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1. Effective Date

- 1.1 This policy is effective on **25 November 2020**.
- 1.2 This policy replaces the previous version of Financial Administration Manual (FAM) Chapter 1016-3 – Account Verification – FAA Section 34, issued on 1 May 2015.
- 1.3 The policy was approved by the Assistant Deputy Minister (Finance) (ADM(Fin)) on **25 November 2020**.

2. Application

- 2.1 The purpose of this FAM chapter is to provide the Department of National Defence (DND) and the Canadian Armed Forces (CAF) with the Financial Management (FM) policy on account verification and certification pursuant to Section 34 of the *Financial Administration Act* (FAA). This policy applies to all non-payroll related expenditures made with public funds, including interdepartmental settlements and journal voucher transactions that result in a charge against the Consolidated Revenue Fund.

3. Context

- 3.1 The spending of public money requires that integrity, accountability and transparency be maintained to a high standard. This requires the establishment of practices and controls to ensure compliance with Section 34 of the FAA and Treasury Board (TB) policy instruments. This authority is a key internal control mechanism in the expenditure management process to support the sound stewardship of financial resources.
- 3.2 Due to the nature and complexity of its programs, the DND and the CAF are faced with unique situations that may not be addressed or fully articulated under TB policy instruments. This policy is required to outline and explain the DND/CAF account verification and FAA Section 34 certification direction and practices in these circumstances and intends to complement the information found in the TB policy instruments.
- 3.3 Accordingly, this policy must be applied in conjunction with and after reading the following:
 - TB Policy on Financial Management;
 - TB Directive on Delegation of Spending and Financial Authorities; and
 - TB Guide to Delegating and Applying Spending and Financial Authorities.
- 3.4 All financial documentation supporting the transactions must be retained for six years from the end of the fiscal year in which the transaction takes place. When an Accounts Receivable is created, all documentation is retained until the account is cleared. When a criminal, disciplinary or recovery action is taken, all documentation must be retained and protected for six fiscal years after the process is completed.

3.5 See [Appendix A](#) for the definitions applicable to this policy and a list of acronyms used.

4. Objectives and Expected Results

4.1 The objectives of this policy are to:

- Identify the DND/CAF key stakeholders involved with account verification and FAA Section 34 certification control processes and outline their roles and responsibilities; and
- Provide direction on the DND/CAF FM policies and practices for account verification and FAA Section 34 certification that are not addressed in the TB Policy on Financial Management, TB Directive on Delegation of Spending and Financial Authorities and the TB Guide to Delegating and Applying Spending and Financial Authorities.

4.2 The expected results of implementing this policy are:

- Effective internal controls, governance and oversight over DND/CAF account verification and FAA Section 34 certification control processes; and
- Key DND/CAF stakeholders are aware of and understand their roles and responsibilities with respect to account verification and FAA Section 34 certification.

5. Requirements

Certification Authority – FAA Section 34

5.1 The delegation of [certification authority](#) constitutes a key internal control within the expenditure management process. It is the authority to certify, before making a payment for the performance of work, the supply of goods or the rendering of services, that:

- The work has been performed, the goods have been supplied or the services have been rendered;
- The terms and conditions of the contract or the agreement have been met, including price, quantity and quality; and
- In the case of any other payment, that the payee is eligible for or entitled to receive the payment.

FAA Section 34 requires both the completion of the account verification process and the exercising of certification authority. These actions must be completed prior to processing of an [account](#) for payment in the Financial Management System (FMS).

Account Verification Process

General

- 5.2 Account verification must be performed on all payment requisitions and interdepartmental settlements. While Responsibility Centre (RC) Managers are not required to personally complete all the steps of the account verification process for each payment requisition, they are responsible and accountable for the completion of the account verification process on a timely basis and for the certification of accounts pursuant to FAA Section 34.

