

## TABLE OF CONTENTS

<b>EXECUTIVE SUMMARY .....</b>	<b>1</b>
<b>1. INTRODUCTION.....</b>	<b>5</b>
1.1 Monitoring Implementation of the FIS .....	7
1.2 Conducting a Post-implementation Review .....	8
<b>2. FINDINGS AND RECOMMENDATIONS .....</b>	<b>11</b>
2.1 Lessons Learned .....	11
2.2 Satisfaction and/or Difficulties with Implementing FIS.....	12
2.3 Remaining Issues .....	16
2.4 Remaining Implementation Difficulties .....	17
2.5 Project Metrics .....	17
<b>3. RECOMMENDATIONS AND MANAGEMENT RESPONSE.....</b>	<b>21</b>
<b>APPENDIX A: FIS IMPLEMENTATION CHECKLIST</b>	



## **EXECUTIVE SUMMARY**

The Financial Information Strategy (FIS) is a government-wide initiative to enhance decision-making and accountability and improve organizational performance through the strategic use of financial and non-financial performance information. Approved by the Treasury Board Secretariat (TBS) in 1995, the FIS has become the cornerstone of modern comptrollership in departments and agencies. On April 1, 2001, the Department of Justice and all Government of Canada departments and agencies successfully implemented the infrastructure required to support the FIS.

Throughout the implementation of FIS at the Department of Justice, the Audit and Management Studies Division conducted a Systems Under Development (SUD) audit in order to provide assurance to senior management that the project was well planned and executed, that all key elements were included in the FIS project plan, and that the Department would meet the April 1, 2001 implementation deadline. The audit found the project to be well organized and to have the support of senior management, but some areas requiring improvement were noted.

After meeting the implementation deadline, the Department's Audit and Management Studies Division then conducted a post-implementation review of the FIS project. This report documents the review and provides the Department with the opportunity to highlight the successes of the project; to examine areas that needed improvement, with a view to making recommendations for improvement on future projects of similar a nature; and to ensure that the project delivered what was expected.

One objective of this review was to identify any lessons learned from the project. The review team found that:

- A communication strategy is one of the main success factors related to a project. Communications undertaken by the FIS project team were effective and departmental staff felt that they were adequately informed about the FIS.
- There were instances where the Department of Justice was unable to get sufficient information from another department to facilitate the interdepartmental settlement process.

- Communications and sharing of information between government departments is very important to the success of any government-wide project.
- Regional staff were involved in policy changes and development. This proved to be very successful, emphasizing the importance of involving regional staff in any department-wide project.
- Some project team members had a significantly higher workload than normal due to FIS implementation tasks combined with their normal responsibilities.
- The workload of team members could be closely monitored using a tool like the Department's Timekeeping System.
- The project did not report actual expenditures regularly on the project's quarterly FIS Status Report. Expenditures were reported monthly on the Departmental Financial Situation Report and the Quarterly Strategic Investment Fund Report.
- A post-implementation project report can be a good tool to quickly help senior management ascertain whether a project achieved its objectives.

The review team collected feedback from departmental staff to determine whether the promises made by the FIS implementation team were fulfilled. Only the Department's Finance and Resource Management Division has experienced an increased workload since the implementation of the project, and this is due to new FIS requirements set by the TBS regarding the reconciliation of interdepartmental settlements; ongoing support and maintenance of the Receiver General interfaces; creation of the monthly Trial Balance, financial statements and monthly adjustments. A few outstanding problems have arisen around this issue. As well, financial reconciliation of accrual reporting against cash budgeting remains an outstanding challenge for this group.

Other outstanding issues or problems regarding the FIS are the identification of some FIS reporting requirements and the automated maintenance and updating of departmental capital asset values.

The review team was asked to identify project metrics for evaluating and/or measuring the project's performance. The following five metrics were outlined, with some assessment provided where possible:

1. Comparing the projected budget against the actual expenditures—the project was successfully completed under budget by \$274,527.00.
2. Identifying the number of people working on the project—enough staff were in place for the successful implementation of the project. It was noted that some staff experienced work

overload. Formally tracking staff time and activities would help to quantify staff overload and assist in overall project management.

3. Meeting TBS and PWGSC interface milestones and reporting deadlines—the Department satisfactorily reached milestones and met deadlines.
4. Implementing the FIS on schedule—the Department successfully implemented the infrastructure to support the FIS by the April 1, 2001 deadline.
5. Adherence to the TBS implementation checklist—the Department satisfactorily completed all of the relevant listed items.

