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REPORT 1, PHOENIX PAY PROBLEMS, OF THE FALL 2017 REPORTS OF THE AUDITOR GENERAL OF CANADA – PART I

Report of the Standing Committee on Public Accounts

The Honourable Kevin Sorenson, Chair

**MARCH 2018
42nd PARLIAMENT, 1st SESSION**

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**Hon. Kevin Sorenson
Chair**

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NOTICE TO READER

Reports from committee presented to the House of Commons

Presenting a report to the House is the way a committee makes public its findings and recommendations on a particular topic. Substantive reports on a subject-matter study usually contain a synopsis of the testimony heard, the recommendations made by the committee, as well as the reasons for those recommendations.

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THE STANDING COMMITTEE ON PUBLIC ACCOUNTS

has the honour to present its

FORTY-SECOND REPORT

Pursuant to its mandate under Standing Order 108(3)(g), the Committee has studied Report 1, Phoenix Pay Problems, of the Fall 2017 Reports of the Auditor General of Canada and has agreed to report the following:



REPORT 1, PHOENIX PAY PROBLEMS, 2017 FALL REPORTS OF THE AUDITOR GENERAL OF CANADA – PART I

INTRODUCTION

According to the Office of the Auditor General of Canada (OAG), in 2009, “the Government of Canada began to transform the way it processed pay for its 290,000 employees. Public Services and Procurement Canada [PSPC] was responsible for this Transformation of Pay Administration Initiative. The initiative had two projects: one to centralize pay services for 46 departments and agencies that employed about 70 percent of all federal employees, and the other to replace the 40-year-old pay system used by 101 departments and agencies.”¹ This initiative took seven years to complete, and cost \$310 million. Additionally, the government “expected the initiative to save it about \$70 million a year, starting in the 2016–17 fiscal year.”²

In the past, “each department and agency processed pay for its own employees and had its own pay advisors—specialists who processed pay, advised employees, and corrected errors. There were about 2,000 pay advisors across 101 departments and agencies.”³

The OAG added that, in May 2012, PSPC “began to centralize pay advisors for 46 departments and agencies in the new Public Service Pay Centre in Miramichi, New Brunswick. Approximately 1,200 pay advisor positions in those 46 departments and agencies were eliminated by early 2016 and replaced with 460 pay advisors and 90 support staff at the Miramichi Pay Centre.”⁴

1 Office of the Auditor General of Canada (OAG), “[Report 1 – Phoenix Pay Problems](#),” 2017 Fall Reports of the Auditor General of Canada, para. 1.1. In addition, with regard to the federal government’s information technology (IT) systems, Chapter 1 the [2010 Spring Report of the Auditor General of Canada](#) stated that “[aging] IT has been identified as a significant risk [and] systems may not have the capacity to meet current and future business needs.”

2 Ibid., para. 1.2.

3 Ibid., para. 1.3.

4 Ibid., para. 1.5.



The system that was chosen to replace the old federal pay system was named “Phoenix.” It is a PeopleSoft pay system that was adapted for the federal government by IBM, which was also supposed to help implement, integrate and deploy it.⁵

Phoenix was launched in two phases: a first phase for 34 departments and agencies in February 2016, and a second, in April 2016, for an additional 67 departments and agencies. According to the OAG, the expectation was that, once Phoenix was implemented, “the 460 pay advisors in the Miramichi Pay Centre would be able to do the work of the previous 1,200 pay advisors in the 46 departments and agencies that became clients of the Pay Centre.”⁶

The development of Phoenix proved to be complex, with more than 80,000 rules stemming from 105 collective agreements that had to be programmed into the system. Furthermore, the “34 human resource systems across the Government of Canada needed an interface to share information with Phoenix. As a result, to handle these pay rules and interfaces with human resource systems, [PSPC] added more than 200 custom-built programs to Phoenix.”⁷

The OAG provided the following summary of the roles of the various federal organizations in administering the pay of federal employees:

- Public Services and Procurement Canada:
 - develops, operates and maintains Phoenix and communicates instructions to Phoenix users;
 - administers the pay of public service employees; and
 - directly inputs information into Phoenix to initiate, change or terminate pay for employees, based on requests and information received from the 46 departments whose pay services were centralized in Miramichi.⁸
- Treasury Board of Canada Secretariat (TBS):