Steps

- 5.3 The following Account Verification Process must be performed prior to certifying an account pursuant to FAA Section 34:

Step	Verify and Confirm That
1	In the case of a payment for the performance of work, the supply of goods or the rendering of services, that the: a. Work has been performed, the goods supplied or the services rendered; and b. Contract or agreement terms and conditions have been met, including price, quantity and quality. If, as a result of exceptional circumstances, the price is not specified in the contract or agreement, that it is reasonable.
2	In the case of an advance payment, there is an advance payment clause included in the contract to make a payment before completion of the work, delivery of the goods or rendering of the services.
3	In the case of transfer payments and other payments , that the payee is eligible for or entitled to receive the payment.
4	The transaction is accurate, including the following: a. The invoice is a valid document (see paragraph 5.22); b. The invoice has not been previously entered into the FMS (including into a different module) and therefore will not result in a duplicate payment; c. Applicable discounts, contract holdbacks and income tax withholdings for non-resident vendors providing a service in Canada have been deducted; d. Charges not payable have been removed; e. The invoice or claim total including any applicable sales taxes has been calculated correctly; and the Provincial Sales Tax (PST) exemption has been claimed if applicable; and f. Authorized credit notes have been applied against the balance owing i.e. when this practice is explicitly allowed under the terms of the contract or agreement.

5	The payee information is accurate and complete.
6	The financial coding has been provided and is accurate and complete.
7	The request for payment plus previous related payments against the same contract does not exceed the total value stipulated in the contract or agreement.
8	All relevant statutes, regulations, orders in council, policies, directives and other legal obligations have been complied with.
9	The supporting documentation or electronic evidence is complete: <ul style="list-style-type: none"> a. Provides an audit trail as per the relevant procedural guidance. The supporting documentation or evidence can be paper based (e.g. obtained by mail), be electronic (e.g. obtained by e-mail or web page) or be system based (i.e. obtained from the FMS). It is considered valid if its origin can be determined. b. Demonstrates agreed price and other specifications; c. Demonstrates proof of the receipt of goods or services; and d. Demonstrates appropriate authorization according to the delegation of financial signing authorities.
10	There is written or electronic auditable evidence of verification that identifies the individual(s) that performed the account verification.
<p>Note: Steps 1 and 2 are procurement in nature and thus are usually performed outside the financial management group. The receipt and acceptance of deliverables is a critical part of the account verification process in support of the exercising of FAA Section 34. The receipt of deliverables involves the physical receipt of deliverables and either acceptance or rejection based on damage, quantity, or other criteria, as defined by the contract.</p>	

Account Verification Checklist

- 5.4 An account verification checklist that standardizes the performance of account verification across the DND/CAF must be used when a transaction is deemed to be high risk (based on the risk assessment table located at paragraph 5.16) or significant and reoccurring errors related to account verification are detected or as directed by the Regional Departmental Accounting Office (RDAO) Comptroller. As part of their mandate to publish Accounts Processing Standard Operating Procedures (SOPs), the Director Financial Systems Integration (DFSI) has published the SOP – “Procure to Payment”. Readers should refer to that document for the most up to date version of the Account Verification Checklist and for direction on when it should be used.

Transfer Payments

- 5.5 In the case of transfer payments, it is the RC Manager’s responsibility to ensure that the payee is eligible for or entitled to receive the payment and to ensure that all

transfer payments are processed in accordance with FAM Chapter 1016-1, Transfer Payments.

Other Payments

- 5.6 In the case of other payments, such as court judgments, claims, ex-gratia or accountable advances, certification pursuant to FAA Section 34 indicates that the payee is eligible for or entitled to the payment. This confirmation would include ensuring that the payee is appropriate, particularly in the case of an assignment of a supplier's debt (alternate payee).

Electronic Authentication and Authorization (EAA)/E-signatures

- 5.7 In an effort to make financial operations as effective and efficient as possible, ADM(Fin)/CFO has approved the use of secure electronic signatures (SES) on documents and forms for processes that involve a financial transaction. Secure e-signatures may be used to exercise expenditure initiation authority, FAA Section 32, FAA Section 34 and FAA Section 33 on departmental, central agency and/or locally produced forms and must comply with departmental financial procedures on the application of e-signatures referenced in this policy.
- 5.8 The use of e-signatures and e-approvals for delegated financial signing authorities in departmental systems and applications requires CFO review and approval prior to implementation in order to ensure that proper controls are in place to ensure the integrity, accuracy, completeness and security of the financial transactions being approved, including information technology general controls, roles and authorization and appropriate information management.

