REVIEW DIRECTORATE

DIRECTION GÉNÉRALE DE L'EXAMEN

REVIEW OF THE DEPARTMENTAL
FINANCIAL SYSTEM,
DATA RELIABILITY, INTEGRITY AND ACCURACY
PROJECT NUMBER 65169
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Fisheries and Oceans
Canada

Pêches et Océans
Canada

Canada

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1.0 EXECUTIVE SUMMARY

Introduction

In April 1997, the Department of Fisheries and Oceans (DFO) implemented the Oracle
Financials 10.5, referred to as Abacus in DFO. This commercial system better corresponded to
DFO's current financial management needs. The Abacus system interfaces with a number of
other departmental systems and external systems. This report documents the findings of a
review undertaken between the months of February and April 2000. This review is part of the
approved 1999-2000 DFO Review Plan.

Objective

The two main purposes of the review were to determine the degree to which automated and
internal controls and practices ensure the integrity, completeness and accuracy of information
provided to management and to assess the degree of the Department's preparedness to
implement the Treasury Board (TB) Financial Information Strategy (FIS).

This final report was approved by the Departmental Review Committee in February 2001.

Summary of Findings and Conclusions

Integrity of Financial Data

Financial Management Systems - The Abacus system is the cornerstone of DFO's financial
systems. Abacus implementation has enabled DFO to move to a single financial and materiel
management system for the entire Department, and has also positioned DFO to meet the
requirements of the Treasury Board's (TB) Financial Information Strategy.

The necessary control systems and tools are in place between the financial management systems
and Abacus to ensure that the transactions are transferred from the external systems and the
Abacus system, as well as the transfers between the different Abacus modules and the General
Ledger (GL). The key control feature of the update process in Abacus rests with the verification
by individual responsibility centre personnel and regional financial officers. We observed that
this verification is usually performed sporadically and often on a monthly basis. This could
result in errors remaining undetected for a period of time within the system if this verification is
not carried out continuously.

We also observed that users maintain manual and automated systems that contain information
which should be recorded in Abacus. This was observed in the Inventory, Asset and Accounts
Receivable modules. This results in incomplete information in Abacus.

The reconciliation process between the Management Reporting System (MRS) and Abacus as
well as that of Abacus and Public Works and Government Services Canada (PWGSC) needs to
be documented, simplified and improved to eliminate the problems encountered when
reconciling. The major problem lies with the reconciliation of salary information. DFO staff has
indicated that the detail salary reconciliation process is complex and results in multiple

adjustments having to be done in the form of journal entries. Responsibility Centre Managers (RCMs) have expressed some concerns as to the correctness of the salary data charged to their budget.

Data Completeness, Accuracy and Consistency - One of the activities carried out in our review was the identification of financial transaction trends with respect to integrity and completeness. In order to achieve this, a number of transactions was extracted from the MRS system for the period of April 1, 1999 to January 31, 2000. These transactions were then tested for a number of different conditions.

The tests resulted in the following general observations: some input errors, especially in dates, were identified in Abacus; there are inconsistencies in the utilization of the Non-Professional Personal Service Contracts line object; and departmental expenditure limits on nine specific line objects have been exceeded. As a result of this, it is required that the existing procedures for payment process initiation and procedures governing financial coding be adhered to in order to improve the data reliability.

In addition, we noted that a number of policies and procedures require clarification. There is a need to clarify which costs should be included in capitalizing an asset and which allotment funding codes should be used to capture its true cost. To improve on the efficiency of the accounts verification, all Regional Finance and Administration should implement the Electronic Consolidated Payment System for processing recurring charges from major suppliers.

However, we noted some innovative practices in Central and Arctic and Maritimes regions, which should be adopted throughout the Department. The practice of utilizing a database system for blanket travel authorities and specimen signature cards should be studied further to determine its applicability on a department wide basis.

Compliance to DFO and TB Policies - A statistical sample of financial expenditure transactions was selected for the Maritimes, Laurentian and Central and Arctic regions. We sampled from the expenditure data included in Abacus from April 1, 1999 to January 31, 2000. The transactions were tested against pre-established criteria, which were deemed critical.

The results from the review of the financial transactions sampled are:

- Maritime Region: error rate of 35.9%, 95% confidence level.
- Laurentian Region: error rate of 32.5%, 95% confidence level.
- Central and Arctic Region: error rate 24.8%, 95% confidence level.

The overall error rate for the sampled Regions is 31.1% with a 95% confidence level.

We believe that further training should be provided to personnel involved in coding or the verification of coded transactions. This training is required in order for them to clearly understand the importance of using the proper codes to ensure reliable reporting information. The departmental coding manual should provide better description of its codes to assist in applying the proper coding to a transaction and removing ambiguity. Also, a complete review of signature cards for delegated signing authorities should be performed and adequately verified

when processing a transaction. The accounts verification process requires strengthening and proper challenge must be in effect to ensure that adequate supporting documentation is provided and policies of the Department and central agencies have been complied with when processing and approving transactions.

Management Reporting - The financial information used for reporting and decision making proved to be inadequate at the detail level such as responsibility centres and line objects. However, it proved to be more appropriate at the higher level coding structure such as at the standard object.

The MRS system contains reporting information from Abacus and is the main tool used by Responsibility Centre Managers and Financial Officers to generate financial management reports. Managers reported that the information presented in the MRS is not always reliable and is incomplete. Based on our survey results, a number of managers (42%) did not agree with the financial position recorded in the MRS for their Responsibility Centre (RC). As mentioned earlier, our samples of transactions reveal a high error rate in coding, compliance to financial policies and signing authority approval. In addition, we found that certain financial information related to accounts receivable, inventory and assets are maintained in stand alone systems and not recorded in Abacus.

Financial management is not the sole responsibility of Finance and Administration but a shared responsibility with the RCMs who also have a significant role to play. In order to improve the accuracy of the system, Responsibility Centre Managers should reconcile the information on an on-going basis and identify all discrepancies in the reported financial information in MRS in order that appropriate corrective action can be taken.

Financial Information Strategy

The requirement to implement the Canadian federal government's new Financial Information Strategy is currently underway for federal departments and agencies. The purpose of FIS is to implement a modern model of accounting and financial records in the Government of Canada that conforms with Generally Accepted Accounting Principles (GAAP) as practiced in the private sector.

In the course of the review, we identified areas of risk that may have an negative impact on the successful implementation of FIS. The project was not fully recognized and appropriate project management controls mechanisms were not in place. Sufficient resources must be allocated to allow the planning of the project activities and their execution.

A subsequent follow-up on those issues identified in April 2000 indicated that action is taken to address some of them. Roles and responsibilities of Headquarters and the regional offices have changed. Headquarters is accountable for providing coordination and guidance while the regional offices have the responsibility for implementing FIS.