5 Ibid., para. 1.6.

6 Ibid.

7 Ibid., para. 1.7.

8 Ibid., para. 1.8.

- supports the Treasury Board in its role as the employer of the public service in determining and regulating pay, hours of work, and other terms and conditions of employment;
 - enters into collective agreements with unions;
 - provides departments and agencies with direction and guidance about how to implement Treasury Board pay policies;
 - promotes government-wide sharing of information and best practices on pay; and
 - establishes documented business processes for human resources.⁹
- Departments and agencies:
- ensure that their human resources systems and supporting processes are compatible and integrated with Phoenix; and
 - ensure that complete and accurate information needed to pay their employees is sent on time to Phoenix, either through the Miramichi Pay Centre for the 46 departments and agencies using the centre, or directly for the other 55 departments and agencies.¹⁰

Finally, all departments and agencies, including PSPC and the TBS, have an obligation to pay “employees in a timely and accurate manner.”¹¹

In the fall of 2017, the OAG released a performance audit whose focus was to determine whether PSPC, “working with selected departments and agencies, resolved pay problems in a sustainable way to ensure that federal government employees would receive their correct pay, on time.”¹² As part of this process, 12 departments and agencies were audited.¹³

9 *Ibid.*, para. 1.9.

10 *Ibid.*, para. 1.10.

11 *Ibid.*, para. 1.11.

12 *Ibid.*, para. 1.12.

13 *Ibid.*, para. 1.13.



On 28 November 2017, the House of Commons Standing Committee on Public Accounts (the Committee) met to study this audit. The following witnesses were present: from the OAG, Michael Ferguson, Auditor General of Canada (AG), and Jean Goulet, Principal; from the TBS, Yaprak Baltacıoğlu, Secretary of the Treasury Board of Canada, and Cécile Cléroux, Assistant Deputy Minister, Human Resources Management Transformation Sector, Office of the Chief Human Resources Officer; and from PSPC, Marie Lemay, Deputy Minister, and Les Linklater, Associate Deputy Minister.¹⁴

It is important to note that the OAG “did not examine the events and decisions that led to the implementation of the Transformation of Pay Administration Initiative, including the centralization of pay advisors and the launch of Phoenix. The implementation of Phoenix is the focus of a future audit.”¹⁵

FINDINGS AND RECOMMENDATIONS

A. Pay Operations

1. Pay Problems and Understanding of their Causes

The OAG found that, “a year and a half after the Phoenix pay system was launched, the number of public servants in departments and agencies using the Miramichi Pay Centre who had an outstanding pay request quadrupled to more than 150,000. Departments and agencies have struggled with pay problems since the launch of Phoenix. However, it took [PSPC] four months to recognize that there were serious pay problems, and it took the Department about a year after that to have a better understanding of the problems.”¹⁶

Moreover, the problem grew to the point that, “as of 30 June 2017, unresolved errors in pay totalled over half a billion dollars. This amount consisted of money that was owed to employees who had been underpaid plus money owed back to the government by other employees who had been overpaid.”¹⁷ Of the total \$523 million in errors, \$295 million was owed to the government by 59,000 employees, and \$228 million was owed to 51,000 employees by the government.¹⁸

14 House of Commons Standing Committee on Public Accounts, *Evidence*, 1st Session, 42nd Parliament, 28 November 2017, [Meeting 81](#).

15 OAG, [Phoenix Pay Problems](#), Report 1 of the 2017 Fall Reports of the Auditor General of Canada, para. 1.15.

16 *Ibid.*, para. 1.17.

17 *Ibid.*, para. 1.18.

18 *Ibid.*, para. 1.41.