Segregation of Duties

- 5.9 The following functions are to be kept separate when responsibility is assigned to individuals involved in the expenditure management process:
- The exercising of contracting authority (transaction authority);
 - Confirmation of the receipt of goods, provision of services or entitlement to payment;
 - Certification of an account pursuant to FAA Section 34 (certification authority); and
 - Certification of requisitions for payment or settlement pursuant to FAA Section 33 (payment authority).

Note that paragraph 5.10 below includes limited exceptions to these requirements.

- 5.10 The following flexibilities are also available when responsibility is assigned to individuals involved in the expenditure management process:
- One individual may exercise contracting authority (transaction authority) and certify the associated invoices pursuant to FAA Section 34 (certification authority) provided that:

- The purchase is designated as low dollar (\$5,000 or less); and
 - The transaction is deemed low risk based on the risk assessment table located at paragraph 5.16; and
 - The same individual did not confirm the receipt of goods, provision of services or in the case of transfer payments, entitlement to payment.
 - One individual may confirm the receipt of goods and/or the provision of services and certify the account pursuant to FAA Section 34 (certification authority) provided that:
 - The transaction is deemed low risk based on the risk assessment table located at paragraph 5.16, and
 - The same individual did not exercise contracting authority (transaction authority).
- 5.11 Note that the exercising of expenditure initiation authority, the exercising of FAA Section 32 and the completion of the account verification (with the exception of confirm of the receipt of goods, provision of services or in the case of transfer payments, entitlement to payment) are not part of the segregation of duties provisions as included in this policy.
- 5.12 If circumstances do not allow such separations of duties as identified above, alternate control measures must be implemented and clearly documented. However, FAA Section 34 and FAA Section 33 can never be exercised by the same individual on the same transaction. In such circumstances, RC Managers must contact their Level One (L1) Comptroller (through the financial chain of command) to receive approval of these alternate control measures.

Special Considerations for Verification

- 5.13 RC Managers may request that individuals outside their chain of command perform all or part of the account verification on their behalf. In these circumstances, in order for the RC Managers to have assurance that the account verification will be carried out in accordance with this FAM Chapter, it is mandatory that the RC Managers ensure that individuals have the appropriate training to complete the account verification.

Certification and Risk Assessment

General

- 5.14 Although account verification is normally performed prior to payment, completing account verification after payment or interdepartmental settlement has been made is permitted in certain situations (e.g. settlement of monthly payment card account) provided that the transaction is deemed low risk based on the risk assessment tables located at paragraph 5.16.

Cursory Verification

5.15 At a minimum, the following cursory verification must be performed when an [account](#) has been deemed to be a low risk transaction:

- Confirm that the invoice is from an established supplier or payee with a consistent record of performance and where an established and continuing relationship exists;
- Confirm it is simple to obtain a refund from or to adjust a future payment to the supplier or payee; and
- Verify that the supplier or payee's invoice or claim does not appear to contain major inaccuracies.

The cursory verification must be completed prior to certification of the account pursuant to FAA Section 34.

Risk Assessment

5.16 To determine if a transaction can be processed under a cursory verification, the risk associated with that transaction must be assessed using the following criteria table:

For a transaction to be considered low risk, all three criteria must apply.	
<i>Criteria for Low Risk</i>	<i>Examples (not exhaustive list)</i>
Not sensitive in nature	<ul style="list-style-type: none"> • None of the highly sensitive criteria (see below) is met
No or little potential for financial loss	<ul style="list-style-type: none"> • Payment is to a reliable supplier where recovery, if required, will not be an issue
Not error prone	<ul style="list-style-type: none"> • The potential of error is low based on internal or external historical information
For a transaction to be considered high risk, at least one of the criteria must apply.	
<i>Criteria for High Risk</i>	<i>Examples (not exhaustive list)</i>
Highly sensitive	<ul style="list-style-type: none"> • Hospitality • Ex gratia payment • Payment subject to proactive disclosure • Claim against the Crown
Conference	<ul style="list-style-type: none"> • Attending non-domestic conference • All expenses related to organizing conferences
Payment non-recoverable	<ul style="list-style-type: none"> • Identified by FAA Section 34 delegated authority
Judgmental or subject to interpretation	<ul style="list-style-type: none"> • Complex policy applies to the transaction • Complex calculation of price • New program