2.0 INTRODUCTION

2.1 BACKGROUND

In April 1997, the Department of Fisheries and Oceans implemented the Oracle Financials 10.5, a commercial system that better corresponded to its current financial management needs. This system, referred to as Abacus in DFO, is used department-wide by up to 1,750 employees and records and processes an average of 21,000 financial transactions per day. Abacus is a centralized system relying on automated and manual controls for data input integrity. The system is comprised of eight modules. Several other systems complement Abacus in the areas of salaries, accounts receivable, inventories, credit card transactions, etc. Abacus also communicates with other government systems such as those in Public Works and Government Services Canada. In September 1998, the current Oracle version of the system was replaced by an upgraded version (version 10.7). DFO's Oracle Financials 10.7 operates on a central DEC Alpha server using UNIX as the operating system and Oracle's Relational DataBase Management System.

2.2 OBJECTIVES AND SCOPE

This review is part of the approved 1999-2000 DFO Review Plan. The two main purposes of the review were to determine the degree to which automated and internal controls and practices ensure the integrity, completeness and accuracy of information provided to management and assess the degree of the Department preparedness to implement the Treasury Board Financial Information Strategy.

The first objective focused on current manual and automated practices in Corporate Services and program areas with regard to budget, commitment, expenditure, revenue and asset transactions. The following elements, which deal with data integrity, were reviewed:

1. Data were tested for completeness, accuracy, consistency and authorization.
2. Transactions were reviewed to ensure that they were processed promptly.
3. Compliance to DFO and TB Financial Management policies and directives by staff in Corporate Services and Program areas was assessed.
4. Manual and automated reconciliation of modules and sub-systems to Abacus was reviewed.
5. The Department overall financial management reporting to management was assessed for accuracy and completeness.

The second review objective related to the Treasury Board FIS initiative. FIS has the objective of improving the quality and timeliness of financial information available throughout government. Oracle Financials already provides some functionality that supports FIS. Although FIS is still in the planning phase at DFO, the review measured progress accomplished to meet the FIS implementation deadline of April 2001. Planning elements to be considered under the second objective included the following:

1. departmental policies and procedures;
2. tables used to translate departmental financial codes to government-wide codes (to reflect the new government Chart of Accounts);
3. procedures to capitalize fixed assets and include depreciation in the Department's financial statements;
4. the recognition of expenditures in the period in which they are incurred, including accruals for pay; and
5. the extent and nature of training of financial officer, administrative and support staff and managers on the Department's financial systems and processes.

This final report was approved by the Departmental Review Committee in February 2001.

2.3 METHODOLOGY

The review was conducted in three phases. The first phase included a preliminary review of the following activities:

- the review of automated and manual controls and practices applied to the interface data verification process;
- the review of financial management processes and practices for the verification of financial expenditure transactions by regional Corporate Services;
- the review of the Financial Information Strategy in DFO;
- the conduct of a survey on financial practices in program areas;
- the identification of unusual trends with regard to financial expenditure data; and
- the selection of transactions to be reviewed in the Maritimes, Laurentian, and Central and Arctic regions during the review phase.

The second phase of the review consisted of:

- on site confirmation of financial management processes and practices for transactions review within Regional Corporate Services;
- a detailed review of statistical samples of regional financial transactions; and
- an exit debriefing of the results of the transactions reviewed.

The third phase of the review was to report our findings and recommendations and to obtain the management's action plan.

In addition, a survey was conducted on financial practices in Program areas. The survey had for objective to inquire on current practices and controls applied in Program areas to ensure integrity, accuracy, completeness and timeliness of data.

The survey was carried out from February 11 to March 31, 2000, across all the departmental Responsibility Centre managers to identify current financial management practices and initiatives related to budget, commitment, expenditure, revenue and asset.

Out of 2,778 responsibility centres, 399 of them were selected in a random manner. From these, 151 were excluded since they were considered no longer valid or they were reporting RCMs

already covered in the survey. Consequently, 248 survey questionnaires were distributed to departmental RCMs and 125 responded. This number of respondents is considered statistically valid. Table 1 below provides the distribution of the survey questionnaires returned by regions and sectors.

Table 1: Number of Surveys Questionnaires Returned by Sectors and Regions

Survey Questionnaires Returned by Regions	# of RCM
Newfoundland	18
Maritimes	26
Laurentian	16
Central & Arctic	13
Pacific	28
National Capital Region	16
Gulf	8
Total	**125**

| Survey Questionnaires Returned by Sectors	# of RCM
Canadian Coast Guard	39
Corporate Services	30
Fisheries Management	29
Sciences	19
Policy	5
Oceans	3
Total	**125**

3.0 OBSERVATIONS AND RECOMMENDATIONS

3.1 INTEGRITY OF FINANCIAL DATA

3.1 1 FINANCIAL MANAGEMENT SYSTEMS

Abacus

The Abacus system is the cornerstone of DFO's financial systems. Abacus implementation has enabled DFO to move to a single financial and materiel management system for the entire Department, and has also positioned DFO to meet the requirements of the Financial Information Strategy.

Abacus is a centralized, integrated, off-the-shelf financial and materiel system, comprised of eight functional modules. Each module offers a range of functions, configured to permit DFO the flexibility of conducting its financial and materiel activities. Some customization also allows Abacus to interface with a number of other internal systems referred to as Abacus system tools and external systems. The purpose of all these systems is to reduce duplicate data capture of financial transactions or to simplify the reporting.

FAS Financial & Reporting Systems and Interfaces
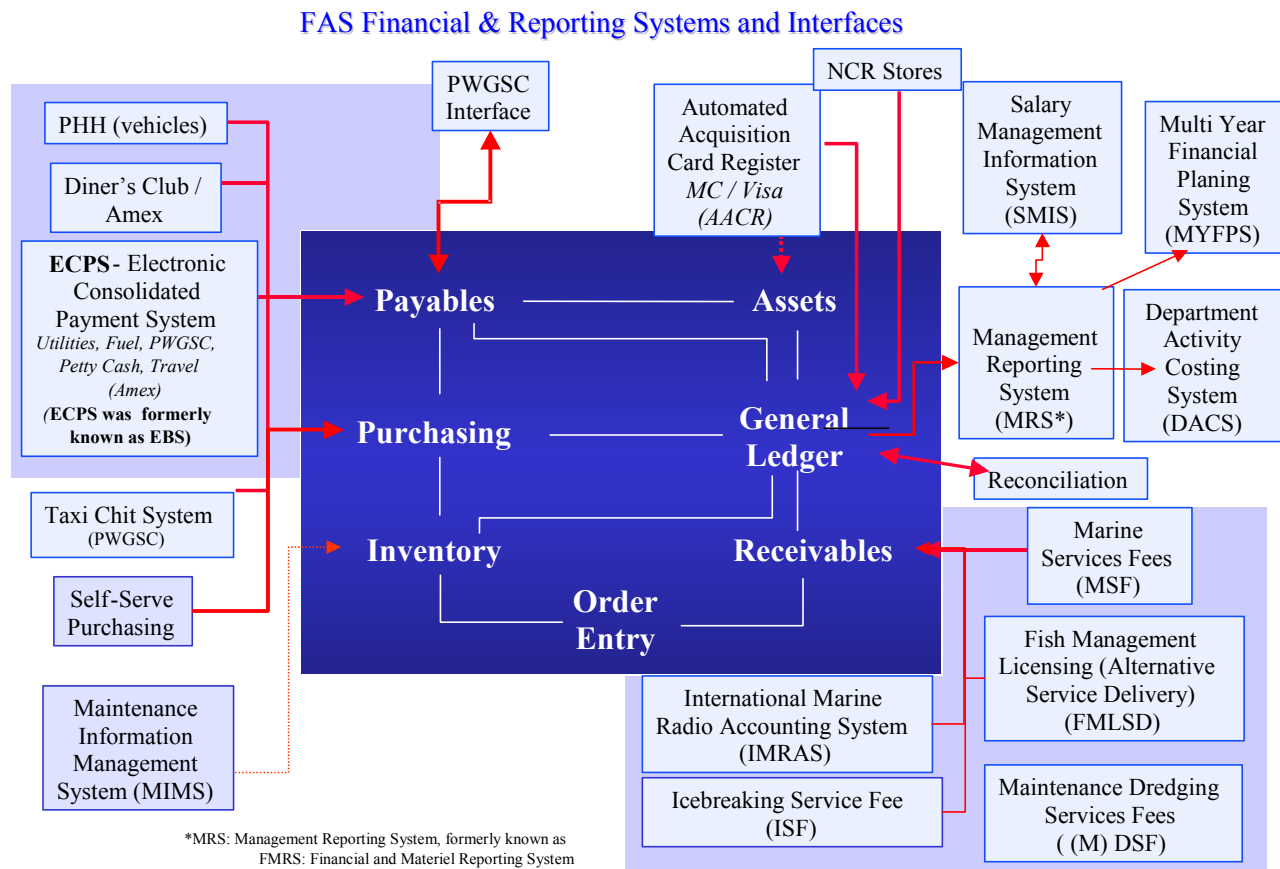
The seven modules reviewed under Abacus are: General Ledger, Purchasing, Inventory, Assets, Order Entry, Accounts Payable and Accounts Receivable.

