitting the IT solution in two (Phoenix and MyGCHR) and rebuilding interfaces between different configurations of the software. Today, configuration is more disciplined. Government-wide testing will be focused on complex, high-risk pay scenarios before onboarding takes place, and results will become available through the Transparency by Design initiative starting in June 2026. Progress, risks, and readiness indicators are shared transparently through governance forums, with onboarding decisions tied to formalized commitments and objective criteria. The emphasis now is not simply on delivering a system on schedule, but on demonstrating on-the-ground operational capacity and readiness before GC organizations transition.

Stakeholder Engagement

What we heard

The Goss Gilroy Inc. review concluded that communication and engagement were not sufficiently candid, contextualized, or continuous. GC organizations, compensation advisors, managers, and unions were not meaningfully involved to help validate assumptions, identify risks, or shape strategies. Training and change management plans were in place, but they

were generic and incomplete. Detailed, unambiguous information about changes to processes and the functionality of the system could have surfaced issues earlier and reduced their impact. The overarching lesson is that enterprise transformation demands authentic, sustained engagement with operational communities, empowered challenge functions, and transparent communication about risks, trade-offs, and system limitations.

What is different now

- ✓ **Communicate relevant, timely details**
- ✓ **Prioritize change management**
- ✓ **Enabling tools and support for organizations early on**
- ✓ **MOUs define responsibilities and accountabilities**

Stakeholder engagement in the current HR-to-Pay transformation has been structured, continuous, and embedded directly into delivery. User Awareness Sessions (UAS) and Lobby Roadshows across government have provided employees with early exposure to the new platform and a structured opportunity to provide feedback. PSPC has actively engaged HR, pay, finance, and operational leaders directly through Transformation Workshops to validate the standardized HR processes and refine system requirements before configuration is finalized. Departments and agencies are not passive recipients of a solution; they are active contributors to process design, scenario validation, and readiness planning. By June 2026, roughly one half of all GC organizations will have participated in these requirement reviews, with the remainder to be concluded by early Fall 2026. PSPC also hosts change management sessions at the Director General (DG) level and regularly engages Heads of HR across the Government of Canada to ensure sustained awareness and leadership alignment. This active participation helps PSPC get the process design right the first time and promotes learning and an increased operational understanding among users of the future system.

PSPC has developed practical materials to help organizations jump-start readiness activities well in advance of onboarding and is coordinating a suite of support services to help organizations plan and prepare their employees for Dayforce. A readiness checklist was developed through proactive engagement with governance committees and first-wave organizations. This checklist forms the basis of Memoranda of Understanding (MOUs), signed in advance of onboarding, which clearly outline respective responsibilities and accountabilities. The MOU has been signed by the Deputy Heads of the first 3 GC organizations that will be onboarded.

Together, these activities demonstrate a deliberate effort to prepare GC organizations well ahead of onboarding by ensuring early awareness, strong readiness signals, and meaningful engagement across the public service.

Project Management

What we heard

The Goss Gilroy Inc. review emphasized that large-scale IT solutions must undergo complete testing before going live, and that decisions to deploy should be based on solid evidence rather than schedule pressure. The complexity of Phoenix was significantly underestimated, and as implementation pressures mounted, project scope was reduced - particularly in testing and change management - undermining overall readiness and quality. Only six departments participated in the final pay advisor testing, and most departments were not given an opportunity to review or approve system functions before deployment.

Phoenix was deployed in two large waves, three months apart, which increased operational risk. Contingency and rollback plans were weak, leaving no viable path to revert if the system failed. Once live, there was no opportunity to pause, adjust, or stabilize between deployments, magnifying the impact of errors. Lessons for future projects include the need for integrated governance, thorough testing and phased rollouts, robust risk and capacity planning, clear scope and dependency management, iterative review of project assumptions, and strong departmental engagement to ensure that IT solutions meet business needs before full-scale deployment.