According to the OAG, “departments and agencies struggled to do the tasks they were responsible for in paying their employees under Phoenix. [PSPC] did not provide sufficient information and reports to help departments and agencies understand and resolve their employees’ pay problems.”¹⁹

The OAG found that approximately “51 percent of employees had errors in their paycheques issued on 19 April 2017, compared with 30 percent in the pay issued on 6 April 2016.”²⁰ Also, by June 2017, there were 494,534 outstanding pay requests from 152,517 federal employees.²¹

Marie Lemay, Deputy Minister of PSPC, made the following statement about pending transactions:

So we think that, as long as we have not completed the transactions associated with collective agreements, the inventory of transactions will not decrease. Another issue is the tax season for 2017. We know that this period will be more difficult, but we anticipate that, as soon as we have completed these two steps, we will be able to focus much more capacity on transactions and reduce the inventory.²²

According to the OAG, the federal government’s terms and conditions of employment require “most changes in pay to be made in the second pay period following the one in which the change was requested. This means that the change in pay would be received about 30 days later.” By the end of its examination, the OAG had determined that “employees waited an average of more than three months to have pay requests processed.”²³

The OAG also found that about “30 percent of employees had at least one error in the first pay period of the 2016–17 fiscal year, which then increased to 51 percent in the last pay period of that same fiscal year.”²⁴

According to the OAG, “[PSPC] did not have a full understanding of the extent and causes of pay problems. Until about a year after Phoenix was launched, the Department was still responding to pay problems as they arose. The Department then began

19 Ibid., para. 1.19.

20 Ibid., para. 1.23.

21 Ibid., para. 1.29.

22 House of Commons Standing Committee on Public Accounts, *Evidence*, 1st Session, 42nd Parliament, 28 November 2017, [Meeting 81](#), 0910.

23 OAG, [Phoenix Pay Problems](#), Report 1 of the 2017 Fall Reports of the Auditor General of Canada, para. 1.35.

24 Ibid., para. 1.40.



proposing a roadmap of projects to start resolving the problems, based on work done by an external consultant. However, by the end of [the OAG's] audit period in June 2017, this roadmap was still being finalized."²⁵

Still according to the OAG, PSPC "took several steps to identify and understand problems with pay"²⁶ and "tracked pay-related problems in a number of information technology systems, spreadsheets, and lists, and retrieved information from those sources when it prepared status reports about pay problems."²⁷ However, the Department did only "limited analysis to determine the underlying causes of pay problems."²⁸

After the launch of Phoenix, PSPC discovered "that entering certain types of data into the system while the system was calculating pay caused errors. As a result, the Department restricted user access to the system when it was calculating pay. Therefore, pay advisors could not access parts of Phoenix for about 5 working days out of every pay cycle of 10 working days." According to the OAG, "this caused additional problems."²⁹

The OAG sent a survey to pay advisors in Miramichi and federal departments and agencies. The respondents indicated that "they did not receive enough training to do their work, that their workload was very high, and that they often had to re-input pay requests that had been rejected by Phoenix and often did not know why the requests were rejected. In addition, pay advisors had to deal with shifting priorities, which added to their stress levels."³⁰

The OAG therefore made the following two recommendations:

Public Services and Procurement Canada, in partnership with the Treasury Board of Canada Secretariat and departments and agencies, should conduct an in-depth analysis of the causes of pay problems to determine what solutions are needed to resolve them.³¹

Public Services and Procurement Canada, with the support of the Treasury Board of Canada Secretariat, and in partnership with departments and agencies, should develop a sustainable pay solution, which includes:

25 Ibid., para. 1.42.
26 Ibid., para. 1.48.
27 Ibid., para. 1.49.
28 Ibid., para. 1.50.
29 Ibid., para. 1.54.
30 Ibid., para. 1.56.
31 Ibid., para. 1.59.

- a thorough analysis of possible options for a sustainable solution that includes detailed cost information; and
- a complete and comprehensive plan for implementing the chosen option, including alignment to human resource systems and processes, timelines, accountability, and costs.³²

In response to these two recommendations, PSPC is preparing a preliminary plan for human resources and pay called the HR-to-Pay Integrated Plan. According to PSPC, Phase I of the Plan includes [a suite of 22 measures](#) that were published in November 2017. Additionally, this Plan includes an “in-depth analysis of the causes of pay problems and the integrated and effective solutions needed to resolve them.”³³

Les Linklater, PSPC Associate Deputy Minister, addressed this matter on 28 November 2017:

We are also working across government and with the union and with vendors to identify root causes within the system for the pain points and the difficulties for processing transactions from an HR-to-pay perspective. We are expecting a final report in the coming week from what we’re calling “root cause analysis” that will be added to the suite of measures we’re looking at.