Financial Systems Interfacing with Abacus

The review of the external interfaces between financial management systems and Abacus focused on the controls in place to ensure that the transactions are transferred from the departmental financial management systems and the Abacus system, as well as they are transferred between the different Abacus modules and the General Ledger. The completeness and accuracy of the transactions that are transferred are dependent on the modules. The modules are programmed to automatically export the current transactions.

The export of transactions from the modules to the GL is described as follows: on a daily basis transactions are posted to the Abacus system. The transfer of these transactions within the modules in Abacus is monitored using the standard control reports. These reports show the number of transactions, the dollar amounts, as well as the resulting accepted and rejected transactions and the reason for the rejects. These lists are verified by Financial and Administrative Systems (FAS) staff daily. When errors are detected, automated and manual controls are in place to ensure that these are identified for correction. As warranted, contact is made with the appropriate area responsible for the input and follow-up is done to ensure corrections are actioned. The review indicated that the control reports produced provide sufficient information to conclude that the transactions were updated.

Although the necessary controls systems and tools are in place, the major control feature of the update process in Abacus lies with the individual responsibility centre personnel and regional financial officers. These individuals are responsible to verify the accuracy of their input. The necessary tools are available in the system to verify daily and on an ongoing basis that their transactions have been properly processed. We observed that this verification is not always done on a regular basis. The task is usually performed sporadically and often only on a monthly basis using manual and/or automated systems in addition to Abacus modules and Abacus system tools (a list of major monitoring activities performed by RCMs is presented in Appendix A). This could result in errors remaining undetected for a period of time within the system if this verification is not carried out continuously.

Recommendation

The Director General, Finance and Administration, should inform system users of the importance of continuously reviewing the status of the input of transactions. Users should be made aware that transactions in error are not posted to Abacus and result in incomplete information appearing in their report.

Systems Completeness

Abacus Inventory Module

We observed that users maintain manual and automated systems that duplicate Abacus. For example, the inventory module is used only for uniforms and some electronic and mechanical consumable goods. Some clients claim they maintain their own system because the Abacus module does not perform adequately. Our regional visits provided additional evidence that there are significant inventories maintained in warehouses. These inventories are not recorded in the

Abacus system and they are tracked using stand-alone inventory systems. We understand the need to maintain specific inventory systems to control inventories. However, the inventory costs of these items still have to be captured in Abacus. Significant inventories not recorded in Abacus are those of the Canadian Coast Guard (CCG) and Hydrography. The management information system used by CCG for controlling its inventory has been approved by senior management.

Abacus Asset Module

To date, it has not been a requirement that all asset and real property information be included in the Abacus asset module and the GL. With the implementation of accrual accounting, all the assets for the Department will have to be included in the system. This will be addressed as part of the FIS implementation project. Presently, a separate process called "MASS-EDITION" has been developed to capture the current asset transactions. This process is not well understood resulting in the loss of certain costs related to the assets. Section 3.1.2 in this report outlines some of the problems identified with the coding and the input of asset transactions.

Abacus Account Receivable Module

The Accounts Receivable module performs two main functions: generating customer invoices and recording receipt of payments for those invoices. The review revealed that not all the receivables are posted to the Abacus. For example, in Hydrography, a separate system (TRAVERSE) is used to issue invoices and control the account receivables of approximately $3 million. The invoices are not transferred to Abacus. In addition, in the Central and Arctic region, Small Craft Harbours does not input the invoices to Abacus. This will be an issue with FIS. In all cases, the cash receipts are processed manually through Abacus.

The survey conducted among the RCMs confirmed the practices to the effect that certain types of transactions are not recorded in the Abacus modules. The survey indicated a low RCMs' involvement with regard to the recording of data to the Abacus modules: Inventory, Assets and Account Receivables. These modules were reported to be used approximately 20% of the time. Finance and Administration staff performs most of these transactions on the behalf of RCMs. Appendix B provides details on the utilization of Abacus modules by RCMs.

Recommendation

The Director General, Finance and Administration, should ensure that steps are taken to either convert stand-alone systems to the appropriate Abacus module or provide an interface to migrate the information from these systems to Abacus. Manual and automated processes relating to asset information should be improved to ensure that the appropriate asset costs are captured in the system.

Financial Systems Reconciliation Process

Management Reporting System

The Management Reporting System is a separate database containing all relevant financial and materiel information for reporting purposes. Since its initial implementation, MRS has evolved to include information on Human Resources (PeopleSoft) and information on the Departmental Activity Costing System (DACS). MRS is now the reporting tool delivered to a variety of departmental users. To meet the span of knowledge or expertise and the different reporting requirements, MRS provides some flexibility in terms of functionality and diversity of information. MRS is used to produce three different categories of reports:

1. Finance and Materiel reports generated automatically from a menu selection or with the ability to filter on the data prior to generating a report.
2. HR reports with the ability to filter on the data prior to generating a report.
3. DACS reports with the ability to filter on the data prior to generating a report.

Daily, transactions from the Abacus Accounts Receivable, Accounts Payable, Purchasing and General Ledger are transferred to the MRS system. On a monthly basis, salary dollars, full time equivalent (FTEs) and leave information are transferred from the Salary Management Information System (SMIS).   Reports are produced to indicate the status of the updates.