The Department of Justice continues to address FIS issues that are also being experienced across the government.

***The management response to the recommendations contained in this report was provided by the Manager, Systems and Policies on February 28, 2002.***



## 1. INTRODUCTION

The Financial Information Strategy (FIS) is an initiative to enhance the government's decision-making and to improve organizational performance through the strategic use of financial information. It is a key component of the government's overall vision of modernizing comptrollership. The FIS is a joint project sponsored by the Treasury Board Secretariat (TBS) and Public Works and Government Services Canada (PWGSC). Under the strategy, accounting will be fully decentralized to departments and agencies, and they will be accountable for the quality and timeliness of their input to government-wide financial statements. The FIS is also a prime element in the government's new management framework, as set out in *Results for Canadians*, a document that explains the drive to modernize government management in order to respond to Canadians' changing expectations and priorities.

By April 2001, all departments and agencies not already compliant, including the Department of Justice, successfully implemented the infrastructure required to support the FIS. This strategy has put in place the tools to produce better financial information and better financial analysis to aid in the decision-making process, with the ultimate goal of improving the government's performance in the management of resources. The main component of the FIS is implementing full accrual accounting, which is more businesslike and which more closely conforms to generally accepted accounting principles. Under the FIS, transactions will be recognized when they take place, not when cash changes hands.

Across the federal government, the FIS implementation affected three major areas of operations:

- Systems—changing the government's basis of accounting required changing the systems related to it. New Central Agency systems were adopted and interfaces to these systems were developed.
- Policies—many new policies and procedures were required to guide the users of the new departmental financial systems. These policies and procedures enable the Department to produce accrual-based financial statements and also to generate related information of the kind and quality that managers can use to make good decisions.

- People—departmental staff had to learn to work with new systems and policies and to make them work. Training and learning opportunities were provided for all affected staff, thereby enabling them to acquire the requisite new knowledge, skills, and understanding.

In June 1999, the Department issued a final Planning and Scoping Report, which identified certain key activities including:

- Implementation timing—there was an evaluation of the various options available and a recommendation was made concerning when the FIS should be implemented.
- Level of effort—the report provided a comprehensive estimate of the resources required and the cost of those resources.
- Project organization—a recommended organizational structure for implementing the FIS was presented.
- Project timing—a detailed project schedule was established, outlining key milestones.
- Project maintenance requirements—a preliminary estimate was developed identifying the additional resource levels required to support a FIS-compliant Department after implementation.

In September 1999, a final FIS Gap Analysis Blueprint was issued defining what the Department had to accomplish to implement FIS. Departmental project plans were completed in January 2000 and a project team was put in place. The Department's FIS project team was made up of 12 people, approximating five and a half full-time equivalent (FTE) staff. Only the FIS coordinator worked full-time since the inception of the project; other team members worked full time starting September 2000. The Assistant Deputy Minister of Corporate Services was the project champion. A project manager reported to the Director, Financial Management (Comptroller Directorate, Financial and Resource Management Division). The following people reported to the project manager:

- FIS coordinator,
- PWGSC coordinator,
- senior financial system advisor,
- financial policy and system advisor,
- technical manager,
- system development and testing team,
- project support officer.



In March 2000, the Department signed a memorandum of understanding (MOU) with PWGSC and TBS, which defined the roles and responsibilities of the three departments. The FIS was incorporated into the Department's Comptroller Business Plan. The Deputy Minister formally notified all program managers about the FIS initiative and approved the project plan in May 2000. In July 2000, the Department upgraded IFMS/SAP (financial management software) to version 4.0.

### **1.1 Monitoring Implementation of the FIS**

While the FIS was being implemented, the Department conducted a Systems Under Development (SUD) audit in order to ensure that the project was well planned and executed. The purpose of the SUD audit was to provide assurance to senior management that all key elements were included in the FIS implementation plan, and that the distribution of tasks provided the Department with sufficient assurance that its systems and financial organization would meet the TBS deadline of April 1, 2001.

The SUD audit occurred between June 2000 and April 1, 2001. The TBS had established government-wide project milestones for implementing the FIS; the audit team reviewed and assessed the Department of Justice's work toward achieving the following milestones on schedule:

- establishment of the FIS project team,
- development of a FIS project plan,
- development of communications and change strategies,
- definition of accounting policies and procedures,
- identification of capital assets and historical costs,
- development of financial systems to support the FIS,
- arrangements to connect to the new Receiver General systems,
- completion of training for finance officers,
- development of a learning strategy for line and program managers.