National Defence – Assistant Deputy Minister (Finance)
Financial Administration Manual (FAM) Chapter 1016-3 Account Verification – FAA
Section 34

Capital project	<ul style="list-style-type: none">• Contract over \$25K
Non-competitive contract	<ul style="list-style-type: none">• Contract over \$25K
Dollar value	<ul style="list-style-type: none">• Greater than \$250K
Error prone	<ul style="list-style-type: none">• Over 5% based on error reports
Not low risk	<ul style="list-style-type: none">• Does not meet the three criteria to be considered low risk as per paragraph 5.15
Note: For the purposes of the assessment of risk, relocation claims are deemed to be low risk transactions.	

Account Certification – FAA Section 34

- 5.17 Certification authority is exercised when an RC Manager or other delegated individual digitally approves or signs an electronic or hardcopy invoice, form, interdepartmental settlement or other request for payment and reimbursement.
- 5.18 The FAA Section 34 certification can be form based (ink or e-signature), or be exercised via a CFO approved EAA system. If paper based the certification must be legible and appear by the written or electronic signature. Irrespective of the medium, the following must be included: name, position and date of the authorization and the inscription: "CERTIFIED AS PER SECTION 34 OF THE FAA".
- 5.19 When low risk transactions are certified after a cursory verification, the inscription: "CERTIFIED AS PER SECTION 34 OF THE FAA AFTER UNDERGOING A CURSORY VERIFICATION" must be used. RC Managers will be held accountable for ensuring that the complete Account Verification Process is performed within 30 days of the payment unless otherwise authorized by DFP based on justification provided by the RC Manager's L1 Comptroller.

Delivery Terms Other Than at a DND Establishment

- 5.20 When acquiring goods from an international vendor, the delivery terms of the contract may specify a place of delivery other than at a DND/CAF establishment. In such cases, RC Managers may only certify FAA Section 34 upon receipt and inspection of the goods unless the account verification will be completed after the payment has been made in accordance with the cursory verification requirements at paragraph 5.15. The Payment on Due Date (PODD) will be calculated in accordance with paragraphs 5.25 to 5.29.

Payroll Related Transactions

- 5.21 There are additional account verification and certification requirements associated with the approval of military and civilian payroll transactions. Readers should refer to FAM Chapter 1023-1 Financial Management of Civilian Pay and FAM Chapter 1023-2 Financial Administration of Military Pay for additional information.

Receipt, Input and Certification of Invoices

- 5.22 An invoice can be paper based (e.g. obtained by mail or in person) or be electronic (e.g. obtained by e-mail, fax or by web page). An invoice is considered valid if the origin of the document can be determined. In the case of e-mail or web page, the RC Manager or a designated individual must print a copy for certification and for official file purposes unless the documents will be stored in an approved electronic repository.
- 5.23 It is important that RC Managers and FMS users be aware of and understand the difference between having access rights to the FMS with a profile to create documents and exercising certification authority. Certification authority is exercised by individuals holding positions delegated with this authority and designated to exercise it through valid Delegation of Authority (DoA) forms. Access to the FMS is provided to individuals by Comptrollers and RC Managers based on operational requirements.
- 5.24 Entering an invoice into the FMS or paying it by way of a payment card may only be done after the electronic or hard copy invoice has been certified pursuant to FAA Section 34. The FAA Section 34 certification, signature block and written or electronic signature may be recorded directly on the invoice or on an approved form. If recorded on a form (including an approved e-signature enabled form), appropriate details including the invoice number, date and suppliers name must be included.

Payment on Due Date and Early Payment Discounts

General

- 5.25 It is departmental policy that supplier invoices be paid on their due date. Where the standard 30-day payment term is used, the payment period starts the date that the invoice is received or the goods or services are accepted, whichever is later.
- 5.26 The standard 30-day payment term is not applicable in the following situations:
- The terms of payment under a contract are different from the 30-day standard, with the approval of the TB;
 - Processing regulatory agency approved fee schedules and payment terms, such as utility bills, that must be paid by a specific day each month;
 - Processing payments to employees (e.g. travel claim reimbursements) in accordance with relevant policy, collective agreement and/or legislation;
 - Processing rental payments for real property that are paid pursuant to the terms of the lease or rental agreement;
 - The terms of payment allow for demonstrable benefit to the Crown if paid earlier than the standard 30-days (see paragraph 5.27);
 - Processing interdepartmental settlements, in which case the due date is determined by the terms of the particular situation (i.e. the agreement between two departments).