We were advised that at certain intervals, a special process is executed to reconcile the MRS to the Abacus and its other feeder systems. We find this process to be critical since only then are the systems reconciled and a verification is performed to ensure that the information is accurate and complete. This process is not documented.

Salary Management Information System

The Salary Management Information System is used to capture employee salaries, FTEs and leaves. The main inputs to the SMIS consist of: the Coast Guard's Integrated Fleet Management System, MariTime Position and Employee data, PeopleSoft Employee leave data, Abacus Financial coding and salary budget, Treasury Board Classification and Salary tables. On a monthly basis, an input file from PWGSC is used to update the current pay transactions. During the import process, a number of adjustments to the coding are made before the entries are posted to the SMIS. The SMIS also has a forecasting module. Salary dollars, FTEs and leave time are exported to the MRS for reporting purposes.

On a monthly basis, the reconciliation process is performed between the SMIS and the PWGSC data. The overall reconciliation does not present a problem. There are, however, a number of discrepancies that have to be adjusted when the data are reconciled at the detailed level. DFO staff has indicated that the detail salary reconciliation process is complex and results in multiple adjustments having to be done in the form of journal entries. Responsibility centre managers have expressed some concerns as to the correctness of the salary data charged to their budget. On the other hand, regional Finance and Administration staff has informed us that SMIS should not be used by RCMs for cost accounting purposes. They believe that SMIS should be used as a forecasting tool only.

Receiver General's Central Accounting Financial System

DFO accounting records are reconciled to the Receiver General's Central Accounting financial system data (PWGSC). The Finance and Administration staff coordinates this exercise while the actual reconciliation work is a regional responsibility. Therefore, the reconciliation process has to have both a departmental and regional essence. Variance reports are available from the departmental level down to a detail transaction level from the General Ledger Module of Abacus to identify differences.

At this time, the ReconWin process is used for the reconciliation. This process is not as automated as it could be. An improved reconciliation process is presently under development. Tasks will be automated whenever possible. When all of the data is available from PWGSC, the Financial and Administrative Systems staff will initiate a number of processes, which will update the reconciliation tables. After this monthly exercise is complete, FAS will notify the regions by e-mail. This process is not in place at this time.

Appendix C provides details on the RCM's level of usage and expression of satisfaction with regard to these Abacus system tools.

Recommendation

The Director General, Finance and Administration, should ensure that the reconciliation process between MRS and Abacus is documented and performed on a regular basis. In addition, the pay reconciliation as well as the Abacus and PWGSC reconciliation processes have to be documented, simplified and improved to eliminate the problems encountered when reconciling.

3.1.2 DATA COMPLETENESS, ACCURACY AND CONSISTENCY

Financial Transaction Analysis

One of the activities carried out in our review was the identification of financial transaction trends with respect to integrity and completeness. In order to achieve this, a number of transactions was extracted from the MRS system. The data included transactions from April 1, 1999 to January 31, 2000. These were then tested for a number of different conditions.

The data selected were analyzed using Audit Command Language (ACL) software. This software allows the import of files with different formats and provides flexibility in the analysis of data. These data were also the basis of the Regional Statistical sample as well as a judgmental sample used to test different conditions. The results of these tests are detailed in Section 3.1.3 of this report.

These tests were successfully completed for the payable and the AACR transactions and resulted in the observations below:

- Some input errors, especially in dates, were identified in Abacus. We observed
  - GL dates prior to the invoice date;
  - invoice dates after March 31, 2000; and

       o   term dates well beyond the correct payment due date.

It should be noted that the term date is the trigger for the payment. Special attention should be given to this field by the financial officers in order to avoid interest charges and possible embarrassment to the Department. These should be reviewed and changes to the system control edits may be required.

- Based on various tests and a sample that was tested in the regional fieldwork, the review revealed that there are inconsistencies in the utilization of the Non-Professional Personal Service Contracts line object. This line object is used to record minor expenditures such as taxis, purchases of keys, renewal of membership (Costco) and clothing repairs.

- Departmental expenditure limits on nine line objects having the word "miscellaneous" have been exceeded. These limits imposed by the Treasury Board are corrected at year-end through a reallocation to other line object codes specifying the nature of the transactions. This results in reducing the reliability of the information reported.

Recommendation

The Regional Directors, Finance and Administration, should ensure that existing procedures for payment process initiation and procedures governing financial coding are adhered to in order to improve the data reliability.

Financial Management Processes and Practices

Departmental Assets

The Department currently uses two categories to classify its assets. One category is for Minor Capital for those items between $1,000 and $500,000 and the other for Major Capital for items over $500,000. Special allotment codes have been assigned to capture costs related to Minor Capital (180) and Major Capital (210). For 1999/2000, the Department issued guidelines relating to a new allotment code (230) to be used in tracking capital asset expenditures for construction projects. We found that two out of the three regions visited, Central and Arctic and Maritimes, did not use this allotment and had no transactions coded to allotment 230. Although the use of specific codes to accumulate the total costs of construction projects is commendable, other aggregate codes were not issued to assist in capturing the total costs related to a particular Minor Capital item and/or a major capital item not under construction. An example would be the costs related to electronic or communication projects which are major and over the threshold of $1,000. Presently, these are not coded under allotment 230 since they are not considered construction projects.

During our review of the financial transactions, we found that coding of expenditure transactions to the allotments 180 or 210 (Minor and Major Capital respectively) was not consistent. Related line object series 0800 for allotment 210 and 0900 for allotment 180 were incorrectly applied. In addition, the dollar limits applied to classify assets as minor or major, items under or over

$500,000 respectively, were not being adhered to. We also found assets over $1,000 being charged to the Operating and Maintenance (O&M) allotment 120. One of the main causes for the inconsistent coding of expenditures related to assets is associated to budget allocation and the availability of funding within a particular allotment.

In tracing costs charged to the above allotments to the Asset module in Abacus, we discovered that certain types of costs, such as freight delivery and travel for installation, were being deleted prior to being posted under the mass edition process. These deletions have an effect in determining the real costs of an asset and reconciling the true costs of projects. The tracking of an asset total cost will become more critical with the upcoming implementation of accrual accounting under FIS.

Purchase Order

The Central and Arctic Region has discontinued the process of preparing a purchase order for goods or services under $5,000. The implementation of this practice was done to improve upon its current business processes with the objective of reducing workload. The process was identified as being manually intense and no longer needed. However, we did not find any approval of this new process by the Finance and Administration Directorate at Headquarters.

Hospitality

In reviewing hospitality transactions, we compared the cost claimed to the financial limitations set out by the Treasury Board for meal allowances. Treasury Board policy on hospitality establishes two financial limitations for meal allowances. One limitation is the average per person cost and the other is the maximum per person cost, which is 1.5 times higher than the average per person cost. Although the maximum limit per person cost was complied with and was used as a guideline in budgeting a function, the average limit per person cost had been exceeded in many instances. The Treasury Board requires under Appendix B of the Hospitality Policy that all meal related hospitality expenses incurred over the fiscal year must average out to the average per person cost. Only the Laurentian Region had done the required cost analysis which indicated that the average per person cost had not been exceeded in the first six months of the fiscal year. The final review for the total fiscal year was due to commence after year-end.