The project was found to be well organized and to have the support of senior management. The auditors reported on the progress of the project and outlined areas requiring improvement.

- As of mid-July 2000 some of the risks identified included:
  - the need to develop a detailed project plan prior to the scheduled September 2000 milestone, which would include a detailed strategy and plan for each main project component (i.e. testing, training, communication, policy and procedure development, change management);
  - the need to review the budget once the detailed plans were completed;
  - the need to complete accounting policies and initiate work on related procedures;
  - the need to set up an internal control system to manage reported problems;
  - the need to manage the workload of some key team members;
  - the need to manage internal and external reporting requirements.
  
- By January 2001, the Financial Systems Policy and Training Section was dealing with the departure of five staff. While sufficient funds were available to hire new staff, and this was done, the new team members required training before they were fully productive. Some new staff were new to the Government of Canada or were not familiar with the Department's financial management systems. Despite this setback, there did not appear to be a high risk that the implementation would be delayed.
  
- Also in January 2001, the project team decided that its communiqués would emphasize that the day-to-day work of most departmental staff would not change as a result of implementing the FIS. In the Department, the focus of FIS in the short term would be to generate accrual information at a corporate level and for reporting to Central Agencies.

The Department of Justice successfully implemented the FIS on April 1, 2001.

## **1.2 Conducting a Post-implementation Review**

After the FIS was implemented on schedule in April 2001, the Department's Audit and Management Studies Division decided to conduct a post-implementation review of the project. According to the TBS *Information Technology Project Manager's Handbook* (December 1997) a post-implementation review is an opportunity to highlight what worked well and what didn't, to make possible recommendations for improvement, and to ensure that the project delivered what was expected. For example, were departmental and project plans adhered to? And, is the Department realizing any of the changes projected by the implementation of the FIS?

The following is a list of the objectives of this post-implementation review.

1. Identify any lessons learned and communicate them to the Department for use in future projects.
2. Provide feedback from departmental employees concerning their satisfaction and/or difficulties with the FIS implementation.
3. Identify any remaining issues or problems regarding the successful implementation of the FIS.
4. Identify any remaining implementation difficulties.
5. Identify project metrics such as actual expenditures versus original estimates.

The post-implementation review was conducted between October and November 2001.



## 2. FINDINGS AND RECOMMENDATIONS

### 2.1 Lessons Learned

*Objective 1: Identify any lessons learned and communicate them to the Department for use in future projects.*

We observed several lessons learned that the Department may consider when planning future projects.

- A communication strategy is one of the main success factors related to a project. Early communication of a project results in more awareness, less confusion, and better ability to meet milestones. Frequent communication keeps everyone informed and reduces the risk of not meeting milestone targets. When the user community is well informed of the progress of a project, then the buy-in process is easier to achieve. Communications undertaken by the FIS project team were effective and departmental staff felt that they were adequately informed about the FIS.
- Establishing early and effective communications and information sharing between government departments is very important to the success of any government-wide project. There were instances where the Department of Justice was unable to get sufficient information from another department to facilitate the interdepartmental settlement process.
- It is important to involve regional staff in any department-wide project. This increases the operational expertise and brings important regional knowledge into a project team. Regional staff were involved in developing new FIS policies and making changes to existing policies. This proved to be very successful.
- The workload on staff needs to be monitored very closely using a tool like the Department's Timekeeping System. Such a system can produce activity reports on a regular basis, which senior management can review to quickly identify any staff that may have an excessive

workload. Some project team members had a significantly higher workload than normal due to FIS implementation tasks combined with their normal responsibilities.

- Reporting on actual salary and operations and maintenance (O&M) expenditures on a project's regular status report is good practice and will help to keep senior management informed about the project's expenses. Status reports should include the project's actual expenditures as compared to the project's budget.
- A post-implementation project report should be developed describing actual events, problems, issues, and results. This could be a good tool to help senior management quickly realize whether a project has achieved its objectives.

## **2.2 Satisfaction and/or Difficulties with Implementing FIS**

*Objective 2: Provide feedback from departmental employees concerning their satisfaction and/or difficulties with the FIS implementation.*

The FIS project team had indicated that there would be no impact on staff resulting from the implementation of the FIS in the Department of Justice. We conducted interviews with staff in the Finance and Resource Management Division, Procurement, Information Management and Technology Branch (IMTB), and the Quebec regional office.

