

**FOLLOW-UP AUDIT ON  
FIS IMPLEMENTATION #2  
PROGRESS TO DATE - NOVEMBER 2003**

RECOMMENDATIONS	MANAGEMENT ACTION PLAN	OFFICER OF PRIMARY INTEREST	INITIAL TARGET DATE
<p><b>Moveable Assets</b></p> <p><b>3.1.1.1</b> It is recommended that the FIS Implementation Committee for the Capitalisation of Assets:</p> <p>a) Document the approach followed at DFO for the identification and valuation of moveable assets;</p>	<p><b><u>PREVIOUS RESPONSE</u></b></p> <p>1. Dir AMAS sent three different memorandums to Regional Directors of Finance &amp; Administration &amp; Chiefs of Materiel Management to clarify the approach that should be taken for the validation of asset records.</p> <p>2. Corporate Materiel Management Division will develop in consultation with Corporate Accounting &amp; Policy Division all materials necessary to address items (b-e) of recommendation 3.1.1.1.</p> <p><b><u>STATUS OCTOBER 2003</u></b></p> <p>A) Accounting for Capital Assets Policy was issued by Corporate Accounting and Policy in fourth draft, dated February 14, 2003. This version of the policy completely replaced the February 21, 2003 version. This policy is to be finalized and approved no later than March 31, 2004.</p> <p>B) The Departmental Moveable Assets Management Policy, draft #4b, dated July 23, 2003 was issued by Corporate Materiel Management. This policy is to be finalized and approved no later than March 31, 2004.</p>	<p>Dir AMAS</p> <p>Dir AMAS</p>	<p>Complete</p> <p>2001-12-31</p> <p><b><u>REVISED DATE</u></b></p> <p>March 31, 2004 for finalization and approval of two policies.</p>

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<p>b) Establish a quality assurance process to verify the accuracy and integrity of moveable assets in ABACUS;</p>	<p><b><u>PREVIOUS RESPONSE</u></b></p> <p>3. A modified Quality Assurance process was implemented to ensure that information entered into ABACUS was correct.</p> <p>4. Further research is still being done in some regions.</p> <p><b><u>STATUS OCTOBER 2003</u></b></p> <p>Corporate Materiel Management Division is monitoring mass and manual additions.</p>	<p>Dir AMAS</p>	<p>Complete</p>
<p>c) Provide clarification regarding Headquarters responsibilities for the control of certain moveable assets that are located in the regions (<u>this recommendation also applies to real property assets that would be controlled by Headquarters</u>);</p>	<p><b><u>PREVIOUS RESPONSE</u></b></p> <p>5. Reference action plan item #2.</p> <p><b><u>STATUS OCTOBER 2003</u></b></p> <p>The Departmental Moveable Assets Policy provides clarification as to Headquarters/Regional responsibilities for updating all asset records in ABACUS.</p>	<p>Dir AMAS</p>	<p>Complete</p> <p>November 2003</p>

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<p>d) Provide clarifications regarding the value of moveable assets that are transferred from other government departments;</p>	<p><b><u>PREVIOUS RESPONSE</u></b></p> <p>6. Reference action plan item #2.</p> <p><b><u>STATUS OCTOBER 2003</u></b></p> <p><b><u>Corporate Management Accounting</u></b> For OGD assets transfer process has recently been clarified by RG. Corporate and Management Accounting is consulting with Oracle cluster for part of process implementation. Once the process is finalized, the new accounting procedure will be documented.</p>	<p>Dir AMAS</p>	<p><b><u>REVISED DATE</u></b></p> <p>March 2004 for OGD Assets Transfer Procedure</p>

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<p>e) Provide clarification concerning what constitutes the “date of acquisition” of an asset (<u>this recommendation also applies to real property assets</u>):</p>	<p><b><u>PREVIOUS RESPONSE</u></b></p> <p>7. Reference action plan item #2.</p> <p><b><u>STATUS OCTOBER 2003</u></b></p> <p><b><u>Corporate Materiel Management</u></b> The current “draft” version #4b Departmental Moveable Assets Policy document dated July 23, 2003 will incorporate all requirements of Accrual Accounting, including those pertaining to valuation of assets, value of assets transferred from or to OGD’s, roles &amp; responsibilities, date of acquisition, retention issues etc. This policy will align with the Accounting for Capitalization of Assets Policy, 4<sup>th</sup> version dated February 13, 2003. Both of these policies are expected to be finalized and approved by in April 2004.</p> <p>8. For Real Property – reference action plan #10.</p>	<p>Dir AMAS</p>	<p><b><u>REVISED DATE</u></b></p> <p>March 31, 2004</p>

