**1. Canada's Phoenix Pay System**

A project that was initiated in 2010 to automate and replace Canada's government payroll system. Originally planned to be a Peoplesoft implementation by IBM (off the shelf software), it was plagued by problems that are still ongoing.

[I'll just quote the most recent update in the wikipedia entry.](https://en.wikipedia.org/wiki/Phoenix_pay_system)

It had "failed to properly pay nearly half of Canada's workforce of public servants, representing 153,000 people. The report added that the system, whose original 2009 budget was $309-million, had already cost taxpayers $954-million and could rise to $2.2 billion by 2023 in unplanned costs."

<https://www.iteachrecruiters.com/blog/8-it-project-failures-of-the-2010s/>

[Canadian Auditor General Michael Ferguson](http://www.oag-bvg.gc.ca/internet/English/au_fs_e_370.html#AG_Canada)’s latest assessment of [the country’s misbegotten attempt](https://spectrum.ieee.org/riskfactor/computing/software/2018s-it-failures-have-a-familiar-look-already) to develop a new government-wide payroll system was blunt: “The building and implementation of Phoenix was an incomprehensible failure of project management and oversight… Overall, we found that there was no oversight of the Phoenix project, which allowed Phoenix executives to implement the system even though they knew it had significant problems.”

As a result of world-class project mismanagement on the Phoenix project, the Canadian government now owns and operates a payroll system “that so far has been less efficient and more costly than the 40-year-old system it replaced,” Ferguson states.

Exactly what went wrong and why? The answers have [only been hinted at](https://www.canada.ca/en/treasury-board-secretariat/corporate/reports/lessons-learned-transformation-pay-administration-initiative.html) in government documents until last week, when Ferguson published his [second audit](http://www.oag-bvg.gc.ca/internet/English/parl_oag_201805_01_e_43033.html) of the Phoenix project. While his [first audit](http://www.oag-bvg.gc.ca/internet/English/parl_oag_201711_01_e_42666.html) focused on the project’s operational impacts on Canadian civil servants, this latest audit focuses on the management decisions made during its development and go-live period. Those decisions are directly responsible for the cost of the system rising from the original C$310 million estimate to [at least C$1.2 billion](http://www.cbc.ca/news/canada/ottawa/phoenix-cost-more-than-one-billion-dollars-1.4594115) through 2019—with tens of millions more likely to be spent before its [hoped for replacement comes on line in 2025](http://ottawacitizen.com/news/local-news/bagnall-phoenix-replacement-ready-by-2025-at-the-earliest-repairs-for-current-system-top-900m).

The Canadian government finished rolling out Phoenix in April 2016, despite [numerous problems that became evident when it initially went live](http://www.cbc.ca/news/politics/public-service-payroll-problems-1.3553381) in February of that year. The decision to move forward, despite growing operational problems and [calls to suspend its deployment](http://nationalpost.com/news/canada/government-expanding-new-pay-system-to-67-departments-despite-fact-its-been-a-disaster-so-far), has made life a [Dante’s inferno](http://www.cbc.ca/news/canada/ottawa/phoenx-tax-problems-filing-manually-creating-own-t4-slips-1.4608367) for some 193,000 civil servants. That group―more than half of Canada’s federal workers―has at various times over the past two years [received](https://spectrum.ieee.org/riskfactor/computing/software/2018s-it-failures-have-a-familiar-look-already) either too much, too little, or no pay at all.

As of April 2018, there were still some [372,000 Phoenix payroll-related transactions](https://www.tpsgc-pwgsc.gc.ca/remuneration-compensation/services-paye-pay-services/centre-presse-media-centre/tableau-dashboard/tableau-04-2018-dashboard-eng.html) waiting to be processed and corrected. Unless the current clearance rate improves, the last of the payroll problems won’t be fixed for another five years.

Ferguson’s audit describes what is essentially a manual for senior managers desiring to sabotage IT projects. Phoenix executives decided to defer or remove more than 100 of Phoenix’s 984 pay processing functions, restoring them only after it was fully deployed. The executives decided to scale back Phoenix functionality in order to save both development time and money because the estimated software development cost was C$119 million more than the C$155 million originally budgeted for.