In general, our interviews supported the promises made by the FIS implementation project team. Only staff in the Finance and Resource Management Division have been affected by the Department's implementation of the FIS. Staff in this Division have experienced an increased workload due to new FIS requirements set by the TBS regarding the reconciliation of interdepartmental settlements; ongoing support and maintenance of the Receiver General interfaces; creation of the monthly Trial Balance, financial statements and monthly adjustments. As well, the issue of financial reconciliation of accrual reporting against cash budgeting remains an outstanding challenge for staff in this division.

### **Interdepartmental Settlements**

In the national headquarters of the Department of Justice, the Finance and Resource Management Division is responsible for the reconciliation (matching, clearing, and resolution) of outstanding interdepartmental settlement transactions between the Department of Justice and other

government departments. The Department of Justice annually bills approximately \$65 million to other departments.

The Department of Justice invoices other departments for expenses related to specific files. Invoices include a list of the billing details. Departmental lawyers put a case number on every invoice received for an expense related to a case. They then submit the invoices to the Department of Justice Accounts Payable to pay the expense on behalf of the other department. An invoice is then produced through IFMS to recover these paid items from the client department. Overnight, the PWGSC interdepartmental settlement system automatically takes the money out of the other departmental account and pays the Department of Justice. If there is a problem with the charge then it is the Department's practice to ask the payee to wait until the next invoice for the adjustment. It is very complex to correct an interdepartmental settlement in the same month that it is generated.

Most government departments have multiple, ongoing files with the Department of Justice. At latest count there were approximately 300,000–500,000 active files. Interdepartmental settlement transactions use identification codes provided by each client. The code consists of an organization code plus a reference number. Prior to implementing the FIS, DOJ was supplying one file number for all individual expenses incurred on the client's behalf. An invoice was an amalgamation of all recoverable expenses for the period for a given client. The Department decided that one code per file would be too cumbersome for the billing process and therefore DOJ decided to use one identification code per billing address/order number instead of one code per file. A client department can have many billing addresses, i.e. one FIS code per billing address.

Some government departments (e.g. Human Resources Development Canada) have not yet provided their FIS identification codes for this fiscal year for disbursement billing and litigation costs. This has caused the invoices generated from IFMS at Justice to be placed in a "holding" file until the file codes are received from the other government departments. The departments haven't provided their identification codes because some departments want to provide one code per file, and others will ask for more decentralized billing to different responsibility centre levels. In both situations DOJ is limited to only one code per billing address. Additionally, the identification codes will change each fiscal year even if the files remain the same. All invoices generated by IFMS are assigned a commitment code (reference code). These commitment codes can be used over more than one fiscal year. Even though the same commitment code can be used in two different fiscal years, having two different file identification codes for the same file could lead to possible problems when trying to track down information and expenses for a file spanning several fiscal years.

The File Identification codes (case number) are used to recover expenses under FIS but are not used to report specific time (spent by a lawyer) to the IFMS for chargeback purposes to the other government department. Although not directly related to FIS, CASEVIEW, the case file software, accepts File Identification codes as references to specific cases. However, CASEVIEW is a stand-alone system and is not integrated with IFMS. The Department is currently developing ICASE, which is a Web-enabled CASEVIEW. When implemented, ICASE will force lawyers to obtain File identification codes and insert them into their CASEVIEW transactions therefore potentially making it easier to track all transactions (time and expenses) to a specific case. At present, charges to other departments have been placed into suspense until the Finance and Resource Management Division receives the appropriate paperwork from lawyers.

Additionally, under the FIS, partial payments of invoices generated after April 1, 2001 cannot be processed. Therefore if a department wishes to make a partial payment to the Department of Justice for charges prior to FIS, the original invoice must be cancelled and a new one re-issued for the amount paid. A second invoice will be issued for the balance remaining. This problem is not unique to the Department of Justice but is a government-wide problem. It is currently being discussed in cluster groups (made up of departmental representatives) at the TBS.

#### Recommendations and Management Response

- 1. It is recommended that the Manager, Financial Policy and Systems continue to work with the FIS project team and Central Agencies to either modify its procedures to accept multiple file identification codes per department or have each department immediately provide one identification code.**

Agreed.

The Department of Justice has continued to participate in the Cluster working group reviewing the Interdepartmental Settlement process. The working group confirmed that the status quo of the process was the most efficient for the time being. Public Works and Government Services Canada has stated that they will initiate a review of the process, government wide due to the concerns raised by departments. Financial Policy and Systems continues its participation in these review groups.

