

DEPARTMENT OF THE  
SOLICITOR GENERAL

REVIEW OF DEPARTMENT'S  
FINANCIAL INFORMATION STRATEGY (FIS)  
PREPAREDNESS ACTIVITIES

**February 2, 2001**

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## **INTRODUCTION**

The Financial Information Strategy (FIS) is a government-wide initiative approved by Treasury Board Secretariat in 1995 to enhance the government's decision-making and accountability, and to improve organizational performance through the use of financial information. The implementation of FIS is to be completed by all government organizations by April 1, 2001. The Department committed to being FIS ready by April 1, 2001. In January 2000, Treasury Board Secretariat (TBS) encouraged departmental audit groups, to conduct independent assessments or reviews, to ensure that departmental FIS implementation plans are well planned and executed, in order that the government-wide FIS implementation can be achieved on target. A review of the Department's FIS preparedness activities was included in the first year of the Department's Long Range Review Plan, covering the period 2000-01 to 2004-05, which was approved by the Department's Management Review Committee in April, 2000.

The review was undertaken by the Department's Management Review Division between December 2000 and January 2001.

## **REVIEW OBJECTIVE**

The objective of our review was to determine the progress the Department has made with respect to implementing the Financial Information Strategy (FIS).

## **REVIEW SCOPE**

The scope of the review encompassed the FIS implementation activities undertaken by the Department.

## **REVIEW APPROACH**

Our approach to gathering the primary information necessary for our review included:

- interviews with personnel in the Department;
- reviewing pertinent FIS documentation (such as work-plans and training strategies); and
- reviewing the roles, responsibilities and accountabilities for those responsible for the FIS implementation.

The attached FIS Implementation/Readiness Checklist (Schedule A) was used as a guide in conducting the review.

## **FINDINGS**

### **Project Management**

In March 2000, the Department established a FIS Implementation Team. The FIS Implementation Team is responsible for the overall co-ordination of the various initiatives underway that will lead to FIS implementation in the Department. The FIS Implementation Team is led by the Director, Finance, and includes the Department's three Financial Officers. The role of the team includes such activities as: the provision of strategic direction for the project; the development of an overall FIS implementation strategy, project plan and communication plan; communicating with central agencies and the RCMP; and reporting on the progress of the FIS implementation. The FIS Implementation Team provides regular updates to the Director General, Corporate Services, who in turn provides periodic updates to the Departmental Executive Committee (DEC) on the Department's FIS preparedness activities.

In March 2000, a Departmental FIS Project Plan was developed for addressing the FIS implementation. The plan has and will continue to be revised, every two week at the interdepartmental FIS Forum, which is lead by Treasury Board Secretariat (TBS). The plan is regularly shared with the employees of the Finance Division, and the Director General, Corporate Services.

The FIS Project Plan is presented in eleven phases, with detailed activities listed within each phase. The Plan contains the following information: description of activities to be completed; scheduled start date; scheduled finished date; duration of activities; and percentage completed. Since the Department operates on the RCMP's financial system (SAP), many of the activities listed in the Plan are the responsibility of the RCMP to complete.

Adequate financial and human resources have been allocated to address the FIS implementation. The Department sought financial support from TBS, and the Assistant Deputy Minister (ADM) FIS Advisory Committee approved a \$70,000 funding allocation to the Department in July 2000 to assist with the FIS implementation, and the training requirements.

### **Reporting to TBS**

On a monthly basis the Department provides TBS with a status report on the milestones for implementing FIS. The Director, Finance, prepares these status reports, which are signed off by the Director General, Corporate Services. At the time of the review, the Department was on schedule for implementing FIS by April 1, 2001.

The Department's Senior Financial Systems Officer and Manager, Financial Operations, both actively participate in TBS's FIS Forum. All departments and agencies discuss and report on the progress made in implementing FIS at these meetings.

## **Policies and Procedures**

According to the Director, Finance Division, the Department is following TBS Accounting Standards, which are based on the Public Sector Accounting (PSA) and the Canadian Institute of Chartered Accountants (CICA) Handbooks. It has been communicated to the staff of the Finance Division that the TBS Accounting Standards are to be used as the Department's accounting policies. In the future, if the Department decides to change any accounting policies to suit its requirements, these changes will be communicated to staff and posted to the Finance web site.

The Finance Division is well versed in the new procedures required by the FIS implementation. However, at the time of the review, none of these new or revised procedures for ensuring compliance in a FIS environment have been formally documented. The Director, Finance Division, and the Senior Financial Systems Officer both indicated that these procedures have been discussed within the Finance Division and a process to formally document them will commence in May 2001.

## **Capital Assets**

The Department has selected a \$10,000 threshold for purposes of tracking and amortizing capital assets. The Department will be using the asset module within the Department's financial system (SAP) to track and amortize its assets. A listing of all Departmental capital assets with a cost equal to or greater than \$10,000 have been extracted from the Department's Inventory Control System (ICS). These assets and their associated information will be entered into SAP by February 15, 2001 in order to establish opening balances for the Department's capital assets.

## **Chart of Accounts**

In December 2000, a draft Chart of Accounts was developed by the Department's Manager, Financial Operations, and provided to the Director, Finance Division, and TBS for review and comments. According to TBS, the Chart of Accounts complies with the government wide coding structure and requires only small editorial changes. The Chart of Accounts is expected to be finalized by February 15, 2001.