Instead of asking for more money, which would undoubtedly lead to a lot of uncomfortable questions from politicians who were wary about the project in the first place, Phoenix executives worked with the prime contractor, IBM, to force-fit the project into the existing budget. This required reducing its functionality, testing, schedule, and project development staffing. How much the development of Phoenix was compromised by these decisions was never communicated to the departments and agencies whose employees would be bear the brunt of the program’s defectiveness.

The audit report makes clear that during the development of Phoenix, which was understood to be high risk from the start, a string of decisions turned those risks into insurmountable problems. For instance, in reviewing a sample of 81 pay processing functions, the auditors found that 20 percent failed testing. Worse, the functions that failed never were retested. Furthermore, the system was never subjected to end-to-end testing. The wrapping paper and bow on those miscues was the decision to scrub the sole Phoenix pilot rollout that was supposed to be conducted with one department in order to assess how well the system worked under real-world conditions. The rationale: to save money.

Executives decided to launch Phoenix with known significant security weaknesses, the audit reveals. Although deployment began in February 2016, there was no plan to address these high-security risks until December 2016. Similarly, a separate set of system weaknesses putting civil servant personal privacy at risk were not fully assessed before deployment. This led to [nearly a dozen documented privacy breaches](https://globalnews.ca/news/3761113/watchdog-flags-privacy-breaches-in-phoenix-pay-system/) post-launch.

Moreover, a contingency plan existed in name only. The audit report states that the “plan” was finalized less than two weeks before Phoenix went live. But it “did not explain how problems would be resolved, what specific tasks would be needed to carry out the contingency plan, and who would be responsible for these tasks.” It’s no surprise that the contingency plan was never tested to see whether it would work.

Brimming with confidence based on nothing, Phoenix executives ignored the advice offered by an outside risk assessment and shut down the old payroll system when Phoenix went live rather than run them in parallel.

As if the rollout wasn’t already a perfect storm, they based Phoenix on a version of PeopleSoft that will not be supported by Oracle beyond 2018. And it would have been completely uncharacteristic of the Phoenix executives if they had bothered to make plans to upgrade the software to a newer version. They apparently believed that software upgrades were unnecessary for the payroll system to remain operationally effective and secure for at least a decade.

The audit concludes that those executives “had received more than enough information and warning that Phoenix was not ready to be implemented, and therefore, they should not have proceeded as planned,” Ferguson noted. However, the executives actively dismissed all negative information and decided to go forward anyway, “prioritiz[ing] meeting schedule and cost over other critical elements, such as functionality and security.”

Just as damning: Even as Phoenix was obviously failing by the summer of 2016, Phoenix executives continued to downplay the rampant payroll problems, proclaiming instead that Phoenix was “[functioning as designed](http://www.cbc.ca/news/canada/ottawa/phoenix-functioning-as-designed-senior-federal-manager-says-1.3679345).” Unfortunately, because of the project’s poor setup and lack of oversight, that statement was entirely true. It took until early this year before the government finally [realized](http://www.cbc.ca/news/politics/phoenix-replacement-treasury-board-1.4555562) that, no matter how much money was thrown at it, there was no way to ever make Phoenix work properly.

I have read and documented many examples of incredibly poor IT management decisions over the years, such as those made in relation to the [Queensland Health payroll system project](https://spectrum.ieee.org/riskfactor/computing/it/queensland-government-bans-ibm-from-it-contracts) and the [U.S. Coast Guard electronic health record system project](https://spectrum.ieee.org/riskfactor/computing/software/us-coast-guards-67-million-ehr-fiasco). However, the total number of poor executive decisions made in relation to the Phoenix effort ranks among the greatest I have ever seen on a single project.

Ferguson’s audit report lists a number of obvious recommendations for avoiding a similar debacle in the future, which [Public Services and Procurement Canada](https://www.tpsgc-pwgsc.gc.ca/comm/index-eng.html), the government organization in charge of implementing Phoenix, promises to implement. However, as Ferguson admits, to successfully put his recommendations into place will require a [major culture shift in both government](http://www.cbc.ca/news/canada/ottawa/phoenix-pay-system-workplace-culture-1.4687308) managers’ and line-workers’ behavior. This means creating a culture where senior executives, presented with evidence that their IT-related decisions may actually be wrong, actually admit it. The culture should also make civil servants willing to speak out publicly when their managers make senseless decisions.

Unfortunately, [IT history](https://spectrum.ieee.org/static/lessons-from-a-decade-of-it-failures) is filled with similar auditor recommendations following a major governmental IT project failure. One won’t ever lose money betting against cultural shifts of the type Ferguson recommends actually being implemented.