This being the first year of the new FIS process for interdepartmental settlement the Department has utilized this opportunity to meet with most of its client departments to



discuss the method of billing. Via this process, a mutually agreeable solution has been arrived at with most clients.

### **Accrual Reporting Versus Cash Budgeting Reconciliation**

Implementing the FIS on April 1, 2001 marked a transition to accrual financial reporting. Budgeting within the Government of Canada will remain appropriation (cash) based until further notice. This means that there will be two major types of transactions input to IFMS: budgetary transactions and financial reporting transactions.

Budgetary transactions are, in general terms, those related to revenue and expenditure items that enter into the calculation of the annual surplus or deficit. Non-budgetary transactions are those related to the government's assets and liabilities and, for classification purposes, include foreign exchange and unmatured debt transactions.

At the time of the audit, budgetary revenues and expenditures are not the same as revenues and expenses used in financial reporting accounts, which are now based on accrual accounting concepts. Therefore the Department, like all other government departments, will have to reconcile between financial reports and their appropriation-based budgets. The Department must reconcile between these two bases for the next two to four years until the TBS determines that government accounts will be completely accrual-based. Some questions still remain around how budgets will be reconciled under the FIS since transactions will be entered on an accrual basis while budgets have typically been cash based.

As of this point in time, the TBS has not yet published any guidelines on how to perform this reconciliation. Although a limited reconciliation occurred during testing of the FIS, the Department has not yet tried to reconcile the financial reports produced after April 1, 2001 with its budget. This puts the Department at risk of not being able to reconcile its financial reports at year-end to its budget for the fiscal year 2001-2002.

### Recommendations and Management Response

- 2. It is recommended that the Manager, Financial Policy and Systems, prior to March 31, 2002, initiate a test reconciliation of two months of accrual-based financial reports to corresponding cash-based budgets with the intended purpose of discovering possible issues.**

Agreed.

The Financial Policy and Systems division's 2001-2002 work plan included performing a "dry-run" of the Department's financial statements and supporting schedules. It is through one of these schedules to the financial statements that a reconciliation between accrual and cash-based financial information can be performed. After CORE had released the relevant IFMS software configuration in November 2001, a "dry-run" was performed in January 2002. This test with seven months of accrual financial data proved to be successful.

An additional "dry run" prior to year end will also be performed.

### **2.3 Remaining Issues**

*Objective 3: Identify any remaining issues or problems regarding the successful implementation of FIS.*

The following FIS problems/issues remain outstanding:

1. multi-year FIS codes for interdepartmental settlements (as described earlier in this report);
2. multiple FIS codes for one client (as described earlier in this report);
3. partial interdepartmental settlement payments (as described earlier in this report);
4. financial reporting versus appropriation-based budgets (as described earlier in this report);
5. maintenance and updating of capital asset values—in the past the Department has not maintained an effective capital asset inventory. An opening balance for the current fiscal year was established on April 1, 2001. However the Department does not yet have a system in place for maintaining the inventory and properly recording depreciation and year-end closing balances;
6. internal and external reporting requirements—this includes identifying departmental reports that are affected by implementing the FIS and reviewing new external reporting requirements (e.g. to TBS). We have seen no reports identifying the status of all FIS issues. This exposes the Department to the risk that senior management may be uninformed of issues and that issues will not be resolved. All reporting requirements need to be identified, developed, and included in the new system.

## Recommendations and Management Response

- 3. It is recommended that the Manager, Financial Policy and Systems and the FIS project team develop an issues log that includes a means of identifying, recording, and providing updates to all issues resulting from implementing the FIS.**

Agreed.

During the implementation of FIS, a log was maintained by CORE which tracked issues common to all IFMS departments, including the identification of internal and external reporting requirements. As issues were identified in DOJ, they were added to this log. Further, an unofficial issues log was also used in Justice during peak periods of the project.

The value of maintaining an issues log which consolidates all FIS implementation concerns is recognized. Now that the FIS project is completed and that the relevant software has been integrated into the main IFMS programs, the FIS issues will be tracked in the main IFMS issues log.

### **2.4 Remaining Implementation Difficulties**

*Objective 4: Identify any remaining implementation difficulties.*

We were not able to identify any remaining implementation difficulties other than what has been previously reported in this document.

