

**ACTION PLAN IMPLEMENTATION STATUS UPDATE
REPORT TO THE AUDIT COMMITTEE - AS OF MARCH 31, 2012**

Resolution and Individual Affairs, Chief Financial Officer

*Audit of SCIS Expenditure Management
APPROVAL DATE: 22/09/2011*

PROJECT RECOMMENDATIONS	ACTION PLAN	EXPECTED COMPLETION DATE	PROGRAM RESPONSE
<p>1. The Assistant Deputy Minister, RIA Sector should ensure that the SCIS project team, in consultation with the Resource Planning and Administration unit of RIA and with the CFO Sector, utilizes a more comprehensive project coding structure to track and report on all expenditures associated with the development and implementation of SCIS. We recommend a project coding structure be designed to enable:</p> <ul style="list-style-type: none"> • Effective and efficient tracking of all expenditures related to SCIS across the Department; • Reconciliation of budget transfers to other RCMs and associated expenditures to enable appropriate and efficient use of funds; and, <p>Reporting of total project costs.</p>	<p>RIA Sector Management agrees with this recommendation. The SCIS team and the Resource Planning Unit are developing in collaboration with CFO a comprehensive expenditure tracking and coding system which will include IMB, and any of the sectors expending funds on SCIS. Staff will be informed of the update system.</p> <p>Establishment of the project coding structure, developed jointly by RIA and CFO, Planning and Reporting Management (Financial Management Advisors), will ensure that departmental sectors who incur expenditures related to the project will be able to code these costs appropriately within the departmental financial system. Updates to the coding structure will be communicated broadly by CFO, PRM accordingly in order to facilitate a regular comprehensive reporting of total project costs against allocated budgetary resources. Results would</p>	<p>October 31, 2011 for the establishment of a new coding structure, with an ongoing reporting of accurate costs and budgetary reconciliation process.</p>	<p>RIA Update Status:</p> <p>Update/Rationale: As of 31/03/2012:</p> <p>Specific budget code has been assigned and is used for all financial information coding - the same code is used irrespective of which sector/Region the transactions occur - for example, RIA and CIO use the same code;</p> <p>Accordingly, we can track SCIS program versus SCIS project expenditures – for instance, we now have specific codes to charge SCIS Qalipu phone calls to the Qalipu funding envelope;</p> <p>FSRs are completed regularly - SCIS financial results are rigorously examined and reported in the FSRs; and</p> <p>A specific dashboard has been created and is used to track SCIS expenditures that has been approved for SCIS in 2011-12</p> <p>CFO - PROGRAM RESPONSE : Status : (ongoing)</p>

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	<p>form part of the Financial Status Report and be available for management's review and decision making. To ensure accurate reporting of project cost CFO, PRM will ensure budgetary transfers are actioned and reconciled as part of the regular budget reconciliation process.</p>		<p>Update/Rationale: As of 31/03/2012:</p> <ul style="list-style-type: none"> • A specific budget project code (#6544) has been assigned for Secure Certificate of Indian Status (SCIS) for the issuance, renewal and replacement with the new secure medium of SCIS against which financial information is to be coded - the same code is used irrespective of which sector/region the transactions occur - for example, RIA and CIO use the same code; • There is also another specific project code (#6543) that has been assigned for the implementation of the Agreement for the Recognition of the Qalipu Mi'kmaq First Nation Band. Expenditures against this funding envelope were used for SCIS Qalipu phone calls and the issuance of SCIS cards to Qalipu Band members; • Financial Status Reports (FSRs) are completed regularly - SCIS financial results are rigorously examined and reported in the FSRs; and <p>A specific dashboard has been created by the Financial Management Advisor and is used to track SCIS expenditures that have been approved for SCIS in 2011-12.</p>