Electronic Consolidated Payment System

The Department has implemented a process called Electronic Consolidated Payment System (ECPS), formerly known as Electronic Billing System, to capture multiple invoice transactions recurring for major suppliers such as phone, utilities, fuel companies and PWGSC for taxis. The major benefits of this process are the saving on the number of staff required and time needed to input numerous individual transactions. Invoices are processed in an efficient manner, posted electronically and suppliers are paid immediately by the issuance of a single cheque.

The Central and Arctic and Laurentian regions had not implemented the ECPS for phone, utilities and fuel. The Maritimes Region had partial implementation of ECPS for utilities.

Innovative Practices

During our visit, we found two innovative practices, which assisted in the efficiency of the accounts verification process:

- the Maritime Region was implementing a database to capture all blanket travel authorities for its staff. The system provides a detailed listing, by responsibility centre and individuals, showing restrictions and authority given by the managers under all types of travel circumstances; and

- the Central and Arctic Region was implementing a database to capture all authorized specimen signature cards.

These two systems provide timely online access for the review of authorities when processing financial transactions and the capability to update the authorities.

Recommendations

In order to improve the financial management processes and practices, it is recommended that the Director General, Finance and Administration:

- Revise the departmental policy on Assets and clarify which costs should be included in capitalizing an asset and which allotment funding codes should be used to capture its true cost. Training should be provided to clearly distinguish between items that are Operating and Maintenance and those that are capital for future depreciation allocation under FIS. In addition, a complete review of the minor and major capital allotments needs to done to ensure the capture of transactions deleted in error.

- Provide direction with regard to the significance of discontinuing the issue of a purchase order under the present dollar limits prior to implementation by a Region.

- Require that all Regions, including Headquarters, perform an analysis of all meal related hospitality expenses incurred over the fiscal year to ensure that the average per person cost, specified in Treasury Board's Hospitality Policy, has not been exceeded.

It is recommended that the Regional Directors, Finance and Administration:

- Adopt the Electronic Consolidated Payment System for processing recurring charges from major suppliers.

- Consider the implementation of the practice of utilizing databases for blanket travel authorities and specimen signature cards to provide a more efficient tool for accounts verification.

3.1.3 COMPLIANCE TO DFO AND TB FINANCIAL MANAGEMENT POLICIES

Statistical Sampling Plan

A statistical sample of financial expenditure transactions was selected for the Maritimes, Laurentian and Central and Arctic regions. We sampled from the expenditure data included in Abacus from April 1, 1999 to January 31, 2000. The statistical sample taken represented a true proportion of the population and was based on a margin of error rate of ± 5% and a 95 % confidence level. A detailed review of these financial expenditure transactions was then conducted for integrity, validity, completeness and authorization.

The review addressed the following evaluation criteria, which were deemed critical:

-   the payee is entitled to the payment;
-   the price and quantity conform with the contract;
-   the financial coding is correct;
-   the payment adheres to specific compliance elements;
-   the proper signing authority has been used under Section 34 of the *Financial Administration Act* (FAA);
-   the amount on invoice/claim matches with the amount in Abacus; and
-   the address on the invoice/claim matches the address in Abacus.

Detailed Results

The results from the review of the financial transactions sampled are:

•   Maritime Region: error rate of 35.9%, 95% confidence level.
•   Laurentian Region: error rate of 32.5%, 95% confidence level.
•   Central and Arctic Region: error rate 24.8%, 95% confidence level.

The overall error rate for the sampled Regions is 31.1% with a 95% confidence level.

The majority of errors not meeting the above criteria were found within the following three elements: the financial coding, the compliance to policy and the signing authority.

Financial Coding:

-   Some expenses related to Year 2000 Project which should have been coded to allotment 157, specific for Y2K, were coded to allotment 210 Major Capital;
-   Expenditures were coded either to wrong line objects, standard objects or allotment codes.
-   Minor expenditures such as taxis, clothing repairs and purchase of keys were coded to line object 4422 Non Professional Personal Services Contracts;
-   Contractors were coded as employees and not vendors. This type of coding error results in immediate payment to a supplier instead of the payment being made on the due date (30 days) and the required T4A not being issued to the contractor.

Compliance to Policy

- Prior approval was not always given for hospitality;
- Prior approval for travel was not always obtained and no blanket travel authorities were found. In some cases, travel authorities were signed after the fact;
- Purchase Orders were not always used and some were prepared after the invoice from the supplier was received;
- Term date or due date are amended when processing the payment of suppliers invoices to avoid paying interest charges. Interest is only paid upon demand from the supplier on its invoice;
- Required certificate under Section 34, FAA not identified on payment documents;
- Supporting documentation and information missing and/or lack of explanation for unusual items or circumstances; and
- Sole source contracts exceeded the $25,000 limit.

Signing Authority

- Specimen signature cards were not found in many instances to confirm the signature found on documents approving the transactions processed;
- Persons signing under Section 34, FAA were not always authorized;
- Manager signing under Section 34, FAA when acting delegation authority had expired;
- Approval of hospitality and travel claims for the Regional Director General (RDG) were signed by the Director of Finance and Administration in two of the Regions. In one Region, no approval was obtained for the RDG's travel and hospitality expenses.
- In one Region, a specimen of the RDG's signature on a rubber stamp was used to approve transactions under Section 34, FAA.

In addition to the above statistical sample, we took a random judgmental sample of specific financial transactions considered major and/or sensitive. The category of transactions reviewed related to major and minor capital, contribution payments, hospitality, and non-professional personal services contracts. We reviewed these transactions in a similar manner to the statistical sample transactions employing the same listed criteria above.

The results of the judgmental sample were identical to those of our statistical sampling as it relates to errors in transaction coding, improper signing authority, no prior authorization and lack of supporting documentation

The respective Regional Directors Finance and Administration were given detailed debriefing of our findings at the end of each visit.

Recommendations

The Director General, Finance and Administration, should review the departmental financial coding manual so that the manual provides better description of its codes to assist in applying the proper coding to a transaction and removing ambiguity.

Regional Directors, Finance and Administration should:

- Provide further training to personnel involved in coding or the verification of coded transactions. This training is required in order for them to clearly understand the importance of using the proper codes to ensure reliable reporting information.

- Perform a complete review of signature cards for delegated signing authorities. Specific delegated signing authority should be understood and adequately verified when processing a transaction.

- Strengthen the accounts verification process and put in effect proper challenge to ensure that adequate supporting documentation is provided and policies of the Department and central agencies have been complied with when processing or approving transactions. Further training is recommended for the staff involved in order to reinforced the account verification process.

3.1.4 MANAGEMENT REPORTING

The MRS system contains reporting information from Abacus and is the main tool used by Responsibility Centre managers and financial officers to generate financial management reports. Managers reported that the information presented in the MRS is not always reliable and lacks completeness.

The required information needed by management to operate their RC and exercise their financial and compliance reporting responsibilities is not completely available through the MRS. Some portions of the financial information are kept in stand-alone systems and the data they contains are not transferred to Abacus, e.g., accounts receivable system, assets system and inventory system. In addition, managers do not find the costs charged to their RCs, in relation to salaries, are correct. The survey revealed that approximately 42% of the Managers did not agree with the financial position information presented for their RC in the MRS.