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<p><b>3.1.1.2</b> It is recommended that the Director General, Finance and Administration update existing document retention procedures and asset management procedures in light of FIS (this recommendation also applies to real property assets).</p>	<p><u><b>PREVIOUS RESPONSE</b></u></p> <p>9. Asset management procedures will be updated in light of FIS by the Corporate Accounting &amp; Policy Division. For Real Property - reference action plan item # 10.</p> <p><u><b>STATUS OCTOBER 2003</b></u></p> <p>Corporate Materiel Management has issued since 2000, a series of policies and bulletins pertaining to the management of asset under FIS. These can be found on the F&amp;A Website, Assets.</p> <p>Currently Corporate Materiel Management is in the process of updating the Departmental Moveable Assets Policy to align it with the Accrual Accounting requirements of FIS and the requirements of the Accounting for Capital Assets Policy (4<sup>th</sup> draft dated February 13, 2003). The revised Departmental Moveable Assets Policy addressed issue of Roles and Responsibilities of all stakeholders involved with the management of assets.</p>	<p>Dir AMAS</p> <p>Dir AMAS</p>	<p>2001-12-31</p> <p><u><b>REVISED DATE</b></u></p> <p>April 2004</p>

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<p><b>Real Property Assets</b></p> <p><b>3.1.2.1</b> It is recommended that the FIS Implementation Committee for the Capitalisation of Assets:</p> <p>a) Establish standards of documentation for real property assets including those that have been evaluated using standard unit costs. Those standards should be implemented even if they cannot be completed in time for recording the opening balances. Adequate documentation should be seen as part of the department's ongoing role as a custodian of its assets (<u>this recommendation also applies to Moveable assets</u>);</p>	<p><b><u>PREVIOUS RESPONSE</u></b></p> <p>10. Real Property Management Directorate will formalise standards of documentation to keep an audit trail of the various decisions taken as part of the property management activities for their assets.</p> <p><b><u>STATUS OCTOBER 2003</u></b></p> <p>Documentation relating to the valuation of assets prior to March 31, 2001 are maintained by PWGSC in accordance with the Specific Service Agreement (SSA).</p> <p>Any changes to assets after March 31, 2001, are supported by documentation outlined in the FIS Procedures Manual for Real Property Transactions.</p>	<p>Director RPMD</p>	<p>2002-01-31</p>



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<p>b) Establish standards of documentation for real property acquisitions (<u>this recommendation also applies to moveable assets</u>);</p>	<p><b><u>PREVIOUS RESPONSE</u></b></p> <p>12. Reference action item # 10.</p> <p><b><u>STATUS OCTOBER 2003</u></b></p> <p>The FIS Procedures Manual for Real Property Transactions will document standards of documentation.</p> <p><b><u>PREVIOUS RESPONSE</u></b></p> <p>13. Moveable assets – reference action item # 1.</p> <p><b><u>STATUS OCTOBER 2003</u></b></p> <p>The Departmental Moveable Assets Policy will document standards of documentation.</p>	<p>Dir RPMD</p>	<p><b><u>REVISED DATE</u></b></p> <p>Complete</p> <p><b><u>REVISED DATE</u></b></p> <p>Complete</p>





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<p>d) Issue a directive / procedure regarding out of service assets (this recommendation also applies to moveable assets);</p>	<p><b><u>PREVIOUS RESPONSE</u></b></p>		
	<p>15. RPDM will issue guidelines instructing regional staff to conduct a review of the content of the RPIS database with the purpose to update (if needed) the in-service or out-of-service status of each site.</p>	Dir RPMD	2002-01-31
	<p><b><u>STATUS OCTOBER 2003</u></b></p> <p>The RPIS User Guide &amp; Instruction Manual, Section 5, RPIS “How to...” Provides guidelines for making changes to RPIS.</p>	Dir RPMD	<p><b><u>REVISED DATE</u></b></p> <p>Complete</p>
	<p><b><u>PREVIOUS RESPONSE</u></b></p> <p>⇒ SCH will develop its own accounting policy on out of service assets.</p> <p><b><u>STATUS OCTOBER 2003</u></b></p> <p>SCH has developed their own accounting policy on out-of-service assets.</p>	Policy officer SCH	<p>2002-01-31</p> <p><b><u>REVISED DATE</u></b></p> <p>Complete</p>