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			AES: Implemented. The recommendation will be closed as a new coding structure has been implemented and a financial dashboard has been created to track and report on project spending.
<p>2. The Chief Financial Officer should:</p> <ul style="list-style-type: none"> • Determine whether SCIS software development costs incurred to date should be reclassified in accordance with TBAS 3.1 and PSAB 3150; • Review other projects with potential capital investment to determine whether appropriate accounting treatment has been applied; and, <p>Ensure when changes to project scope impact Vote authority that the funding profile be adjusted through Treasury Board to match projected</p>	<p>An analysis will be conducted to determine if the costs should be capitalized. For fiscal year 2011-2012, corrections will be made if necessary. For previous years, a restatement of the financial statements may be required based on the levels of materiality.</p> <p>This was addressed through the internal controls assessment conducted in 2010-2011. The monitoring of expenditures is ongoing.</p> <p>In discussion with program to assist</p>	<p>Q2: 2011-2012</p> <p>On-going</p> <p>Q2: 2011-2012</p>	<p>RIA Update Status:</p> <p>Update/Rationale: As of 31/03/2012:</p> <p>The CFO sectors review IM/IT projects every year to ensure the general ledger (including work in progress and capital assets) is updated for significant projects. The Fixed Asset module is also updated to reflect any changes. As the first phase of SCIS has been completed and put into production, CFO will review it for any required year end adjusting entries according to the annual procedure.</p> <p>CFO will conduct a physical count of all capital assets will take place to ensure all are properly</p>

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<p>spending.</p>	<p>them with a new TB Submission if required.</p> <p>Through the regular monitoring processes, including the monthly Financial Status Report CFO, PRM (Financial Management Advisors) will work closely with RIA to ensure SCIS project costs are forecasted appropriately. If the scope and costs increase, CFO, PRM (Director of Financial Planning, Analysis and Estimates) in discussion with RIA and the Treasury Board Secretariat will consider an adjustment to the authority and make adjustments through Treasury Board as required.</p>	<p>and on-going</p>	<p>accounted for.</p> <p>Currently, SCIS has no additional project with potential capital investments.</p> <p>Through the regular monitoring processes, including the monthly Financial Status Report, CFO and RIA have worked closely to ensure SCIS project costs are forecasted appropriately under the current circumstances.</p> <p>SCIS will be working with Treasury Board to clarify funds required by the program.</p> <p>SCIS will not require Vote 5 capital funding.</p> <p>Action Plan item 1 CFO - PROGRAM RESPONSE : Status : Ongoing Update/Rationale: As of 31/03/2012:</p> <p>The Information Management Branch (IMB) is tracking the expenditures using project codes and a review is being conducted by the Corporate Accounting and Reporting Directorate (CARD) to ensure that they are properly recorded in the financial system.</p> <p>The Materiel and Assets Management Division (MAMD) will record software assets developed for</p>

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			<p>SCIS in the Fixed Assets module of Oasis as appropriate during the 2012-13 fiscal year.</p> <p>Action Plan item 2 CFO - PROGRAM RESPONSE : Status : Ongoing Update/Rationale: As of 31/03/2012:</p> <p>The Materiel and Assets Management Division (MAMD) is collaborating with the Corporate Accounting and Reporting Directorate (CARD) on an ongoing basis to ensure that capital assets produced by departmental projects are recorded in the Fixed Assets module of Oasis as appropriate.</p> <p>CARD has developed an Accounting Scenario document to guide the sectors in accounting for software works in progress and their capitalization. This Scenario document will be finalized in collaboration with IMB and MAMD during the 2012-13 fiscal year.</p> <p>Action Plan item 4 CFO - PROGRAM RESPONSE : Status : (ongoing) Update/Rationale: As of 31/03/2012:</p> <p>PRM-RM: Through regular monitoring processes, including the monthly Financial Status Report process, the Financial Management Advisors from</p>

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			<p>CFO PRM – RM, are working closely with RIA Sector to ensure SCIS project costs were forecasted appropriately and where the funds could not be used by SCIS program, funding has been returned to Corporate Finance to allow the Department to use the funding for other purposes.</p> <p>PRM - FPAE: At this point, CFO PRM was not informed of any change in scope and costs increase, therefore adjustments through Treasury Board has not been required. Monitoring via the FSR will continue on a regular basis.</p> <p>AES: Recommendation closed.</p>
<p>3. The Chief Financial Officer should review internal policies to ensure alignment of electronic records (eRecord) management with related paper-based records management. To more efficiently and securely store and access records of value to the Department, we recommend:</p> <ul style="list-style-type: none"> Establishing common nomenclature and promote use 	<p>IMB/CIMD will develop additional instructions for this project, based on existing departmental RK policies. This will include standard document naming and profiling conventions, use of linking keywords and metadata (such as project code), invoice handling procedures and identification of core records to ensure alignment of electronic</p>	<p>Q4: 2011-2012</p>	<p>RIA Update Status:</p> <p>Update/Rationale: As of 31/03/2012:</p> <p>Finance Branch, within the CFO sector, is the Office of Primary Interest (OPI) for financial management business processes. They have implemented the use of imaging technology for scanning invoices (e.g., project invoices as</p>