What is different now

- ✓ **Phased rollout informed by pilots**
- ✓ **Contingency plans**
- ✓ **Reassess, learn and adjust**

The HR and Pay Transformation project is structured using a risk-aware and evidence-driven approach to avoid the challenges experienced in previous large-scale payroll initiatives.

Comprehensive testing and assurance frameworks are being developed to validate requirements, confirm pay accuracy, and test full end-to-end HR and Pay scenarios with users. A pilot phase is planned in 2027 with three GC organizations before a broader launch. Additional layers of testing will follow, including User Acceptance Testing (UAT) with each onboarding organization. Furthermore, a rigorous pay comparison testing over several pay periods will occur before going live to Dayforce. The accuracy of this will be part of the “go live”

checklist. This ensures both technical functionality and real-world processes are validated. Information Sharing Agreements (ISAs) with each client organization allow PSPC to validate the quality and completeness of key data elements that may require clean-up prior to onboarding.

The project has developed a phased rollout approach, with four waves of departments and agencies staggered over four years. Doing so provides an opportunity to manage risk, stabilize services for each wave, and enable learning between deployments before progressing further.

Contingency safeguards and rollback plans are being designed to permit a return to legacy systems if unanticipated issues cannot be resolved quickly in the new system. This option was not available during the TPA project.

Organizational engagement is being strengthened from the outset, with departments and agencies involved early and continuously. Clear and transparent communication with employees is being embedded into the project design, using multiple channels such as social media, live quarterly progress updates, and proactive publication of governance and project documentation through the Transparency by Design initiative on the external Open Government Portal.

Decisions about project progression are being structured around performance, evidence, and readiness rather than schedule pressure. Multiple go/no-go points are being built into the plan, using a structured framework with objective metrics to confirm readiness before advancing.

Conclusion and Next Steps

The progress made so far to apply these lessons has set up the HR and Pay Transformation Project to implement Dayforce, starting in 2027. As the new system and services are finalized, tested, and begin to rollout to real users, the project is entering a critical phase where results and outcomes will mean more than plans and progress. While meaningful progress has been made, PSPC recognizes that work remains to fully address all lessons learned. Gaps and opportunities for closer alignment with Goss Gilroy's findings continue to be identified and addressed through ongoing monitoring, analysis, and targeted actions.

Large-scale IT transformations rarely stay on track across time, budget, and scope.³ With this in mind, PSPC is currently refining the project schedule to reduce risks associated with

³ <https://www.mckinsey.com/capabilities/tech-and-ai/our-insights/delivering-large-scale-it-projects-on-time-on-budget-and-on-value#/>

operating Phoenix and Dayforce in parallel during the phased rollout. While this approach reduces operational risk, schedule compression adds to risks of exceeding cost or time estimates. This work is ongoing and subject to approval through established governance processes.

Critical scope elements such as testing and change management are being prioritized, with trade-offs managed through structured governance. Readiness assessments will guide all major decisions, supported by structured governance, an effective challenge function, and evidence-based risk assessments. Decisions will be shared openly through the Transparency by Design initiative.

Planning also considers many critical readiness conditions alongside project timelines, including ongoing efforts to eliminate the backlog of pay cases at the Pay Centre. A Deputy Minister-endorsed Strategy on Workloads in Progress guides this work and adds a distinction between critical and non-critical cases for onboarding to Dayforce.

Government organizations continue to operate within broader public service constraints, which may affect their resources and capacity to support the transformation. PSPC is coordinating communication, training, and readiness activities to support implementation, and is prepared to adapt if results show that pay advisors, HR experts, managers, unions, employees, or other stakeholders have concerns or are not ready.

PSPC is actively focused on applying lessons from the past failures. As implementation approaches, PSPC will continue to monitor schedule, funding, and operational pressures and adjust plans as needed. This could include seeking time or funding adjustments rather than defaulting to scope reductions that risk repeating past outcomes. Overall, the next phase of the transformation will involve managing these pressures through established frameworks, with an emphasis on transparency, consistency, oversight and informed decision-making.