### **2.5 Project Metrics**

*Objective 5: Identify project metrics such as actual expenditures versus original estimates.*

The FIS project manager and post-implementation review team identified five major project metrics that can be used to measure the performance of the FIS implementation project. The first metric is the comparison of the projected budget to the actual project expenses. The budget for implementing the FIS within the Department of Justice was first introduced in the Business Case published in May 2000. At that time, the project team budgeted \$1,303,220 (salary and O&M) for the fiscal year 2000–2001 to implement the FIS. In its March 31, 2001 Financial Situation

Report, the FIS project team reported actual expenditures of approximately \$1,028,693 for the project. Therefore, the FIS was implemented under budget by approximately \$274,527.

The second metric identifies the number of people working on the project. The FIS project team consisted of 12 people working either full-time or part-time on the project. The team used approximately five and a half FTEs in the fiscal year 2000–2001. Enough staff were in place to successfully implement the project. However, as noted earlier in this report, and also in the SUD status reports, some staff had excessive workloads. Proactive tracking and controlling of staff time and activity on a project can be helpful in project management.

The third metric that can be used to assess the success of the project is the Department’s achievement of key milestones (specific tasks completed by specific dates) established in April 2000 by the TBS for the IFMS-SAP Cluster. The TBS requested that all government departments achieve the following nine milestones by the specified dates:

<b>Activity</b>	<b>Milestone</b>
1. Complete departmental project plans	31/Jan/00
2. Complete DEV (development environment) upgrade	31/Jul/00
3. Complete PWGSC set-up and connectivity	30/Sep/00
4. Complete FIS configuration	31/Oct/00
5. Complete FIS integration testing	15/Dec/00
6. Complete PWGSC interface testing	31/Jan/01
7. Complete training	1/Mar/01
8. Complete final preparations	15/Mar/01
9. Go Live with FIS	1/Apr/01

The Department of Justice FIS project team met eight of the nine targeted milestones. Only the first milestone, completing Department project plans, was late (by less than 14 days).

The fourth metric for evaluating project performance is whether the Department achieved the project goal—the FIS had to be implemented by a specific date to meet government requirements. The Department of Justice successfully implemented the FIS as required and on time, by April 1, 2001.

The fifth metric has been identified as the FIS implementation checklist as provided by the TBS and originally published in 1999. An interdepartmental working group created this checklist to assist any organization to plan and monitor its progress towards FIS readiness. The checklist was generic and not all tasks applied to all organizations. In some cases, checklist tasks are not applicable to the Department of Justice, and in other cases the checklist did not provide sufficient

detail for the Department's activities. The review team completed the applicable areas of the checklist; all activities that applied to the Department were completed (see Appendix A).

For future projects, another useful metric for evaluating project performance is a Timekeeping System. We were told that the Department does not require support staff to complete time sheets. Only lawyers are required to report time on various projects (case files). We believe that the workload of project team members should be monitored very closely using a tool like the Timekeeping System used by departmental lawyers. This kind of tracking system would allow senior managers to quickly see the workload of project team members and assess the potential impact on projects. Establishing a metric that clearly identifies when a project member is overloaded will alert senior managers to the possibility that achieving project milestones may be in jeopardy. A possible benefit to creating this kind of metric may be that the Department establishes a maximum number of projects that a project team member can work on concurrently.

Without the ability to track and monitor staff activities on specific tasks the Department is exposed to the risk of inaccurate project estimating and overloading staff, possibly jeopardizing productivity, work satisfaction, and project goals. Although there was no delay in implementing the FIS, project team members were overloaded by too much work from their various areas of responsibility. The review team is of the view that it is advisable for the Department of Justice to establish a Timekeeping System for tracking staff time on critical projects. At a minimum, we suggest that projects report on estimated time and actual time worked.



### 3. RECOMMENDATIONS AND MANAGEMENT RESPONSE

1. **It is recommended that the Manager, Financial Policy and Systems continue to work with the FIS project team and Central Agencies to either modify its procedures to accept multiple file identification codes per department or have each department immediately provide one identification code.**

Agreed.

The Department of Justice has continued to participate in the Cluster working group reviewing the Interdepartmental Settlement process. The working group confirmed that the status quo of the process was the most efficient for the time being. Public Works and Government Services Canada has stated that they will initiate a review of the process, government wide due to the concerns raised by departments. Financial Policy and Systems continues its participation in these review groups.

This being the first year of the new FIS process for interdepartmental settlement the Department has utilized this opportunity to meet with most of its client departments to discuss the method of billing. Via this process, a mutually agreeable solution has been arrived at with most clients.....14

2. **It is recommended that the Manager, Financial Policy and Systems, prior to March 31, 2002, initiate a test reconciliation of two months of accrual-based financial reports to corresponding cash-based budgets with the intended purpose of discovering possible issues.**

Agreed.