Based on the results of the statistical sampling, where the overall error rate was 31%, the accuracy of the reporting is compromised by errors in financial coding, the compliance to financial policies and the signing authority approval.

This impact is compounded by the fact that the regular verification process at the Responsibility Centre level to ensure that transactions have been properly processed is lacking. Consequently, a certain number of managers rely on manual or other automated systems instead of the information recorded in the MRS.

The information used for reporting and decision making is more appropriate at the higher level coding structure such as at the standard object. The accuracy of the information diminishes when reporting at the allotment, business line, RC and line object levels. Under the current modified cash-reporting regime, the necessity of accrual information on various asset accounts was not a critical issue. With the implementation of full accrual accounting under FIS, it will be difficult to present the true financial position of the Department since not all information related to asset accounts is recorded in Abacus. There will be a significant impact on the reporting of

the inventory and assets on hand, depreciation related to assets and allowance for bad debts on accounts receivable, due to the incompleteness of the financial information.

Recommendation

The Director General, Finance and Administration, should request that all Responsibility Centre managers reconcile the reported financial information in MRS and identify all discrepancies on an on-going basis in order that appropriate corrective action can be taken. To ensure complete financial accrual information, all data related to asset accounts should be recorded in Abacus.

3.2 FINANCIAL INFORMATION STRATEGY

3.2.1 STATUS OF IMPLEMENTATION OF FIS

The requirement to implement the Canadian federal government's new Financial Information Strategy is currently underway for federal departments and agencies. The purpose of FIS is to implement a modern model of accounting and financial records in the Government of Canada that conforms with Generally Accepted Accounting Principles as practiced in the private sector.

The current federal government plan calls for departments to be FIS ready by April 1, 2001. To date, fourteen (14) departments and agencies have converted their departmental systems and interfaces to function under the new FIS regime. The Department of Fisheries and Oceans has selected to become FIS ready on April 1, 2001.

The implementation of Modern Comptrollership of which FIS is an integral part, will introduce significant changes for DFO staff, which will necessitate an adjustment in the way they conduct business. In the past, the business has been focused on processes but that is being shifted to a focus on results. This shift of accountability on to results will require that managers have a wider range of information in order to make well-informed decisions. It is the provision and use of the required information that is at the heart of FIS. Senior Management support and commitment in the implementation of FIS will be essential to ensure successful cultural change transition.

The implementation of FIS is expected to bring a number of benefits to DFO, and some of these are:
- Creating a Modern Accounting and Financial Management Environment,
- Improved Management Information for DFO assets, liabilities and equity,
- Improved cost information, and
- Equity with outside clients and stakeholders.

Another important aspect of FIS is the integration of FIS with other federal government and DFO initiatives such as:
- Modernization of the Comptrollership function,
- Performance Management/Measurement, and
- Risk Management.

Planning

FIS within DFO is mainly in the planning stages. Because of this, we concentrated the effort on the management framework and process. This is a summary of our review of the FIS implementation project. The audit team looked at: roles and responsibilities, the project office, project interdependencies, management commitment, and project identification and tracking. We interviewed project team members and the project manager, and reviewed relevant project documents. This review was conducted at the beginning of March 2000.

A FIS implementation plan was prepared in October 1999. This plan was thorough and contained the necessary elements to effectively manage the project and it identified the required

human and financial resources. This plan never received full management approval and commitment. Appropriate committees, resources, and funds are not in place. Without this commitment, it will be impossible to successfully meet the project objectives. Instead, the project team advanced certain activities using the limited resources at its disposal.

Resources

Work has progressed mainly on taking the physical inventory of the assets and recently, a project leader was assigned to review the real property. The firm of PriceWaterhouseCoopers has been engaged to complete the analysis of Financial and Materiel management systems to ensure FIS compliance. The lead has been taken by FAS. The review revealed that no one had been assigned the responsibility of pay and benefit accruals.

Our interviews and the documentation reviewed revealed that limited progress has been accomplished mainly due to the lack of resources. The plan called for 30 people as well as 13 additional FTEs to carry out the work. To date, the four persons interviewed indicated that they were only spending 20% of their time on FIS activities and that the remaining resources had not been assigned.

Policies

The plan mentioned about 50 policies and procedures that had to be reviewed and /or written. At the time of the review, little work had been done on these policies and procedures. It is important to note that without these policies to provide the direction that the Department wishes to follow, it is practically impossible to prepare the list of changes that will be required to the systems and to prepare the training curriculum. For this reason and the lack of resources, the training has not advanced as much as called for in the plan.

Chart of Accounts

A first draft is available of the mapping of the current DFO financial codes to the government chart of accounts. Issues have been identified and are being addressed.

Inventories

Over the past two years, students have been employed to identify, tag and capture information related to the physical inventory of assets. This task has progressed and it is planned to be completed by December 2000. Further phases of the FIS review will assess the progress. Decisions are still required on the capital asset dollar threshold and other asset related policies such as depreciation.

This assessment represents the completion of the first stage of the FIS readiness project. The remaining stages of the review will comprise: a review of a number of technical processes (System enhancements, Interfaces/Dependencies, asset inventory, valuation of assets, culture change, training, audibility of financial statements and financial statement preparation) and a number of management processes (Project management, risk management, internal and external

communication, progress tracking and reporting, document management, horizontal issues, third parties/central agencies, funding and budgeting).

A detailed plan is being prepared to address the remaining activities for this project in order to minimize the risks associated with the project and to ensure that the delivery of balanced financial accrual statements is done on time and that the line management have the required information and knowledge to advance towards complete Comptrollership in the Financial Information Area.

Based on the above observations, the project is presently at risk of not meeting its objectives and timelines.

Recommendations

It is recommended that:

- Departmental commitment to the project be fully recognized and appropriate management control mechanisms (e.g., Steering committee) be put in place;
- Sufficient funds be allocated to allow the planning of the project activities and their execution; and
- Necessary full time resources be dedicated to FIS activities to ensure that the project deadline is met.

In April 2000, roles and responsibilities of Headquarters and the regional offices have changed pertaining to FIS in that HQ will now be providing a coordination and guidance role to the regions and the regions will have responsibility for the implementation of FIS. The Review Directorate is currently conducting preliminary review and risk assessment of the FIS project.

ACKNOWLEDGEMENT

We wish to thank all departmental personnel, who were involved in this review for their co-operation and assistance provided to the review team.