Based on PSPC’s responses and its action plan, the Committee therefore recommends the following:

Recommendation 1 – Regarding the root causes of the Phoenix pay problems and the measures to resolve them

That, by 30 April 2018, *Public Services and Procurement Canada* (PSPC) provide the House of Commons Standing Committee on Public Accounts with a report detailing: (1) the assessment of the root causes of the Phoenix pay problems, as outlined in the PSPC action plan provided to the Committee; (2) the short-term measures taken to reduce the number of outstanding pay requests; and (3) the additional measures to be taken to address the problems in the long term, including a timeline and expected outcomes.

32 Ibid., para. 1.60.

33 Ibid., para. 1.59.



Recommendation 2 – Regarding the costs and benefits of the various options to resolve the Phoenix pay problems

That, by 30 April 2018, *Public Services and Procurement Canada* provide the House of Commons Standing Committee on Public Accounts with a report detailing the costs, expected outcomes and timelines of the various options being considered to resolve the Phoenix pay problems.

2. Provision of Pay Information

According to the OAG, “departments and agencies often could not meet the processing deadlines required by Phoenix, which led to pay errors.” Also, PSPC “did not always provide departments and agencies with sufficient time in the pay system to review paycheques before they were issued, or provide them with timely and accurate information for them to support their employees in resolving pay problems.”³⁴

The seven organizations examined by the OAG all “faced significant difficulties in providing timely and accurate pay information to Phoenix and were not tracking their performance in these areas.”³⁵ In April 2017, the TBS committed “to developing service standards for departments and agencies.”³⁶

The OAG found that, “because their access to Phoenix was restricted, departments and agencies could not always review paycheques before they were issued to ensure that correct payments would be issued to employees.”³⁷ Moreover, to “resolve pay problems, departments and agencies need information that can be provided only by [PSPC] as the administrator of Phoenix. [PSPC] provided information to departments through a variety of ways, but it was not always sufficient or timely.”³⁸ Departments and agencies therefore “took their own actions” to resolve these pay problems.³⁹

The OAG therefore made the following two recommendations:

The Treasury Board of Canada Secretariat should:

34 Ibid., para. 1.61.

35 Ibid., para. 1.67.

36 Ibid., para. 1.68.

37 Ibid., para. 1.69.

38 Ibid., para. 1.70.

39 Ibid., para. 1.71.

- establish with Public Services and Procurement Canada timelines for departments and agencies to submit accurate pay information that will enable them to meet the terms and conditions of employment; and
- support Public Services and Procurement Canada and departments and agencies in the development of performance measures to track and report on the accuracy and timeliness of pay.⁴⁰

Public Services and Procurement Canada should:

- work with departments and agencies to identify and provide relevant, accurate, and timely information and reports for them to properly assess pay problems where they have a responsibility to do so; and
- ensure sufficient, reliable, and timely access to the pay system for departments and agencies to process pay requests and to perform checks and authorizations they are responsible for.⁴¹

In response to these recommendations, the two departments intend to collaborate on the HR-to-Pay Integrated Plan. The Committee recognizes the importance of PSPC and federal organizations having a better understanding of the timelines required for the provision of information on pay. Therefore, the Committee recommends the following:

Recommendation 3 – Regarding the provision of information from federal organizations to Public Services and Procurement Canada

That, by 30 June 2018, the *Treasury Board of Canada Secretariat* provide the House of Commons Standing Committee on Public Accounts with a report detailing: (1) the work plan on the pay information that federal organizations must provide to *Public Services and Procurement Canada* and the timeline for providing this information, the performance measures and the service standards; and (2) the implementation of this work plan and the concrete steps taken to date within federal organizations.