<https://spectrum.ieee.org/canadian-governments-phoenix-pay-system-an-incomprehensible-failure>

The **Phoenix pay system** is a payroll processing system for [Canadian federal government](https://en.wikipedia.org/wiki/Government_of_Canada) employees, provided by [IBM](https://en.wikipedia.org/wiki/IBM) in June 2011 using [PeopleSoft](https://en.wikipedia.org/wiki/PeopleSoft) software, and run by [Public Services and Procurement Canada](https://en.wikipedia.org/wiki/Public_Services_and_Procurement_Canada). The Public Service Pay Centre is located in [Miramichi](https://en.wikipedia.org/wiki/Miramichi,_New_Brunswick" \o "Miramichi, New Brunswick), [New Brunswick](https://en.wikipedia.org/wiki/New_Brunswick). It was first introduced in 2009 as part of Prime Minister [Stephen Harper](https://en.wikipedia.org/wiki/Stephen_Harper)'s Transformation of Pay Administration Initiative, intended to replace Canada's 40-year old system with a new, cost-saving "automated, off-the-shelf commercial system." By July 2018, Phoenix has caused pay problems to close to 80 percent of the federal government's 290,000 public servants through underpayments, over-payments, and non-payments.[[1]](https://en.wikipedia.org/wiki/Phoenix_pay_system#cite_note-Mockler_20180731-1) The [Standing Senate Committee on National Finance](https://en.wikipedia.org/wiki/Standing_committee_(Canada)), chaired by Senator [Percy Mockler](https://en.wikipedia.org/wiki/Percy_Mockler), investigated the Phoenix Pay system and submitted their report, "The Phoenix Pay Problem: Working Towards a Solution" on July 31, 2018, in which they called Phoenix a failure and an "international embarrassment".[[1]](https://en.wikipedia.org/wiki/Phoenix_pay_system#cite_note-Mockler_20180731-1) Instead of saving $70 million a year as planned, the report said that the cost to taxpayers to fix Phoenix's problems could reach a total of $2.2 billion by 2023.



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## History[[edit](https://en.wikipedia.org/w/index.php?title=Phoenix_pay_system&action=edit&section=1)]

### Preparing for rollout**[**[**edit**](https://en.wikipedia.org/w/index.php?title=Phoenix_pay_system&action=edit&section=2)**]**

The 2009 initial funding, the 2010 initiation, the 2016 implementation, and ongoing operation of what would become the Phoenix pay system, was overseen by a series of the Department of [Public Services and Procurement Canada](https://en.wikipedia.org/wiki/Public_Services_and_Procurement_Canada) [Ministers](https://en.wikipedia.org/wiki/Minister_of_Public_Services_and_Procurement), spanning the tenure of former-Prime Minister Harper (February 6, 2006 – November 4, 2015) and Prime Minister Justin Trudeau (2015–). Three ministers oversaw these various stages under Harper—[Christian Paradis](https://en.wikipedia.org/wiki/Christian_Paradis), from June 25, 2008, to January 19, 2010, [Rona Ambrose](https://en.wikipedia.org/wiki/Rona_Ambrose) from January 19, 2010, to July 14, 2013, and [Diane Finley](https://en.wikipedia.org/wiki/Diane_Finley) from July 15, 2013, to November 4, 2015. Under its new name of Public Services and Procurement—[Judy Foote](https://en.wikipedia.org/wiki/Judy_Foote), who was appointed by Trudeau, served from November 4, 2015, to August 24, 2017. Trudeau appointed Carla Qualtrough to serve from August 28, 2017, to November 20, 2019. The name of the ministry was changed to Public Services and Procurement and Accessibility while Qualtrough was in office. The current Minister of Public Services and Procurement is [Anita Anand](https://en.wikipedia.org/wiki/Anita_Anand), who was appointed by Prime Minister Trudeau on November 20, 2019. Judy Foote became PSPC Minister and [Marie Lemay](https://en.wikipedia.org/w/index.php?title=Marie_Lemay&action=edit&redlink=1), deputy minister, in Trudeau's first cabinet on November 4, 2015, just after the fall election. By May 2016, "Phoenix errors and delays" had already "affected about 82,000 public servants."[[2]](https://en.wikipedia.org/wiki/Phoenix_pay_system#cite_note-ottawacitizen_May_20161126-2)