Early Payment Discount

- 5.27 Payments in advance of the due date may only be made when:
- Discounts are offered as indicated on the supplier's invoice; and
 - It is more advantageous for the government after considering the cost of money for the earlier payment and any additional costs incurred to process an early payment.
- 5.28 To determine if a particular discount is advantageous to the government, the discount less any additional costs to process an early payment must equal or exceed the PODD rate (Bank of Canada average discount rate from the previous month plus 3%).
- 5.29 Where the decision is made to accept an early payment discount, RC Managers must ensure that steps are taken to process the payment by the specified early payment discount date.

Advance Payments

General

- 5.30 Advance payments are payments that are made before the completion of work, delivery of goods or rendering of services. They should only be made under exceptional circumstances such as when they are considered essential to achieving program objectives and must be authorized under the terms of the contract or agreement. Advance payments may not exceed the expected value of goods or services to be received in the current fiscal year.
- 5.31 It is recommended that progress payments or milestone payments be used in contracts and agreements instead of advance payments. RC Managers considering the use of advance payments should refer to section 3.1.3 of the [Procurement Administration Manual \(PAM\)](#) for more information.
- 5.32 RC Managers dealing with advance payments must ensure that they have in place an effective tracking system to monitor and reconcile advance payments against the receipt of goods or services and be in a position to initiate recovery of any excess advance payment amounts.
- 5.33 Advance payment clauses must adhere to the principles of Parliamentary control, the requirements of the FAA, the provisions of the appropriation acts and any other applicable instruments as follows:
- Advance payments must be a lawful charge against the appropriation;
 - Advance payments must not be made in one fiscal year for a contract that starts in the next fiscal year;
 - Advance payments made in any given fiscal year must relate to and must not exceed the value of work performed or goods or services reasonably expected to be undertaken or provided during that fiscal year;

- Funds must be spent in the fiscal year for which they are appropriated and must not be carried forward by means of advance payments;
- Advance payments for extraordinary start-up costs must relate to, and must not exceed, the actual start-up costs expected to be incurred by the contractor in the fiscal year in which the payment is made;
- Multi-year maintenance contracts must provide for at least one annual payment for each year of the contract;
- Multi-year licensing agreements must, to the extent possible, provide for at least one annual payment for each year of the contract; and
- Funds may not be carried over from one fiscal year to the next by transferring them to revolving funds or specified purpose accounts, or by voluntarily pre-paying for goods and/or services.

5.34 For any contract or agreement where the amount of the advance payment(s) in any given fiscal year exceeds the value of the goods or services expected to be received during that fiscal year or the work performed by a recipient during that fiscal year, immediate action must be taken to recover the excess. In such circumstances, an accounts receivable must be set up in accordance with FAM Chapter 1018-2, Accounting and Control of Accounts Receivable and Public Revenue.

5.35 Advance payments for grants, contributions and other transfer payments may be made where it is essential to the achievement of program objectives and must be provided for in the funding agreement in accordance with FAM Chapter 1016-1, Transfer Payments.

5.36 Prepayments are assets created by making payments in one accounting period where the economic benefits of the payments will not be realized until future accounting periods. Prepayments must be made in accordance with FAM Chapter 1020-3, Prepayments.

Special Instructions

Review of Expenditures

5.37 RC Managers are accountable for effectively and efficiently managing their resources and providing related deliverables in accordance with departmental policies and procedures. In order to ensure the accuracy of the FMS and to protect against erroneous charges, duplicate payments, missing charges and unauthorized or fraudulent charges, RC Managers must review and monitor their budgets on a regular basis, at a minimum, quarterly.

Year End Process

5.38 It is the policy of the Government of Canada to record liabilities to outside organizations and individuals as well as employees, CAF members and Other Government Departments (OGD) incurred up to and including 31 March in each fiscal year and to charge them to existing appropriations.