B. Next Steps

1. Comprehensive Governance Structure

According to the OAG, “[PSPC] and the [TBS] did not recognize early enough that they needed a comprehensive governance structure to resolve pay problems and develop a

40 Ibid., para. 1.73.

41 Ibid., para. 1.74.



sustainable solution. [PSPC] initially responded to pay problems on its own and did not fully involve departments and agencies in developing a plan to resolve pay problems.”⁴²

The OAG found that, “16 months after the pay problems first arose, there was still no comprehensive governance structure to resolve the underlying causes of the problems. In contrast, Queensland Health, a government department in the Australian [state] of Queensland, which had similar problems with a pay system, put in place a comprehensive governance structure within four months of pay problems arising.”⁴³

In addition, PSPC’s focus “was to pay employees, so it tried to resolve the immediate problems. Although it made progress up to June 2017 in two targeted areas—disability, and maternity and parental leave—it did not reduce the overall growth of outstanding pay requests.”⁴⁴ In the first year after problems surfaced, the TBS “did not play an active role in supporting [PSPC] to ensure the cooperation and agreement from all departments and agencies in resolving pay problems.”⁴⁵

The OAG found that, “for the first 16 months after the pay problems started to surface, there was no comprehensive governance and oversight of efforts to respond to the pay problems. [PSPC] did not work with departments and agencies to define, agree to, and implement accountabilities and responsibilities.”⁴⁶

According to the OAG, PSPC’s “latest plan to resolve pay problems, prepared in April 2017, included making system and process improvements and working with the TBS and departments to align departmental human resource systems with Phoenix by April 2019. However, [the OAG was] concerned that [PSPC] did limited consultation with departments and agencies when it developed the plan.”⁴⁷

Additionally, the OAG found that, “by the end of [its] audit period, the number of problems and of employees affected by them had continued to grow. This demonstrates that the Department did not have a good understanding of the causes of pay problems or of how best to resolve them.”⁴⁸

42 Ibid., para. 1.75.

43 Ibid., para. 1.78.

44 Ibid., para. 1.84.

45 Ibid., para. 1.85.

46 Ibid., para. 1.86.

47 Ibid., para. 1.94.

48 Ibid., para. 1.97.

The OAG therefore made the following recommendation:

Public Services and Procurement Canada, with the support of departments and agencies, should resolve outstanding pay requests as soon as possible, by:

- considering all the outstanding pay requests; and
- establishing priorities and setting targets to process all outstanding pay requests, and monitoring and reporting regularly on progress.⁴⁹

In response, PSPC referred again to the development of its HR-to-Pay Integrated Plan, which is “evergreen and will incorporate additional analysis as it becomes available. Oversight on the progress and outcomes of the implementation of the Integrated Plan will be provided by the government-wide Governance Framework.”⁵⁰ The PSPC action plan also indicates that employees should receive timely and accurate pay, and that the number of pay requests in the queue would decline by the end of 2018.

Therefore, the Committee recommends:

Recommendation 4 – Regarding the number of pay requests

That, at the beginning of each month starting on 1 May 2018 and continuing until 1 January 2019, *Public Services and Procurement Canada* provide the House of Commons Standing Committee on Public Accounts a report with the number of outstanding pay requests, the number of new pay requests, the number of processed pay requests, and the amounts owing both to the federal government by its employees and to employees by the federal government.

2. Sustainable Solutions and Costs

According to the OAG, “there was no centralized process to track what it would cost the government to fix the pay problems. The only department that was required to formally track and report costs was Public Services and Procurement Canada.”⁵¹ The OAG therefore surveyed departments and agencies “on what they spent in the 2016–17 fiscal

49 Ibid., para. 1.98.

50 Public Services and Procurement Canada, [Management Action Plan](#), p. 3.

51 OAG, [Phoenix Pay Problems](#), Report 1 of the 2017 Fall Reports of the Auditor General of Canada to the Parliament of Canada, para. 1.105.



year and what they planned to spend in the next two fiscal years to resolve Phoenix pay problems.”⁵²

In response to that survey, departments and agencies reported that “they needed a total of at least 820 additional staff, either reallocated from other duties or newly hired, to resolve pay problems. This is in addition to the staff that [PSPC] hired or planned to hire to process pay requests. With the additional staff that [PSPC] and departments and agencies have hired, planned to hire, or reallocated from other duty, close to 1,400 pay staff will have been added to the 550 pay staff at the Miramichi Pay Centre to help resolve pay problems, at least temporarily. This more than offsets the 1,200 pay advisor positions that were eliminated under the Transformation of Pay Administration Initiative.”⁵³