Following the [2008 recession](https://en.wikipedia.org/wiki/Great_Recession), Prime Minister Harper was focused on reducing costs, which included reducing the size of the civil service.[[3]](https://en.wikipedia.org/wiki/Phoenix_pay_system#cite_note-IFSD_2017-3) According to the *Ottawa Citizen*, in July 2009, then-Prime Minister [Stephen Harper](https://en.wikipedia.org/wiki/Stephen_Harper)'s cabinet, approved funding for a $310-million Public Works initiative called Transformation of Pay Administration Initiative (TPA).[[1]](https://en.wikipedia.org/wiki/Phoenix_pay_system#cite_note-Mockler_20180731-1): 6[[4]](https://en.wikipedia.org/wiki/Phoenix_pay_system#cite_note-CBC_Bagnall_20180223-4) The two parts of the TPA were Pay Modernization and Pay Consolidation. Pay Modernization referred to the replacement of the 40-year-old existing payroll system—the Regional Pay System (RPS)—with a [commercial off-the-shelf](https://en.wikipedia.org/wiki/Commercial_off-the-shelf) (COTS) system.[[5]](https://en.wikipedia.org/wiki/Phoenix_pay_system#cite_note-GC_TBS_GGI_20171005-5) The second aspect of the TPA—Pay Consolidation—referred to the transferral of pay services of departments and agencies that had been using the existing Government of Canada IT system for human resources—My Government of Canada Human Resources (My GCHR)—to a new centralized Pay Centre[[5]](https://en.wikipedia.org/wiki/Phoenix_pay_system#cite_note-GC_TBS_GGI_20171005-5) with all payroll administration and employees in one place.[[4]](https://en.wikipedia.org/wiki/Phoenix_pay_system#cite_note-CBC_Bagnall_20180223-4) Phoenix would serve "101 departments and nearly 300,000 employees".[[4]](https://en.wikipedia.org/wiki/Phoenix_pay_system#cite_note-CBC_Bagnall_20180223-4)[[6]](https://en.wikipedia.org/wiki/Phoenix_pay_system#cite_note-ottawacitizen_May_20160616-6) The hope was that a new, more centralized and automated system would lower labour requirements and reduce costs by $78 million a year[[7]](https://en.wikipedia.org/wiki/Phoenix_pay_system#cite_note-globalnews_Scotti_20160726-7) by "eliminating 650 positions, automating pay processes, and eliminating duplicate data entry."[[1]](https://en.wikipedia.org/wiki/Phoenix_pay_system#cite_note-Mockler_20180731-1): 6 It was expected to be online by 2015.[[8]](https://en.wikipedia.org/wiki/Phoenix_pay_system#cite_note-cbc_Porter_20160722-8)

In August 2010, Stephen Harper announced that the new Public Service Pay Centre would be located in [Miramichi](https://en.wikipedia.org/wiki/Miramichi,_New_Brunswick" \o "Miramichi, New Brunswick), [New Brunswick](https://en.wikipedia.org/wiki/New_Brunswick), as compensation for the closing of the [long-gun registry](https://en.wikipedia.org/wiki/Canadian_Firearms_Registry) centre in that city.[[9]](https://en.wikipedia.org/wiki/Phoenix_pay_system#cite_note-cbc_2010-9)

In June 2011, [IBM](https://en.wikipedia.org/wiki/IBM) won the sole-source contract to set up the system, using [PeopleSoft](https://en.wikipedia.org/wiki/PeopleSoft) software, the original contract was for $5.7 million, but IBM was eventually paid $185 million.[[10]](https://en.wikipedia.org/wiki/Phoenix_pay_system#cite_note-10) According to [*The New York Times*](https://en.wikipedia.org/wiki/The_New_York_Times), [Oracle Corporation](https://en.wikipedia.org/wiki/Oracle_Corporation)'s PeopleSoft software system was "widely used by corporations and institutions to manage operations, finances and employees."[[11]](https://en.wikipedia.org/wiki/Phoenix_pay_system#cite_note-NYT_Ian_Austen_20161117-11)

In March 2014, according to an IBM spokeswoman, the Crown took over responsibility for "training design and execution" from IBM," in a cost-saving measure. The government adopted a 'train the trainer' approach rather than follow IBM's recommended system.[[12]](https://en.wikipedia.org/wiki/Phoenix_pay_system#cite_note-CBC_Simpson_20160929-12)