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<p>of metadata to improve linkage of paper-based records to electronic transactions (i.e. linking transactions in OASIS with documents in the document management solution);</p> <ul style="list-style-type: none"> • Increasing employee awareness and training on internal recording keeping policies; • Increasing monitoring and compliance of record keeping practices; and, • Ensuring business processes are revised to reflect continual evolution of eRecord management. 	<p>records in Oasis and CIDM to related paper-based records. These will be prepared as part of an IM Project that will include representation of the Program, Finance and IMB. These instructions will be customized for this project in the form of a Record Keeping Agreement, but the intention would be that this would also become a standard for all projects to be included with the RK overlay/deliverables for the Project Management Framework. ERecord candidacy will be assessed for project-related document handling and will be encouraged to the extent possible under TBS Policy.</p> <p>These additional instructions will support the project sponsor with education and awareness efforts to assist employees in distinguishing and handling information resources of enduring value, business value and transitory value to improve recordkeeping and retrieval. Additionally, they will contribute as a foundation for recordkeeping</p>		<p>well as other types of expenditures), providing a linkage of paper-based records to electronic transactions. (bullets 1, 3, 4 and 5)</p> <p>IMB has developed a draft standard for project recordkeeping that includes standard common nomenclature for project documentation and recommends use of project codes to provide linkages to the information in the financial system. (bullet 2)</p> <p>IMB provides support on IM policies and best practices for recordkeeping. (bullet 3)</p> <p>Action Plan item 1 CFO - PROGRAM RESPONSE : Status : Update/Rationale: As of 31/03/2012:</p> <p>EIRM has developed a standard for record keeping for project documentation that is linked to the IM/ITPMF. It is generic and can be applied to any project.</p> <p>Recommend that the OPI for this item be changed to RIA. IMB CIMD will engage when contacted to provide specific IM/RM advice.</p>

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	compliance monitoring by the project sponsor.		<p>Action Plan item 2 CFO - PROGRAM RESPONSE : Status : (insert status) Update/Rationale: As of 31/03/2012:</p> <p>The agreement for the project documentation (as noted above) can be distributed by the Project team to instruct employees on appropriate recordkeeping practices. This is a project management responsibility. Recommend that the OPI for this item be changed to RIA.</p> <p>AES: Recommendation closed.</p>
<p>4. The Assistant Deputy Minister, RIA Sector should ensure that the SCIS team continues to proactively review, prepare and revise procurement strategies for the project.</p> <p>The Chief Financial Officer should ensure procurement officers use and</p>	<p>CFO and RIA Sector Management agree with the recommendation.</p> <p>RIA Sector RIA Sector Management confirms that SCIS had developed a procurement plan in September 2010, once the SCIS model was approved, to deal with the remainder</p>	On-going	<p>RIA Update Status:</p> <p>Update/Rationale: As of 31/03/2012:</p> <p>SCIS develops and implements an annual Procurement Plan that is also provided to and discussed with the Director of the Material and Assets Management Division pursuant to the</p>