The Financial Policy and Systems division's 2001-2002 work plan included performing a "dry-run" of the Department's financial statements and supporting schedules. It is through one of these schedules to the financial statements that a reconciliation between accrual and cash-based financial information can be performed. After CORE had released the relevant

IFMS software configuration in November 2001, a “dry-run” was performed in January 2002. This test with seven months of accrual financial data proved to be successful.

An additional “dry run” prior to year end will also be performed.....15

3. **It is recommended that the Manager, Financial Policy and Systems and the FIS project team develop an issues log that includes a means of identifying, recording, and providing updates to all issues resulting from implementing the FIS.**

Agreed.

During the implementation of FIS, a log was maintained by CORE which tracked issues common to all IFMS departments, including the identification of internal and external reporting requirements. As issues were identified in DOJ, they were added to this log. Further, an unofficial issues log was also used in Justice during peak periods of the project.

The value of maintaining an issues log which consolidates all FIS implementation concerns is recognized. Now that the FIS project is completed and that the relevant software has been integrated into the main IFMS programs, the FIS issues will be tracked in the main IFMS issues log .....22



**APPENDIX A**  
**FIS Implementation Checklist**

<b>Activity</b>	<b>Completed</b>
<b>DETAILED SCOPING AND PLANNING PHASE</b>	
FIS Business Case (scoping, planning, and implementation)	X
Complete FIS business case	X
Obtain senior management approval	X
Planning and scoping report	X
Senior Management Commitment And Support	X
Establish FIS project steering committee	X
Scoping Project Plan	X
Determine scoping and planning activities	X
Prepare project plan	X
Secure Project Funding	X
Prepare class D project estimate	X
Prepare firm scoping and planning phase estimate	X
Project Organization	X
Identify scoping and planning roles	X
Estimate resources required	X
Second resources	X
Establish FIS project team	X
<b>IDENTIFY AND CONFIRM AREAS OF CHANGE</b>	
Policy	
Review Legislative and Policy Environment	
Review FIS policy papers	X
Review PWGSC policy papers	X
Review transition policies	X
Review budgeting policies	X
Review materiality policies	X
Review Receiver General post closing process	N/A
Review accrual based budgets policies	N/A
Review payment processing policies (scheduling)	X

<b>Activity</b>	<b>Completed</b>
Review inventory policies	X
Review capitalization of asset policies	X
Review new estimating process	X
Review reporting to parliament requirements	X
Review CICA public sector accounting guidelines	X
Review CICA private sector accounting guidelines	X
Review policy systems	X
<b>Identify Affected Departmental Policies</b>	
Inventory departmental policies	X
Review and identify affected policies	X
Determine complexity	X
Prepare level-of-effort estimates	X
Identify dependencies	X
<b>Systems</b>	
<b>Confirm PWGSC Interface Requirements</b>	
Confirm CFMRS trial balance interface requirements	X
Confirm CFMRS control total variance interface requirements	X
Confirm SPS cheque requisition interface requirements	X
Confirm SPS reconciliation interface requirements	X
Confirm BCMS deposit control total interface requirements	X
Confirm reconciliations (pay tape) interface requirements	X
Confirm RG-GL control totals interface requirements	X
Confirm SPS/IS invoice/notification interface requirements	X
Confirm SPS/IS settlement interface requirements	X
Confirm other PWGSC interface requirements as identified	X
<b>Identify Affected Departmental Systems (including downstream feeder systems)</b>	
Inventory departmental systems	X
Identify affected systems	X
Identify external feeder systems	X
Identify new systems	X

<b>Activity</b>	<b>Completed</b>
Assess Cluster Group Solutions	
Identify cluster group solutions	X
Assess impact of cluster group solutions	X
Decision to utilize solution	X
Co-ordinate project planning/implementation with cluster group	X
Assess Impact on Identified Systems	
Policy changes	X
Interfaces required	X
Existing dictionaries, source codes	X
Mapping to central codes	X
Control total sub-routines & audit trails	X
Other data conversion / mapping changes	X
Map to PWGSC record layout requirements	X
Intra-departmental transaction processing	X
Internal / external indicator	X
PODD	X
Electronic Authorization Authentication (EAA)	X
Other impacts as identified	X
Assess Impact of Data Conversion/Mapping Issues	
Existing dictionaries, source codes	X
Mapping to central codes	X
Other data conversion/mapping changes	X
Ability to map to PWGSC reference numbers (PRN, IS)	X
Internal/external indicator	X
Other impacts as identified	X
Assess Impact on New Systems	
Policy changes	N/A
Interfaces required	N/A
Existing dictionaries, source codes	N/A
Mapping to central codes	N/A