Prior to 2012, about 2,000 pay advisors/specialists in 101 federal departments and agencies "processed pay, advised employees, and corrected errors" in scattered locations.[[13]](https://en.wikipedia.org/wiki/Phoenix_pay_system#cite_note-OAG_report_20170925-13) When the new Miramichi Public Service Pay Centre was opened in May 2012, the PSPC began to eliminate pay advisor positions in 46 individual departments and agencies and replace them with "460 pay advisors and 90 support staff" at new centralized location in Pay Centre. By 2016, the PSPC had cut 1,200 pay advisor positions.[[13]](https://en.wikipedia.org/wiki/Phoenix_pay_system#cite_note-OAG_report_20170925-13) Following centralization, these departments and agencies administrators no longer had "direct access to the new pay system." There were an additional 55 departments and agencies who maintained about approximately 800 pay advisors who continued to enter pay information for their own employees in the new Phoenix system.[[13]](https://en.wikipedia.org/wiki/Phoenix_pay_system#cite_note-OAG_report_20170925-13)

In May 2015, IBM made the recommendation that government delay its planned rollout of Phoenix due to critical problems.[[14]](https://en.wikipedia.org/wiki/Phoenix_pay_system#cite_note-14) In June 2015, before Phoenix was launched, some federal employees complained about not being paid, and there were reports that the Miramachi pay centre employees were overwhelmed.[[15]](https://en.wikipedia.org/wiki/Phoenix_pay_system#cite_note-15) The Auditor General's May 29, 2018 report "Building and Implementing the Phoenix Pay System" found that in June 2015, Public Services and Procurement Canada cancelled a pilot to test Phoenix in a single department to assess whether Phoenix was ready for government wide use.[[16]](https://en.wikipedia.org/wiki/Phoenix_pay_system#cite_note-OAG_20180529-16)

Two reports by two independent contractors—Gartner Consulting and Calgary-based S.i. Systems—were commissioned. S.i. Systems submitted their report to Public Services and Procurement Canada (PSPC) departmental staff in January 2016. PSPC received the Gartner Consulting report on February 11, 2016. Both consultants were charged with assessing the viability of the Phoenix payroll system before a government-wide rollout. Neither report called for implementation to be stopped, but offered suggestions to mitigate risks.[[17]](https://en.wikipedia.org/wiki/Phoenix_pay_system#cite_note-cbc_Simpson_20160922-17) The S.i. Systems report concluded that Phoenix should move forward, as "the benefits of doing so appear to outweigh the risks. The next phase will be challenging, but it is likely that the problems and difficulties that will be encountered will be manageable."[[17]](https://en.wikipedia.org/wiki/Phoenix_pay_system#cite_note-cbc_Simpson_20160922-17) The Gartner report casts a different picture, specifically predicting there was a moderate possibility that "expectations for accuracy and timeliness of pay may not be met as a result of lack of true end-to-end testing."[[17]](https://en.wikipedia.org/wiki/Phoenix_pay_system#cite_note-cbc_Simpson_20160922-17) Judy Foote, the Minister of Public Services and Procurement Canada was never briefed on the Gartner report by her departmental staffers.[[17]](https://en.wikipedia.org/wiki/Phoenix_pay_system#cite_note-cbc_Simpson_20160922-17)

### After rollout**[**[**edit**](https://en.wikipedia.org/w/index.php?title=Phoenix_pay_system&action=edit&section=3)**]**

In February 2016, the first wave of the Phoenix pay system was launched to over 34 government departments, affecting 120,000 employees.[[8]](https://en.wikipedia.org/wiki/Phoenix_pay_system#cite_note-cbc_Porter_20160722-8) *The New York Times* reported that when the "government switched to the new payroll system", "about 2,700 payroll clerks who were no longer supposed to be needed" were laid off. The *Times* said that the Canadian federal government "manages a payroll of 20 billion Canadian dollars a year, about $15 billion."[[11]](https://en.wikipedia.org/wiki/Phoenix_pay_system#cite_note-NYT_Ian_Austen_20161117-11)