4.0 MANAGEMENT ACTION PLAN

MANAGEMENT ACTION PLAN

RECOMMENDATIONS	MANAGEMENT ACTION PLAN	OFFICER OF PRIME INTEREST	INITIAL TARGET DATE
The Director General, Finance and Administration, should inform system users of the importance of continuously reviewing the status of the input of transactions. Users should be made aware that transactions in error are not posted to Abacus and result in incomplete information appearing in their report.	1. Abacus/FMRS/MRS weekly training sessions in NCR will emphasise the importance of accurate and complete fin. Info and consequences if it is not. 2. Unposted transaction report will be sent to regions on a monthly basis. Monitoring of unposted transactions will be built into Monitoring Framework.	Director, Fin. & Admin Systems. Director, Accounting , Materiel & Admin Services	Jan/01 Feb/01

RECOMMENDATIONS	MANAGEMENT ACTION PLAN	OFFICER OF PRIME INTEREST	INITIAL TARGET DATE
The Director General, Finance and Administration, should ensure that steps are taken to either convert stand-alone systems to the appropriate Abacus module or provide an interface to migrate the information from these systems to Abacus. Manual and automated processes relating to asset information should be improved to ensure that the appropriate asset costs are captured in the system.	**Inventories** F&A functional experts, through discussions with Sectors/Regions, will determine what systems do exist and a plan to replace or include inventory data in Abacus. As part of FIS, a Inventory SWAT team has been established to review and recommend on Inventory issues.	Director, Accounting, Mat. & Admin services.	Mar/02
	Abacus Assets F&A is developing an overall Action Plan to redefine three areas; monitoring, data integrity and roles and responsibilities. The monitoring role is being more clearly defined. This will ensure that transactions that are not coded correctly are identified and corrected in a timely manner. In addition, with FIS training use of correct asset allotment codes will be emphasized.	Director, Accounting, Mat & Admin services /Director Fin Mgmt.	April/01
	Accounts Receivable The F&A A/R functional authority will review the data presently missing and develop a strategy for migrating existing systems to Abacus or for inputting data in Abacus on a regular basis. The FIS project does have a SWAT team that is reviewing A/R needs and issues.	Director, Accounting, Mat &Admin services	April/01

RECOMMENDATIONS	MANAGEMENT ACTION PLAN	OFFICER OF PRIME INTEREST	INITIAL TARGET DATE
The Director General, Finance and Administration, should ensure that the reconciliation process between MRS and Abacus is documented and performed on a regular basis. In addition, the pay reconciliation as well as the Abacus and PWGSC reconciliation processes have to be documented, simplified and improved to eliminate the problems encountered when reconciling.	**Reconciliation MRS and Abacus** Once FIS reporting changes have been identified and development work is complete, FAS will begin on identifying gaps between MRS and Abacus and a action plan will be developed to ensure they reconcile. Reporting needs of F&A clients will be reviewed as part of the F&A project to review Reporting, Data Integrity etc.	Director, Financial and Admin Systems	July/01
	Reconciliation Abacus to Central Accounts A national reconciliation accountability framework clarifying roles, responsibilities and processes was developed at a national reconciliation workshop held in Sept. 2000. This framework has now been implemented.		Oct./00
	Abacus/PWGSC/Pay Reconciliation Once DFO has implemented FIS the reconciliation process will change. We are working with Oracle Cluster Group to develop new tools and methodology to do reconciliation in a FIS environment. As part of the F&A overall review of Reporting in the department, data integrity including accuracy and completeness is a major part of re-thinking how we do business.	Director, Accounting, Mat & Admin Services. Director, Financial and Admin Systems	April/01

RECOMMENDATIONS	MANAGEMENT ACTION PLAN	OFFICER OF PRIME INTEREST	INITIAL TARGET DATE
The Regional Directors, Finance and Administration, should ensure that existing procedures for payment process initiation and procedures governing financial coding are adhered to in order to improve the data reliability.	FIS training will emphasise the importance of coding and of timely input of corrections to data. The departmental Chart of Accounts (COA) will be reviewed to simplify it and reduce the number of coding options. Tools will be developed to assist COA users.	Regional Directors/Fin and Admin Director, Accounting Mat.&Admin Services	Mar/01 Sept./01
In order to improve the financial management processes and practices, it is recommended that the Director General, Finance and Administration: • Revise the departmental policy on Assets and clarify which costs should be included in capitalizing an asset and which allotment funding codes should be used to capture the its true cost. Training should be provided to clearly distinguish between items that are Operating and Maintenance and those that are capital for future depreciation allocation under FIS. In addition, a complete review of the minor and major capital allotments needs to done to ensure the capture of transactions deleted in error.	Assets Policy will require revisions due to FIS. A draft policy is presently available on the DFO FIS Web Site. Procedures will be developed as part of the FIS training. As part of the FIS work and the population of assets in Abacus a review of the information in the system after March 31/01 will be done to ensure accurate info. is available.	Director, Accounting, Mat. & Admin Services Reg. Directors F&A, Director Accounting, Mat. & Admin Services	April/01 Sept/01

RECOMMENDATIONS	MANAGEMENT ACTION PLAN	OFFICER OF PRIME INTEREST	INITIAL TARGET DATE
• Provide direction with regard to the significance of discontinuing the issue of a purchase order under the present dollar limits prior to implementation by a Region.	In view of the lack of materiality of low dollar value transactions, the decision to issue purchase orders is left to the discretion of Regional Directors.	Director, Accounting, Mat.& Admin Services	On going
• Request that all Regions, including Headquarters, perform an analysis of all meal related hospitality expenses incurred over the fiscal year to ensure that the average per person cost, specified in Treasury Board's Hospitality Policy, has not been exceeded.	Will become an ongoing monitoring item for Accounting Offices.	Reg. Directors F&A Director, Accounting, Mat.& Admin Services	Will become an ongoing yearly review
It is recommended that the Regional Directors, Finance and Administration: • Adopt the Electronic Consolidated Payment System for processing recurring charges from major suppliers.	Initial phase will be to set target dates/electronic file clients for each region to achieve. F&A Funct. Authorities/Regions presently using the product and FAS will discuss with regions the benefits of ECPS and assist in the development of a action plan to implement. ECPS Implementation for all regions.	Director, Accounting, Mat & Admin Services. Regional Directors-F&A who have not yet implemented ECPS. Reg. Directors Fin & Admin	April/01 July/01

RECOMMENDATIONS	MANAGEMENT ACTION PLAN	OFFICER OF PRIME INTEREST	INITIAL TARGET DATE
• Consider the implementation of the practice of utilizing databases for blanket travel authorities and specimen signature cards to provide a more efficient tool for accounts verification.	F&A Funct. Authority/Reg Director F&A to review/analyse recommendation to see if this is a "best practice". Analyse to determine if there are time savings/efficiency gains.	Director, Accounting, Mat. & Admin Services Reg. Dir. Fin & Admin	Sept./01
The Director General, Finance and Administration, should review the departmental financial coding manual so that the manual provides better description of its codes to assist in applying the proper coding to a transaction and removing ambiguity.	FIS will require changes to codes and at the same time a review can be done of the existing descriptions in order to ensure RC centres better understand which code to use.	Director, Accounting, Mat. & Accounting Services	April/01
Regional Directors, Finance and Administration should: • Provide further training to personnel involved in coding or the verification of coded transactions. This training is required in order for them to clearly understand the importance of using the proper codes to ensure reliable reporting information.	Coding changes are required because of FIS. Therefore training on using coding will coincide with FIS training.	Reg. Dir. F & A	April/01
• Perform a complete review of signature cards for delegated signing authorities. Specific delegated signing authority should be understood and adequately verified when processing a transaction.	Each Regional Accounting office to review signature cards. Setup a regular routine to review cards.	Reg. Dir. F&A Director, Accounting, Mat. & Admin Services.	April/01