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	<p><b><u>PREVIOUS RESPONSE</u></b></p> <p>⇒ SCH will develop its own QA program with its regional offices.</p> <p><b><u>STATUS OCTOBER 2003</u></b></p> <p>SCH have developed their own QA program.</p>	Policy officer SCH	<p>2002-01-31</p> <p><b><u>REVISED DATE</u></b></p> <p>Complete</p>
<p><b>Policies and Procedures</b></p> <p><b>3.2.1.1</b> It is recommended that the FIS Project Manager in conjunction with the FIS coordinator of Policies and Procedures determine who will be accountable and responsible for the ongoing update of policies and procedures during the FIS transition period.</p>	<p><b><u>PREVIOUS RESPONSE</u></b></p> <p>19. Currently, the accountability and responsibility of ongoing updating of the majority of policies and procedures resides within the Corporate Accounting and Policy Division (CAPD). However, responsibilities pertaining to this area may shift depending on the results of the Finance and Administration accountability study.</p> <p><b><u>STATUS OCTOBER 2003</u></b></p> <p><b><u>Accounting, Materiel and Administrative Services (AMAS) Branch</u></b></p> <p>A new division called the Financial Policy Division is almost fully staffed. This division is responsible for the creation and update of financial policies.</p>	<p>The Senior Policy Officer, CAPD</p> <p>Dir AMAS</p>	Complete

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<p><b>Training</b></p> <p><b>3.2.2.1</b> It is recommended that the FIS Project Manager in conjunction with the Team Leader responsible for training implement a mechanism to assess the effectiveness of training provided and identify any deficiencies.</p>	<p><b><u>PREVIOUS RESPONSE</u></b></p> <p>20. No formal mechanism to assess the effectiveness of the training conducted to date has been implemented because a low key implementation approach had been approved by Senior Management and there were not sufficient funds available for it. However, the MC PMO will ensure that some kind of assessment is considered for any future training to take place.</p> <p><b><u>STATUS OCTOBER 2003</u></b></p> <p>Training assessment will be completed by the Modern Comptrollership Project Office (MCPO) by November 2003. Furthermore, the MCPO will be developing the training curriculum. Training to commence January 2004 to March 2004.</p>	<p>Modern Comptrollership Project Office</p> <p>Dir MCPO</p>	<p>2002-03-31</p> <p>March 2004</p>





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	<p><b><u>STATUS OCTOBER 2003</u></b></p> <p><b><u>AMAS</u></b> Currently Regional Support Units (RSUs) deliver any training for the asset module of the Oracle Financial System – ABACUS.</p> <p>As per response to Recommendation 3.2.2.1 previous response #20 and Status September 2003 Response - Training assessment survey will be completed by the Modern Comptrollership Project Office (MCPO) by November 2003. Furthermore, the MCPO will be developing the training curriculum. Training to commence January 2004 to March 2004.</p>	Senior Financial Managers (SFMs) and Regional Directors of Finance & Administration for training delivery	<p><b><u>REVISED DATE</u></b></p> <p>April 2004</p>

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<b>3.2.2.2</b> It is recommended that the FIS Project Manager in conjunction with the Director General - Finance and Administration, determine how the training to finance staff and asset managers could be improved to address capital asset issues encountered during the FIS Implementation Review #2.	<u><b>PREVIOUS RESPONSE</b></u>  22. The FIS Project Manager will liaise with representatives from Real Property, SCH and Moveable Assets to determine the best course of action to address this recommendation. Until a course of action is determined, Corporate Materiel Management will continue to release bulletins which are available on the F&A web-site, to highlight the changes in asset management under FIS.	Modern Comptrollership Project Office	2002-03-31
	<u><b>STATUS OCTOBER 2003</b></u>  No training has taken place for program managers and their support staff. The training assessment survey will likely identify that the winter 2004 training will focus on budget forecasting, analysis and commitments. From the perspective of program managers, capital asset training will likely be a lower priority.	Modern Comptrollership Project Office	<u><b>REVISED DATE</b></u>  April 2004

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<p><b>Reconciliation Processes</b></p> <p><b>3.2.4.1</b> It is recommended that the Director, Accounting, Materiel, and Administrative Service update existing financial reconciliation procedures in light of the new FIS reconciliation requirements.</p>	<p><b><u>PREVIOUS RESPONSE</u></b></p> <p>23. An initiative is currently underway to update reconciliation procedures. DFO intends to stop recording assets under \$10K and this will greatly reduce the month end reconciliation process at the regional level. The asset records (\$1K – 10K) carried over from last year, included in the opening balances, will remain in the database for FIS reporting purposes.</p> <p><b><u>STATUS OCTOBER 2003</u></b></p> <p><b><u>Corporate and Management Accounting</u></b> The Fixed Assets sub-ledger to General Ledger reconciliation procedures are to be completed by Corporate and Management Accounting in November 2003. Corporate and Management Accounting is currently assisting the regions to identify and reconcile the capital funding purchases to capital assets records on a monthly basis. The regions are required to research the history of transactions and resolve the variances with the assistance of Corporate Accounting and Corporate Material Management on an on-going basis. November 2003. The focus should be on reconciliation to be done by the regions. (For example, contra account balance to actual expenditures to capital asset records.)</p>	<p>Dir AMAS</p>	<p>2002-03-31</p> <p><b><u>REVISED DATE</u></b></p> <p>April 2004</p> <p>Ongoing</p>