By April 2016, *CBC News* reported that there were thousands of public servants experiencing Phoenix payroll problems with initial complaints about underpayments. The [PSAC](https://en.wikipedia.org/wiki/Public_Service_Alliance_of_Canada), a federal employee union, called for the [Liberal government](https://en.wikipedia.org/wiki/29th_Canadian_Ministry) to delay the second phase of the Phoenix roll out.[[18]](https://en.wikipedia.org/wiki/Phoenix_pay_system#cite_note-cbc_Crawford_20160421-18) Despite this request, the federal government rolled out Phoenix to the remaining 67 departments on April 21, 2016, and decommissioned the old system.[[8]](https://en.wikipedia.org/wiki/Phoenix_pay_system#cite_note-cbc_Porter_20160722-8)

After the roll out, there were continued complaints about underpayments, over-payments, and non-payments. In June 2016, the government launched a satellite pay center in [Gatineau](https://en.wikipedia.org/wiki/Gatineau) in a response to the problems, with about 100 employees.[[6]](https://en.wikipedia.org/wiki/Phoenix_pay_system#cite_note-ottawacitizen_May_20160616-6) On June 28, a dozen federal unions, including the [Public Service Alliance of Canada](https://en.wikipedia.org/wiki/Public_Service_Alliance_of_Canada) (PSAC) launched a lawsuit in the Federal Court against the government trying to force on-time payments.[[19]](https://en.wikipedia.org/wiki/Phoenix_pay_system#cite_note-CBC_Crawford_20160628-19) Plaintiffs included 2,000 Parks Canada seasonal employees represented by the PSAC who had worked from April to June without pay.[[19]](https://en.wikipedia.org/wiki/Phoenix_pay_system#cite_note-CBC_Crawford_20160628-19)

By July 2016, [Marie Lemay](https://en.wikipedia.org/w/index.php?title=Marie_Lemay&action=edit&redlink=1), PSPC deputy minister, became "the face of the bungled Phoenix pay system" after the PSPC "first revealed that its Phoenix errors and delays had affected about 82,000 public servants."[[2]](https://en.wikipedia.org/wiki/Phoenix_pay_system#cite_note-ottawacitizen_May_20161126-2) The NDP and Conservatives issued statements in July requesting updates on Phoenix pay problems and as a result the federal government called for a July 28, "emergency summer meeting of the House of Commons operations and estimates committee. In addition, the Auditor General, [Michael Ferguson](https://en.wikipedia.org/wiki/Michael_Ferguson_(Auditor_General)), was asked to investigate and report on Phoenix pay problems.[[7]](https://en.wikipedia.org/wiki/Phoenix_pay_system#cite_note-globalnews_Scotti_20160726-7) At that time, it was estimated that the problems would be fixed by the end of October 2016, for an additional cost of $20 million,[[20]](https://en.wikipedia.org/wiki/Phoenix_pay_system#cite_note-20) but by then there were still 20,000 outstanding cases. The government delayed its target for fixing the backlog to the end of 2016, a deadline that was also not met.[[21]](https://en.wikipedia.org/wiki/Phoenix_pay_system#cite_note-21)

In September 2016, [Judy Foote](https://en.wikipedia.org/wiki/Judy_Foote), who was the minister responsible for the Phoenix payroll system rollout in 2016, and who served as minister from November 4, 2015 to August 24, 2017, was questioned by a House of Commons committee.[[22]](https://en.wikipedia.org/wiki/Phoenix_pay_system#cite_note-CBC_20160919-22) Members of the opposition [NDP](https://en.wikipedia.org/wiki/New_Democratic_Party) suggested Foote should take more responsibility for Phoenix problems.[[23]](https://en.wikipedia.org/wiki/Phoenix_pay_system#cite_note-23)

An independent, third-party firm—Goss Gilroy Inc. (GGI)—hired by the [Treasury Board of Canada Secretariat](https://en.wikipedia.org/wiki/Treasury_Board_Secretariat) (TBS) and the PSPC in early 2017—undertook a study of the federal government's "activities related to the Transformation of Pay Administration Initiative (TPA) from 2008 to April 2016." The GGI report, "Lessons Learned from the Transformation of Pay Administration Initiative", was submitted in October 2017.[[5]](https://en.wikipedia.org/wiki/Phoenix_pay_system#cite_note-GC_TBS_GGI_20171005-5)