According to the OAG, as of 31 March 2017, PSPC “and departments and agencies had spent at least \$145 million on fixing pay problems, and planned to spend at least an additional \$395 million over the next two fiscal years, totalling \$540 million. This means [PSPC] and departments and agencies will need to keep the \$210 million in budget reductions that they were supposed to achieve over the 2016–17 to 2018–19 fiscal years and will need to find an additional \$330 million to resolve pay problems.”⁵⁴ According to OAG estimates, “the cost to have a sustainable system that comes close to its original goals of automating pay and achieving efficiencies would be much higher.”⁵⁵

With regard to this matter, the AG made the following statement:

In our view, fixing the Phoenix pay system will take years and will cost more than the \$540 million that government organizations have so far estimated they will spend to solve the problems. We found that the department of health in the Australian state of Queensland had to deal with a similar situation, and it took eight years and over \$1.2 billion to find solutions to most of its pay problems.⁵⁶

The OAG therefore made the following recommendation:

The Treasury Board of Canada Secretariat, with the support of Public Services and Procurement Canada, and in partnership with departments and agencies, should track and report on the cost of:

52 Ibid.

53 Ibid., paras. 1.106 and 1.107.

54 Ibid., para. 1.110.

55 Ibid., para. 1.111.

56 House of Commons Standing Committee on Public Accounts, *Evidence*, 1st Session, 42nd Parliament, 28 November 2017, [Meeting 81](#), 0850.

- resolving pay problems; and
- implementing a sustainable solution for all departments and agencies.⁵⁷

Yaprak Baltacioğlu, Secretary of the Treasury Board of Canada, explained how the TBS intended to address this issue:

One commitment is that it will be transparent. If the committee has specific categories it wants us to survey, we will do that. I just heard you list a number of them. What we will report on is, originally, how much money was allocated for Phoenix, not only consolidation but also the system. We will break that down. We will tell you how much money was transferred from departments to PSPC for pay functioning, and how much was foregone savings, because the government's expected savings to be realized got put back into the system. We will tell you, since the problem has become clear, how much money has been allocated and how much has been spent. We have those numbers. The Auditor General's number of \$540 million is not a number that is concrete. As he put it, it's an estimate. We have to go to every department and get the actuals. Basically, it's an Excel sheet process, because everybody is working on different systems.⁵⁸

According to its action plan, the TBS intends to provide this cost estimate in May 2018, which will include costs incurred up until September 2017, as well as the additional costs of resolving pay problems.⁵⁹

Therefore, the Committee recommends the following:

Recommendation 5 – Regarding the past and future costs of the Phoenix pay system.

That, by 31 May 2018, the *Treasury Board of Canada Secretariat* provide the House of Commons Standing Committee on Public Accounts with a detailed report on the amounts allocated to the Phoenix pay system up to September 2017, including the amounts transferred from federal agencies to *Public Services and Procurement Canada* and the projected savings that have not been achieved, as well as the anticipated costs of resolving the Phoenix pay problems.

57 OAG, [Phoenix Pay Problems](#), Report 1 of the 2017 Fall Reports of the Auditor General of Canada to the Parliament of Canada, para. 1.112.

58 House of Commons Standing Committee on Public Accounts, *Evidence*, 1st Session, 42nd Parliament, 28 November 2017, [Meeting 81](#), 1025.

59 Treasury Board of Canada Secretariat, [Detailed Action Plan](#).



ADDITIONAL REMARKS

During the Committee's meeting of 28 November 2017, Committee members heard comments about IBM's role involving the Phoenix system. Marie Lemay, Deputy Minister, PSPC, said: "The way the contract was structured is that we would give a task to IBM and they would come back to us with this task. If there are issues, it's like any contract and we can withhold money, but when the task is completed, then we pay them." In addition, throughout the project, "IBM has done what we have asked them to do. We were the project managers. They were not. They were the integrator, which is different from certain other projects."⁶⁰

CONCLUSION

The Committee is of the opinion that the implementation of the new Phoenix pay system was complex. As of 18 October 2017, there were 520,000 outstanding pay requests.⁶¹ As of June 2017, there were \$523 million in pay errors, of which \$295 million was owed to the government by 59,000 employees, and \$228 million was owed to 51,000 employees by the government.⁶² The OAG found that departments and agencies "have struggled with pay problems since the launch of Phoenix. However, it took [PSPC] four months to recognize that there were serious pay problems, and it took the Department about a year after that to have a better understanding of the problems."⁶³

The Committee sympathizes with employees who experienced these errors, and has made five recommendations, three of which are directed toward PSPC and two of which are directed to the TBS, to ensure that the Phoenix pay system becomes efficient and resolves existing errors as soon as possible. The Committee would like to assure federal government employees that it will follow up very closely with both of these organizations to ensure that they resolve these problems as soon as possible.