- 5.39 RC Managers must ensure that liabilities existing at the fiscal year-end for work performed, goods satisfactorily received, services satisfactorily rendered and other payable items are recorded as Payables at Year End (PAYE). As PAYEs represent a charge against an appropriation, they must undergo account verification and be certified pursuant to FAA Section 34 and 33 in accordance with departmental policies and procedures. RC Managers should refer to FAM Chapter 1021-1 Liabilities including PAYE, the annual year-end instructions and the DFSI Standard Operating Procedure – Payables at Year End.

Income Tax Withholdings, Remittance and Reporting

- 5.40 In accordance with the *Income Tax Act* (ITA), DND must issue a T1204, Government Service Contract Payments, for service contracts that total more than \$500 annually made to contractors/suppliers who are resident in Canada.
- 5.41 In support of T1204 reporting requirements, a listing of all vendors and the associated transaction information must be submitted to the Canada Revenue Agency (CRA) in accordance with SOP 1.01 T1204 Government Service Contract Payments.
- 5.42 In addition, DND must withhold 15% in respect of potential income tax owed by a vendor from payments made to non-resident vendors (individuals, partnerships, or corporations) for services provided by the non-resident vendor in Canada, as required by paragraph 153(1)(g) of the *Income Tax Act* and *Income Tax Regulation* 105. These income tax withholdings must be remitted and reported to the CRA on a T4A-NR. If these services are provided in Québec by a non-resident vendor, an additional 9% withholding tax must be withheld, remitted, and reported to Revenu Québec (RQ) on a Relevé 1 / RL-1 slip. An exception or reduction in withholding is available, but only if a waiver or reduction of the withholding amount has been obtained from CRA (and RQ as applicable) by the non-resident vendor and provided to DND.
- 5.43 The policy memo “Required Tax Withholding From Amounts Paid To Non-Residents Providing Services In Canada”, which can be found on the ADM(Fin) website at <http://cfo-dpf.mil.ca/en/policy-procedure/taxes.page>, provides additional information with regard to the non-resident income tax withholding and T4A-NR / RL-1 reporting requirements.

6. Roles and Responsibilities

Minister of National Defence

- 6.1 The Minister of National Defence (MND) is responsible for:
- Formally delegating certification authority in writing to positions as indicated in the DoA Instrument.

Assistant Deputy Minister (Finance)/Chief Financial Officer

- 6.2 The ADM(Fin)/CFO is responsible for:

- All responsibilities outlined in section 4.1 of the TB Directive on Delegation of Spending and Financial Authorities;
- Providing financial functional direction and guidance across the department on matters related to account verification and FAA Section 34 certification;
- Ensuring that individuals designated to exercise certification authority have the knowledge and skills required to exercise their delegated signing authority;
- Ensuring that certification authority is withdrawn or further restricted if it is determined that the authority is being abused or used improperly; and
- Establishing finance based training requirements related to the exercising of certification authority.

Level One Advisors

6.3 The L1 Advisors are responsible for:

- Ensuring compliance with the financial functional direction provided by the CFO over account verification and FAA Section 34 certification direction and practices;
- Ensuring that RC Managers review and monitor their budgets on a regular basis, at a minimum, quarterly;
- Ensuring compliance with procedures established by the DFSI;
- Ensuring that those designated in their organization to exercise certification authority have the knowledge and skills required to exercise their delegated signing authority; and
- Ensuring that certification authority delegated to a position within their organization is withdrawn or further restricted if it is determined that the delegated authority is being abused or used improperly by a designated incumbent, or if there is a requirement for greater control owing to changes in risk factors.

Level One Comptrollers

6.4 The L1 Comptrollers are responsible for:

- Ensuring that individuals designated to exercise certification authority have the knowledge and skills required to exercise their delegated signing authority;
- Ensuring that compliance with this policy is monitored within the L1 organization;
- Ensuring that all staff within their organization who are involved in the account verification and FAA Section 34 certification processes fully understand this policy;
- Ensuring that all processes and controls associated with account verification and FAA Section 34 certification are working effectively;
- Ensuring that the RDAO is advised if alternate control measures related to the segregation of duties (see paragraph 5.12) are approved;
- Ensuring that the RDAO is informed immediately if certification authority delegated to a position within their organization is withdrawn or further restricted; and
- Ensuring that the DoA information is correctly reflected in the FMS.