By May 2017, after several government announcements, the total cost of fixing the system had increased to $400 million.[[24]](https://en.wikipedia.org/wiki/Phoenix_pay_system#cite_note-24) In September 2017, the Auditor General of Canada, submitted a report, "Phoenix Pay Problems" to Parliament,[[13]](https://en.wikipedia.org/wiki/Phoenix_pay_system#cite_note-OAG_report_20170925-13) and concluded that Public Services and Procurement Canada had failed in both resolving pay issues and in providing affected departments with the relevant information and support to resolve their employees pay problems.[[13]](https://en.wikipedia.org/wiki/Phoenix_pay_system#cite_note-OAG_report_20170925-13) They emphasized the urgency of the issue as Phoenix' pay problems financially affected thousands of public servants in a government with an annual payroll in 2017 of about $22 billion.[[13]](https://en.wikipedia.org/wiki/Phoenix_pay_system#cite_note-OAG_report_20170925-13) The report said that PSPC knew that they had to "analyze all 200 of the programs" that had been added to PeopleSoft "to identify the system-related sources of pay errors". PSPC only began its analysis in March 2017 and had only analysed "6 of the 200 custom programs" by the time the report had been submitted.[[13]](https://en.wikipedia.org/wiki/Phoenix_pay_system#cite_note-OAG_report_20170925-13) In November 2017, the total estimated cost to fix the system had increased to $540 million, an amount which the federal [auditor general](https://en.wikipedia.org/wiki/Auditor_General_of_Canada) thought was inadequate.[[25]](https://en.wikipedia.org/wiki/Phoenix_pay_system#cite_note-25) A federal union called for the Phoenix system to be scrapped, a call which the government has rejected.[[26]](https://en.wikipedia.org/wiki/Phoenix_pay_system#cite_note-26)

The PSPC has had to pay IBM "additional fees" to "make substantial changes to the software" and hire about 1000 employees to deal with backlogs caused by Phoenix.[[1]](https://en.wikipedia.org/wiki/Phoenix_pay_system#cite_note-Mockler_20180731-1): 6

The Office of the Auditor General's May 29, 2018 report concluded that three PSPC Phoenix executives were "responsible for delivering the Phoenix pay system" and that the PSPC Deputy Minister "was responsible for ensuring that a governance and oversight mechanism to manage the project was in place, documented, and maintained, and that the project was managed according to its complexity and risk." From 2009 to 2016 when Phoenix was being developed and "up to and including its first wave, three different people served as Deputy Minister."[[16]](https://en.wikipedia.org/wiki/Phoenix_pay_system#cite_note-OAG_20180529-16) The report stated that, "Considering the broad intricacies and scope of these processes and systems, the Transformation of Pay Administration Initiative has been a large and complex undertaking with substantial risks."[[16]](https://en.wikipedia.org/wiki/Phoenix_pay_system#cite_note-OAG_20180529-16) By May 2018 there was still a backlog of about 600,000 pay requests at the Public Service Pay Centre.[[1]](https://en.wikipedia.org/wiki/Phoenix_pay_system#cite_note-Mockler_20180731-1): 6

According to a July 31, 2018 report by the [Standing Senate Committee on National Finance](https://en.wikipedia.org/wiki/Standing_committee_(Canada)), which was chaired by Senator [Percy Mockler](https://en.wikipedia.org/wiki/Percy_Mockler),[[1]](https://en.wikipedia.org/wiki/Phoenix_pay_system#cite_note-Mockler_20180731-1)[[Notes 1]](https://en.wikipedia.org/wiki/Phoenix_pay_system#cite_note-27) the Phoenix system was an "international embarrassment". It had "failed to properly pay nearly half of Canada's workforce of public servants, representing 153,000 people. The report added that the system, whose original 2009 budget was $309-million, had already cost taxpayers $954-million and could rise to $2.2 billion by 2023 in unplanned costs.[[27]](https://en.wikipedia.org/wiki/Phoenix_pay_system#cite_note-G&M_Zilio_20180731-28) According to *The Globe and Mail*, the Standing Committee blamed Harper's Conservative government for creating the "Phoenix mess".[[27]](https://en.wikipedia.org/wiki/Phoenix_pay_system#cite_note-G&M_Zilio_20180731-28)