In addition, the Committee will invite PSPC and TBS to appear again once the OAG's second audit on the transformation of pay initiative within the federal government has been tabled in Parliament. The audit will address the events and decisions that led to the implementation of Phoenix, and should be tabled in May 2018. The second part of

60 House of Commons Standing Committee on Public Accounts, *Evidence*, 1st Session, 42nd Parliament, 28 November 2017, [Meeting 81](#), 0925.

61 *Ibid.*, 0930.

62 OAG, [Phoenix Pay Problems](#), Report 1 of the 2017 Fall Reports of the Auditor General of Canada to the Parliament of Canada, para. 1.41.

63 *Ibid.*, para. 1.17.

this report could be prepared to follow up on the outcome of the corrective actions taken by PSPC and the TBS; in that case, another separate report would focus solely on the OAG's spring 2018 report on the decisions that led to the implementation of Phoenix.



SUMMARY OF RECOMMENDED ACTIONS AND DEADLINES

Table 1 – Summary of Recommended Actions and Deadlines

Recommendation	Recommended Action	Deadline
Recommendation 1	<i>Public Services and Procurement Canada</i> (PSPC) should provide the House of Commons Standing Committee on Public Accounts with a report detailing: (1) the assessment of the root causes of the Phoenix pay problems, as outlined in the PSPC action plan provided to the Committee; (2) the short-term measures taken to reduce the number of outstanding pay requests; and (3) the additional measures to be taken to address the problems in the long term, including a timeline and expected outcomes.	30 April 2018
Recommendation 2	PSPC should provide the Committee with a report detailing the costs, expected outcomes and timelines of the various options being considered to resolve the Phoenix pay problems.	30 April 2018
Recommendation 3	The <i>Treasury Board of Canada Secretariat</i> (TBS) should provide the Committee with a report detailing: (1) the work plan on the pay information that federal organizations must provide to Public Services and Procurement Canada and the timeline for providing this information, the performance measures and service standards; and (2) the implementation of this work plan and the concrete steps taken to date within federal organizations.	30 June 2018

Recommendation	Recommended Action	Deadline
Recommendation 4	PSPC should provide the Committee with a report with the number of outstanding pay requests, the number of new pay requests, the number of processed pay requests, and the amounts owing both to the federal government by its employees and to employees by the federal government.	At the beginning of each month, from 1 May 2018 to 1 January 2019
Recommendation 5	The TBS should provide the Committee with a detailed report on the amounts allocated to the Phoenix pay system up to September 2017, including the amounts transferred from federal agencies to PSPC and the projected savings that have not been achieved, as well as the anticipated costs of resolving the Phoenix pay problems.	31 May 2018

APPENDIX A LIST OF WITNESSES

Organizations and Individuals	Date	Meeting
Department of Public Works and Government Services Marie Lemay, Deputy Minister Les Linklater, Associate Deputy Minister	2017/11/28	81
Office of the Auditor General Michael Ferguson, Auditor General of Canada Jean Goulet, Principal		
Treasury Board Secretariat Yaprak Baltacioglu, Secretary of the Treasury Board Secretariat of Canada Cécile Cléroux, Assistant Deputy Minister, Human Resources Management Transformation Sector, Office of the Chief Human Resources Officer		

REQUEST FOR GOVERNMENT RESPONSE

Pursuant to Standing Order 109, the Committee requests that the government table a comprehensive response to this Report.

A copy of the relevant *Minutes of Proceedings* ([Meetings Nos. 81, 86 and 88](#)) is tabled.

Respectfully submitted,

Hon. Kevin Sorenson
Chair