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<p>refer to developed procurement plans. To improve communication and alignment, we recommend that a procurement officer be designated as a liaison for the SCIS project. The procurement liaison should be tasked to provide regular guidance and feedback to the project team in the following areas:</p> <ul style="list-style-type: none"> • Selection of appropriate procurement vehicles to meet the short-, medium- and long-term needs of SCIS project; • Tendering notices and requests for proposal; and, <p>Establishing timelines for procurement to ensure the right resources are provided at the right time.</p>	<p>of the 2010-11 Fiscal year. This plan was implemented and monitored within policy guidelines and funding levels.</p> <p>In addition, for FY 11-12 and 12-13, SCIS has developed an exhaustive procurement plan including contracting resource requirements, forecasts, timelines and contracting vehicles (from a short, mid and long term perspective). This plan is currently being implemented and monitored closely, while allowing for revisions, as the project evolves.</p> <p>A regular monthly meeting between RIA Planning and Administration Unit and Procurement is already in place to review progress against the procurement plan, and make any necessary adjustments.</p> <p>CFO Sector The CFO has introduced a procurement planning regime at AANDC to capture major procurement strategies and plans.</p>	<p>On-going</p>	<p>CFO process. For instance:</p> <ul style="list-style-type: none"> • Procurement plans were developed for 2010/2011, 2011/2012; • Draft procurement plan for 2012/2013 has been developed that will be reviewed rigorously at the RIA Sector monthly DG Finance/HR meeting and with CFO Sector; <p>Since June 2011, DG, Strategic Integration and Management Accountability held monthly meetings, with the Director of the Material and Assets Management Division to ensure effective liaison regarding all RIA Sector procurement activities and has specific additional meetings on an as-needs basis; and SCIS provided monthly updates on contracts through updating of the 2011-12 procurement plan</p> <p>CFO - PROGRAM RESPONSE : Status : Ongoing Update/Rationale: As of 31/03/2012:</p> <p>Material and Assets Management (MAM) and RIA have regular scheduled meetings to address Procurement requirements. Sensitive files are</p>

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	<p>RIA Sector is feeding into this departmental process. SCIS developed an appropriate and detailed procurement plan including contracting resource requirements, forecasts, timelines and contracting vehicles (from a short, mid and long term perspective).</p> <p>The RIA Sector now has a procurement team leader assigned to it as a liaison, and meetings have taken place between the MAM, CFO and the RIA Sector to discuss the needs of the SCIS project and how to proceed in coming months. The SCIS procurement plan is currently being implemented and monitored closely, while allowing for revisions and amendments, as the project evolves.</p> <p>The procurement team leader approach now in place will permit the CFO the flexibility of assigning officers to the procurement requests and processes, as required, based on</p>		<p>addressed at a Senior level.</p> <p>This process appears to be working well and will be continued.</p> <p>AES: Recommendation closed.</p>

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	the skill set and expertise of employees.		
<p>5. The Assistant Deputy Minister, RIA Sector should ensure that the SCIS project maintains detailed operational reporting that includes:</p> <ul style="list-style-type: none"> • A detailed register to track risks and issues on an ongoing basis; and, • Performance metrics and KPIs, including financial and resource metrics, service delivery, and project status by stream. <p>Dashboards for senior management should contain an aggregate of the detailed operational reporting, and have the ability to raise major issues or risks that require attention. In addition, key management briefings and evidence of decisions should be documented and retained.</p>	<p>The SCIS project has evolved over the last three years and a rigorous risk analysis has been developed and monitored for every model put forward. As decisions are finalized for the SCIS project, these risks will be retained in a risk register for on-going management and escalation as part of the detailed dashboard.</p> <p>Weekly status and performance updates are forwarded to the ADM, and have been for that last 18 months. Monthly financial and resource reports are provided and documented at the Sector Management Meetings, and shared with CFO sector.</p> <p>A governance model has been in place for 18 months, and includes a weekly Sector Management Meetings (ADM and DG level) and Business</p>	October 31, 2011	<p>RIA Update Status:</p> <p>Update/Rationale: As of 31/03/2012:</p> <p>Since 2010, as part of its Project Management approach, SCIS has always listed and assessed risks for all its projects components and evolving models;</p> <p>SCIS project developed a risk management register to catalogue and update risks;</p> <p>Bilateral meetings between the ADM and the SCIS ED as well as with the ADM and DMs to review progress on SCIS implementation and associated risks are in place; and</p> <p>A process to develop a detailed monitoring and reporting dashboard for senior management that includes registration, Qalipu, C-3 and SCIS is completed.</p>

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	<p>Modernization Meetings (ADM and DGs). In addition, bilateral meetings occur between the ADM and the Executive Director, SCIS during which project specific items are discussed. Records of decisions for these meetings are documented and retained, but decisions of sensitive nature, since this project has been classified "secret", are only documented in briefing documents to the DM, Minister and Central Agencies.</p> <p>The sector is developing a detailed monitoring and reporting dashboard for senior management that includes registration, Qalipu, C-3 and SCIS.</p>		<p>CFO: N/A</p> <p>AES: Recommendation closed.</p>