According to a November 8, 2019 *Ottawa Citizen* article, Pascale Boulay, a Quebec coroner, determined that the 2017 death by suicide of a 52-year-old woman from [Val-des-Monts](https://en.wikipedia.org/wiki/Val-des-Monts), [Quebec](https://en.wikipedia.org/wiki/Quebec), was preventable.[[28]](https://en.wikipedia.org/wiki/Phoenix_pay_system#cite_note-ottawacitizen_Spears_20191108-29) The coroner assigned blame on the "flawed Phoenix pay system" that had "led her to emotional and financial ruin."[[28]](https://en.wikipedia.org/wiki/Phoenix_pay_system#cite_note-ottawacitizen_Spears_20191108-29) The woman had been employed by the [Canada Revenue Agency](https://en.wikipedia.org/wiki/Canada_Revenue_Agency) (CRA). On November 7, 2019, [PSAC](https://en.wikipedia.org/wiki/Public_Service_Alliance_of_Canada)'s national president said that the "case illustrates the mental toll of Phoenix where there is still a backlog of 228,000 instances of pay errors."[[28]](https://en.wikipedia.org/wiki/Phoenix_pay_system#cite_note-ottawacitizen_Spears_20191108-29)

In July 2020, the Public Service Alliance of Canada announced a major settlement with the Government of Canada.[[29]](https://en.wikipedia.org/wiki/Phoenix_pay_system#cite_note-psac-30) The settlement involves general damages compensation of $2,500 for all affected employees, an improved compensation process for out-of-pocket expenses and other financial losses caused by Phoenix, and a compensation process for severe impacts such as ruined credit ratings, accumulated interest on loans or credit cards, loss of security clearance due to bankruptcy, mental anguish and trauma, or loss of savings from cashing in investments such as RRSPs to pay debts.[[29]](https://en.wikipedia.org/wiki/Phoenix_pay_system#cite_note-psac-30)

## Problems[[edit](https://en.wikipedia.org/w/index.php?title=Phoenix_pay_system&action=edit&section=4)]

By October 2016, among the employees affected, the greatest concentration of pay errors affected those employees with changes in position or status, and those with supplementary payments, such as overtime. Students, new hires, seasonal, temporary and terminated employees were therefore particularly affected, as have those taking or coming back from leave which includes maternity and medical.[[6]](https://en.wikipedia.org/wiki/Phoenix_pay_system#cite_note-ottawacitizen_May_20160616-6) Issues with health and dental benefits, disability claims, and insurance benefits were also a concern.[[30]](https://en.wikipedia.org/wiki/Phoenix_pay_system#cite_note-ottawacitizen_20161024-31)

### Causes**[**[**edit**](https://en.wikipedia.org/w/index.php?title=Phoenix_pay_system&action=edit&section=5)**]**

There have been several causes put forward for Phoenix's problems. Government managers have blamed the lack of training for employees, particularly those in the new Miramichi pay centre.[[31]](https://en.wikipedia.org/wiki/Phoenix_pay_system#cite_note-32) Federal unions have blamed IBM, drawing comparisons with the 2010 [Queensland Health payroll problems](https://en.wikipedia.org/wiki/Queensland_Health#Criticism), which also involved IBM, and eventually cost $1.2 billion.[[32]](https://en.wikipedia.org/wiki/Phoenix_pay_system#cite_note-33) The former Conservative government has been blamed for cutting employees too quickly and under-spending on training.[[33]](https://en.wikipedia.org/wiki/Phoenix_pay_system#cite_note-:3-34) The Liberal government has been blamed for rolling out the system too quickly and ignoring warning signs.[[33]](https://en.wikipedia.org/wiki/Phoenix_pay_system#cite_note-:3-34)

## Replacement[[edit](https://en.wikipedia.org/w/index.php?title=Phoenix_pay_system&action=edit&section=6)]

In May 2019 the federal government named three companies that will compete to replace the Phoenix pay system. In 2018, the government had announced a plan to eventually scrap Phoenix, but only after a new system with improved technology is put in place. [Ceridian](https://en.wikipedia.org/wiki/Ceridian) (a Toronto-based pay systems specialist with offices across Canada), [SAP](https://en.wikipedia.org/wiki/SAP_SE) (a German multinational that creates business management software), and [Workday](https://en.wikipedia.org/wiki/Workday,_Inc.) (a Californian cloud applications provider) will compete to provide the replacement. All three companies were on a short list of five vendors released in 2018.[[34]](https://en.wikipedia.org/wiki/Phoenix_pay_system#cite_note-35)

https://en.wikipedia.org/wiki/Phoenix\_pay\_system