<b>Activity</b>	<b>Completed</b>
Other data conversion / mapping changes	N/A
Electronic Authorization Authentication (EAA)	N/A
Other impacts as identified	N/A
<b>Develop Interface Specifications for Departmental Systems</b>	
<b>CFMRS Trial Balance Interface</b>	X
Define requirements	X
Prepare functional specification	X
<b>CFMRS Total Variance Interface</b>	X
Define requirements	X
Prepare functional specification	X
<b>SPS Cheque Requisition Interface</b>	X
Define requirements	X
Prepare functional specification	X
<b>SPS Reconciliation Interface</b>	X
Define requirements	X
Prepare functional specification	X
<b>BCMS Deposit Control Total Interface</b>	X
Define requirements	X
Prepare functional specification	X
<b>Reconciliations (Pay Tape) Interface</b>	
Define requirements	X
Prepare functional specification	X
<b>RG-GL Control Totals Interface</b>	X
Define requirements	X
Prepare functional specification	X
<b>SPS/IS Invoice/Notification Interface</b>	X
Define requirements	X
Prepare functional specification	X
<b>SPS/IS Settlement Interface</b>	X
Define requirements	X

<b>Activity</b>	<b>Completed</b>
Prepare functional specification	X
<b>Develop Specifications for Changes to Feeder Systems</b>	
For each affected feeder system	X
Define requirements	X
Prepare functional specification	X
<b>Develop Specifications for New Systems</b>	
For each new system	N/A
Define requirements	N/A
Prepare functional specification	N/A
<b>Data Conversion/Mapping Specifications</b>	
For each affected master data set	X
Define mapping/conversion requirements	X
Prepare functional specification	X
<b>Determine Level-of-Effort Estimates</b>	
Determine complexity	X
Prepare level-of-effort estimates	X
Identify dependencies	X
<b>Reporting</b>	
<b>Review New External Reporting Environment</b>	
Develop guidelines for mandatory reporting	X
Review new PWGSC reporting requirements	X
Review new TBS reporting requirements	X
Review new public accounts reporting requirements	X
Review new Statistics Canada reporting requirements	X
Review schedule for transition from new to old	X
Prepare inventory of new external reporting requirements	X
<b>Identify Affected Internal Reports</b>	
Inventory internal departmental reports	X
Review and identify affected reports	X
Identify new management accounting reports	X

<b>Activity</b>	<b>Completed</b>
Prepare schedule for transition from new to old	X
Review Reporting Tools	
Determine reporting tool requirements	X
Assess current reporting tool capabilities	X
Determine Level-of-Effort Estimates	
Determine complexity	X
Prepare level-of-effort estimates	X
Identify dependencies	X
<b>AUDIT</b>	
Internal Audit	
Review FIS policies on internal audit responsibilities	X
Review CICA public sector auditing guidelines	X
Review CICA private sector auditing guidelines	X
Review CAAT requirements	N/A
Inventory current internal audit functions	N/A
Review and identify affected functions	N/A
Determine nature and scope of changes	N/A
Identify skills requirements	N/A
Prepare level-of-effort estimates	N/A
External Audit (Auditor General audit for purposes of Public Accounts)	
Review Auditor General guidelines on new external audit processes	X
Identify information requirements	X
Identify audit schedule (systems assurance and year end substantive audit)	X
Identify impacts on staff time	X
Prepare level-of-effort estimates	X
<b>FIS CERTIFICATION</b>	
Review TBS policy on FIS certification	X
Review PWGSC policy on FIS certification	X
Identify timing issues related to certification	X
Identify required certification activities	X

<b>Activity</b>	<b>Completed</b>
Prepare level-of-effort estimates	X
<b>IMPACT ASSESSMENT</b>	
Operational Activities	
Accounting Operations	
Inventory current accounting operations functions	X
Review and identify affected functions	
* month-end closing routine including reconciliation	X
* year-end closing routine including reconciliation	X
* budgeting process	X
* payroll accruals	X
* streamlined processes	X
Determine nature and scope of changes	X
Identify skills requirements	X