RECOMMENDATIONS	MANAGEMENT ACTION PLAN	OFFICER OF PRIME INTEREST	INITIAL TARGET DATE
• Strengthen the accounts verification process and put in effect proper challenge to ensure that adequate supporting documentation is provided and policies of the Department and central agencies have been complied with when processing or approving transactions. Further training is recommended for the staff involved in order to reinforced the account verification process.	The examples in the report lead us to believe that these are isolated cases. A tool and process for statistical sampling will be developed and implemented by regions. This area of the accounting process will also be included in F&A Monitoring Framework.	Director Accounting, Mat. & Admin Services Reg. Dir. F&A	June/01
The Director General, Finance and Administration, should request that all Responsibility Centre managers reconcile the reported financial information in MRS and identify all discrepancies on an on-going basis in order that appropriate corrective action can be taken. To ensure complete financial accrual information, all data related to asset accounts should be recorded in Abacus.	As part of an overall review of Financial Reporting, the DG F&A will be defining roles and responsibilities, monitoring techniques and ensuring data is accurate and complete. Definition of the various roles and resps will include the RC Managers responsibility for data accuracy and completeness.	Director, Financial Management **ASSETS** Director Accounting Mat. & Admin Services	April/01
It is recommended that: • Departmental commitment to the Financial Information Strategy project be fully recognized and appropriate management control mechanisms (e.g., Steering committee) be put in place;	A FIS departmental Steering Committee has been set up and is chaired by J. Adams Commissioner, Canadian Coast Guard. FIS Functional Advisory Committee also is in operation and is chaired by DG-F&A	DG F&A	Complete

RECOMMENDATIONS	MANAGEMENT ACTION PLAN	OFFICER OF PRIME INTEREST	INITIAL TARGET DATE
• Sufficient funds be allocated to allow the planning of the project activities and their execution; and	Funding was in the Business Planning Process and resources were found to carry out work for this fiscal year. There will be a requirement for ongoing resources in the systems and corporate accounting areas	DG F&A	April/01
• Necessary full time resources be dedicated to FIS activities to ensure that the project deadline is met.	Resources have been assigned but they also do have regular work to be completed.	DG F&A	Complete

APPENDIX A

Use of Manual and/or Automated Systems for Controlling RC Budgets

The survey indicated that some managers refer to manual or automated systems for controlling their RCs's budget, commitments, expenditures and financial position. This practice was noted mainly in the Canadian Cost Guard (CCG).

The table below presents eight financial monitoring activities performed by RCMs. RCMs were asked to identify the tools currently used for the monitoring of their RCs' financial positions with regard to these activities. The choice of tools as described in the survey was: Abacus, MRS, Other tools (spreadsheets and/or manual systems and others).

Table 2: Tools used for Financial Monitoring Responsibility

Tools used by Program Managers				
	Abacus	MRS	**Other tools**	Not Applicable/ No response
Monitor budgets against expenditures and commitments	17.6%	33.6%	**26.4%**	22.4%
Determine financial position in a timely manner	12.8%	31.2%	**26.8%**	29.2%
Review all outstanding Purchases Orders	20.0%	30.4%	**13.2%**	36.4%
Verify the RCM detailed expenditures position	8.8%	36.8%	**18.0%**	36.4%
Review account receivable and revenues	5.2%	21.2%	**6.8%**	66.8%
Review assets inventory list	8.8%	6.0%	**11.2%**	74.0%
Attest accuracy and completeness of SMIS reports	4.8%	17.2%	**17.2%**	60.8%
Ensure that other RCMs do not engage commitments or payments through the RC manager's budget	9.6%	22.8%	**9.2%**	58.4%

APPENDIX B

Abacus System Modules Usage

The survey conducted among the RCMs confirmed that some users do not use the Abacus modules to their full extent. The following Abacus modules: Inventory, Assets and Account Receivables were reported to be used in percentages of 20%, 19.2 and 14.4 respectively. The survey also indicated a low RCMs involvement with regard to these types of transactions. Most of these transactions are being performed by Finance and Administration staff on behalf of RCMs. Recently, assets have been recorded by RCMs.

Table 3: Level of Utilization and Satisfaction of Abacus Modules

Modules	Modules Systems Used (%)	Modules Meet Management Needs (%)
Purchasing	78.4	64.0
Account Payables	72.8	66.4
General Ledger	64.0	52.0
Order Entry	24.8	17.6
Inventory	20.0	14.4
Assets	19.2	12.8
Account Receivables	14.4	11.2

APPENDIX C

Abacus System Tools Usage

The Table below presents the level of usage for the Abacus system tools. The most appreciated tools from RCMs are the Automated Acquisition Card Register and the Management Reporting System.

The Salary Management Information System presents problems at the detail reconciliation level. For this reason, only 20.8% RCMs expressed their satisfaction with this Abacus system tool.

The following Abacus system tools are mainly used by Finance and Administration staff: Electronic Consolidated Payment System, Departmental Activity Costing System and Multi Year Financial Planning System.

Table 4: Level of Utilization and Satisfaction of Abacus Modules

Abacus System Tools	Level of Usage (%)	Level of Needs Satisfaction (%)
Automated Acquisition Card Register (AACR)	93.6	86.0
Management Reporting System (MRS)	92.0	74.4
Salary Management Information System (SMIS)	59.2	20.8
Self Serve (Purchasing)	49.6	39.2
Electronic Consolidated Payment System (ECPS)	25.6	20.0
Departmental Activity Costing System (DACS)	12.0	4.8
Multi Year Financial Planning System (MYFPS)	1.6	0.8

APPENDIX D

Manual and/or Automated Systems Supplementing the Abacus System and the Abacus System Tools

The survey indicated that a certain number of managers are supplementing Abacus system and the Abacus system tools with manual or automated systems. There are many reasons for this practice. The most frequent reasons that were provided to us are:

- the non-availability of the Abacus System on CCG ships;
- the fact that financial data would be processed at an aggregation point at the sectoral or regional level instead at the RC Unit point;
- The Abacus system data do not reflect the true RCs' free balance due to the non-posting of soft commitments;
- the lack of RCs salary details from the Salary Management Information System (SMIS); and
- aversion for the system.

Table 5: Abacus System Modules Supplemented by Other Manual and/or Automated Systems

Modules	Modules Supplemented by Other Systems (%)
Purchasing	32.8
Account Payables	32.0
Assets	12.0
Inventory	10.4
Account Receivables	9.6
Order Entry	8.0
General Ledger	2.5

Table 6: Abacus System Tools Supplemented by Other Manual and/or Automated Systems

Abacus System Tools	Abacus Tools Supplemented by Other Systems (%)
Salary Management Information System (SMIS)	34.4
Management Reporting System (MRS)	32.0
Automated Acquisition Card Register (AACR)	16.8
Self Serve (Purchasing)	9.6
Departmental Activity Costing System (DACS)	5.6
Electronic Consolidated Payment System (ECPS)	2.4
Multi Year Financial Planning System (MYFPS)	0.8