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<p><b>3.2.4.2</b> It is recommended that the Director, Accounting, Materiel, and Administrative Service assess the impact of the new reconciliation requirements on resources.</p>	<p><b><u>PREVIOUS RESPONSE</u></b></p> <p>24. The impact of the new reconciliation requirements on resources was addressed in the AMAS FIS Business Case report submitted to the DG of Finance and Administration on June 11<sup>th</sup>, 2001.</p> <p><b><u>STATUS OCTOBER 2003</u></b></p> <p>The Business Case was presented to the DG in 2001, extra resources were requested for Corporate and Regional reconciliation but were not allocated at that time.</p> <p>Another Business Case for Corporate and Management Accounting was presented to the DG in June 2003, which includes two phases:</p> <ul style="list-style-type: none"> <li>• The first phase is to stabilize resources for current operations, which has been approved by the DG. The target implementation date is March 2004.</li> <li>• The second phase is to focus on control/procedures/training under Modern Comptrollership initiative. It is being assessed mindful of the Modern Comptrollership Action Plan and other management modernization plans</li> </ul>	<p>Dir AMAS</p>	<p>Complete</p>



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	<p><b><u>PREVIOUS RESPONSE</u></b></p> <p>26. Based on the above, necessary guidelines and procedures for the preparation of the annual financial statements will be developed and in place before the first set of financial statements are produced as at March 31, 2002.</p> <p><b><u>STATUS OCTOBER 2003</u></b></p> <p>Currently the specific procedure is not required for this item. Corporate and Management Accounting have developed the specifications for preparation of the annual financial statements with FAS. The specific schedules and reports are compiled electronically and can be printed using the "Financial Statements and Plates Reporting User Guide".</p> <p>Internally these financial schedules and reports are reviewed and compared to the final Trial Balance by the Corporate Accounting group to ensure the accuracy and truthful representation. Externally the financial statements have been reviewed by TBS. In 2003, DFO financial statements will also be audited by the OAG, and DFO will comply with the OAG recommendations.</p>	<p>Dir. Accounting, Materiel and Administration Services</p>	<p>2002-02-28</p> <p><b><u>REVISED DATE</u></b></p> <p>Complete</p>

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<p>b) Identify an “external audit co-ordinator” who will be responsible for ensuring DFO readiness for external audits by the Government of Canada’s external auditors; and</p>	<p><b><u>PREVIOUS RESPONSE</u></b></p> <p>27. The MC project office will determine who the “external audit coordinator” will be.</p> <p><b><u>STATUS OCTOBER 2003</u></b></p> <p>The Director General, Review Directorate is responsible for ensuring DFO readiness for external audits by the Government of Canada’s external auditors.</p>	<p>Modern Comptrollership Project Office</p> <p>Modern Comptrollership Project Office</p>	<p>2001-12-31</p> <p><b><u>REVISED DATE</u></b></p> <p>Complete</p>

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<p>c) Develop a plan indicating how they will assess the needs of DFO managers when developing new or updating existing internal management reports.</p>	<p><b><u>PREVIOUS RESPONSE</u></b></p> <p>28. It has been proposed that regions will establish the regional reports for the preparation and review of the regional financial statements (including MRS and DFMR reporting requirements) and that Senior Financial Managers will establish reports required to permit reporting and review of the sector financial statements (including MRS and DFMR reporting requirements).</p>	<p>Director Financial Branch, Regional Directors of F&amp;A, Senior Financial Managers</p>	<p>Ongoing</p>
	<p><b><u>STATUS OCTOBER 2003</u></b></p> <p>The Department has developed financial statements that Treasury Board has accepted.</p> <p>A framework is in the process of being established with regard to MRS reporting requirements.</p>	<p>Director Financial Branch, Regional Directors of F&amp;A, Senior Financial Managers</p>	<p><b><u>REVISED DATE</u></b></p> <p>Complete</p> <p>Ongoing</p>



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<p><b>Change Management</b></p> <p><b>3.2.6.1</b> It is recommended that the FIS Project Manager in conjunction with the Co-ordinator of change management develop a detailed Change Management plan indicating why, when, how and by whom the specific change management activities will be provided.</p>	<p><u><b>PREVIOUS RESPONSE</b></u></p> <p>29. A detailed FIS Change Management Strategy and plan was developed in January 2001. The plan is being implemented in conjunction with Modern Comptrollership activities.</p>	<p>FIS project manager and co-ordinator of change management</p>	<p>Complete</p>