## **Interfaces and Testing**

The Department operates on the RCMP's financial system (SAP). As a result, the RCMP is responsible for ensuring that all interfaces are FIS compliant. These interfaces include the Central Financial Management Reporting System (CFMRS), the Standard Payment System (SPS) and the interface with the Receiver General (RG). The RCMP has developed an active testing strategy of both SAP and its interfaces. The Department's Finance Division is an active participant and witness to testing completed by the RCMP. At the time of the review, all testing activities identified in the Project Plan had been completed once in the testing environment of SAP, and the results of the initial testing completed indicated that SAP and its interfaces were FIS compliant. All testing activities will be repeated a second time between February 7, 2001 and February 16, 2001, before moving to the live production environment of SAP on April 1, 2001.

## **Training**

In September 2000, the Department developed a FIS Training Strategy. This document outlines a departmental strategy to senior management for completing the FIS training for the Department, as well as indicating the training previously provided to various target groups. An integral part of the FIS Training Strategy is the Training Framework, which clearly indicates the target audiences, type of training, and the timing of all training to be completed prior to March 31, 2001. The role of coordinating all training discussed within the strategy is the responsibility of the Senior Financial Systems Officer.

## **Communications**

The Finance Division has developed a draft Communication Plan regarding FIS and its impacts on the Department. The Plan is expected to be approved by the Director General, Corporate Services by March 9, 2001.

The draft Communication Plan includes communication objectives; benefits of implementing FIS; the communications approach; sample communication messages; and major communication activities for the Department.

Short presentations on FIS were previously provided to the Support Staff Conference, Senior Management Forum, and the Departmental Executive Committee in 1998 and 1999 as part of the SAP presentations.

## CONCLUSIONS

The Department has demonstrated due diligence in implementing FIS. The Review concludes that:

- the Management Framework is solid and sound, and the project plan covers all areas impacted by the FIS implementation;
- the FIS implementation has been well defined and articulated to the employees of the Finance Division;
- the capital assets with an initial value in excess of \$10,000 have been identified, and the list appears to be complete and accurate for establishing opening balances;
- the Department's accounting policies are FIS compliant, however, the procedures for ensuring FIS compliance have yet to be formally documented;
- the Department's FIS implementation includes appropriate testing and validation by RCMP of the CFMRS, SPS and the RG interfaces;
- the activities undertaken by the Department have been well documented and fully address the FIS impact on the Department; and
- the Department is progressing well in ensuring a smooth transition to the FIS environment.

## SCHEDULE A

### **FIS IMPLEMENTATION /READINESS CHECKLIST:**

#### **PROJECT MANAGEMENT**

##### **FIS Project Team**

- Does the Department have a FIS Project Team in place?
- Who is the FIS Project Team comprised of?
- Does the Department have a FIS Project Coordinator, and who is it?
- What are the roles and responsibilities of the FIS Project Coordinator and FIS Project Team?
- Does the Department participate in TBS's FIS Forum?

##### **FIS Project Plan**

- Has a FIS Project Plan been developed?
- When was it developed?
- Has the plan been approved? By who? When?
- Does it include a schedule for completing the necessary FIS activities?
- Does it indicate who will be responsible for conducting the activities included in the plan?
- Is it being monitored and corrective action being taken to ensure the timely completion of all FIS activities?

#### **COMMUNICATION STRATEGY**

- Has a Communication Strategy been developed?
- When was it developed?
- Is there a plan in place to implement the strategy?
- Does the strategy indicate who will be responsible the work identified?
- Does the plan address the exchange of information with the RCMP relative to SAP and FIS?
- What activities have been completed to date?

#### **CHART OF ACCOUNTS**

- Does the Department's Chart of Accounts comply with FIS?
  - When did the Department adopt the government wide coding structure?
  - Does the Department's Chart of Accounts satisfy internal departmental needs and map to the central systems?



## **POLICIES AND PROCEDURES**

### **Accounting Policies and Procedures**

- Have Accounting Policies been defined for the Department?
- What has been done to ensure that the Department's accounting policies and procedures are in compliance with the FIS?
- Were all accounting policies reviewed to determine how and if FIS would impact on them?
- Which policies have been changed/modified in preparation for FIS?
- Do all accounting policies now reflect Generally Accepted Accounting Principles (GAAP) for accrual accounting?
- Have these new/revised policies been formalized, approved and communicated to the appropriate individuals?
- What new procedures have been established to ensure compliance to the accounting policies?

### **Capital Assets**

- Is there a strategy in place to deal with Capital Assets?
- When and how will the activities identified in the strategy be completed?
- Has there been a verification/identification of the Department's Capital Assets?
- Has a review of the Department's assets been completed to determine the valuation and opening balances of the capital assets?
- Has a Capital Asset policy been developed, and a Capital Asset limit established, and amortization policies considered?
- How will the Department's Capital Assets be tracked in the future?

## **SYSTEMS**

### **Financial System**

- How does the Department know that SAP is FIS ready?
- Will there be a need to do any modifications prior to April 1, 2001 to SAP to make it FIS ready? If so, what are the nature of these modifications?
- Have all systems that impact directly and indirectly on SAP been identified? (e.g. TES, HRIS, etc.)
- Is there a requirement to modify any of the systems that impact on SAP in order to ensure FIS compliance?

### **Interfaces**

- Have arrangements for connecting to the new Receiver General System taken place?
- Has the RCMP completed any testing of the interfaces with the Receiver General System?
- Has any testing of the Department's connection to the RCMP been completed to ensure that it will function in a FIS environment?
- What other interfaces are impacted by the FIS implementation, and have these interfaces been tested?

## **TRAINING STRATEGY**

- Has a training strategy been developed to provide the necessary training?
- When was the training strategy developed?
- Has a needs analysis been completed and skill requirements identified for FIS?
- Who is responsible for coordinating the delivery of training?
- Has an implementation plan (schedule) been developed for providing the training?
- What training has been completed to date?