Director General Strategic Financial Governance

6.5 The Director General Strategic Financial Governance (DGSFG) is responsible for:

- Supporting the implementation and monitoring of compliance with this policy;
- Ensuring that this policy takes into consideration the unique situations and circumstances of the DND/CAF;
- Ensuring that business processes and procedures that adequately support account verification and certification processes are developed and promulgated;
- Ensuring that key controls and quality assurance programs related to account verification and FAA Section 34 certification are reviewed and recommendations made based on the results; and
- Ensuring that the departmental FMS adequately support the account verification and FAA Section 34 certification processes.

Director General Financial Operations and Services

6.6 The Director General Financial Operations and Services (DGFOS) is responsible for:

- Ensuring that compulsory functional direction and guidance is provided to the RDAOs in support of account verification and FAA Section 34 certification processes; and
- Ensuring that departmental compliance with this policy is monitored.

Director Financial Policy

6.7 The Director Financial Policy (DFP) is responsible for:

- Developing and promulgating policies on account verification and FAA Section 34 certification;
- Reviewing procedures on account verification and FAA Section 34 certification processes to ensure that they adhere to all financial legislation, TB FM policy instruments (including mandatory guidelines) and DND FM policies; and
- Providing policy interpretation and clarification assistance on account verification and certification policy matters.

Director Financial Systems Integration

6.8 The DFSI is responsible for:

- Developing and issuing mandatory procedures in compliance with this policy that standardize how account verification and FAA Section 34 certification activities are performed across the DND/CAF;
- Assisting the Business Process Owner with the development and design of financial business processes through transformation activities as required; and
- Defining what constitutes appropriate auditable evidence in support of the completion of account verification and FAA Section 34 certification.

Director Financial Controls

6.9 The Director Financial Controls (DFC) is responsible for:

- Assessing quality assurance programs and making recommendations based on the results of the assessments;
- Assessing the effectiveness of key controls related to account verification and FAA Section 34 certification and making recommendations based on the results of the assessments;
- Reporting on the status of the assessments and completing the annual summary for inclusion as an Annex to the departmental financial statements; and
- Tracking and reporting on the status of remediation action plans.

Director Financial Operations

6.10 The Director Financial Operations (DFO) is responsible for:

- Ensuring that compulsory functional direction and guidance is provided department wide to support the implementation of this policy; and
- Ensuring that RDAO compliance with this policy and related procedures is monitored.

Corporate Departmental Accounting Office

6.11 The Corporate Departmental Accounting Office (CDAO) is responsible for:

- Providing functional direction and guidance to RDAO Comptrollers in support of account verification and FAA Section 34 certification processes; and
- Monitoring the processing of financial transactions through the National Post Payment Verification (PPV) Program to ensure compliance with financial policy.

Regional Departmental Accounting Office Comptroller

6.12 The RDAO Comptrollers are responsible for:

- Ensuring that this policy is fully implemented for their region;
- Ensuring that periodic reviews (i.e. PPVs and expenditure management reviews) are performed to ascertain that the account verification and FAA Section 34 certification frameworks of RC Managers are functioning properly; and
- Ensuring that all individuals exercising certification authority have a valid DoA form.

Responsibility Centre Managers

6.13 The RC Managers are responsible for:

- Ensuring that account verification and FAA Section 34 certification processes are carried out in accordance with this policy instrument;

- Ensuring that control mechanisms to ensure compliance with this policy are implemented;
- Ensuring that all staff involved in account verification and certification processes understand and comply with this policy and related procedures;
- Ensuring that all staff required to exercise certification authority have the appropriate DoA form duly completed and signed;
- Ensuring that training in respect of FAA Section 34 certification is completed by staff prior to receiving the appropriate DoA; and
- Ensuring that the DoA information is correctly reflected in the FMS.

7. Consequences of Non-Compliance

- 7.1 Under the TB Policy on Financial Management, the Deputy Minister (DM) is responsible for investigating and acting when significant issues regarding policy compliance arise, and ensuring that appropriate remedial action is taken to address such issues within DND/CAF. The TB Framework for the Management of Compliance provides guidance on the considerations for determining the possible mix of consequences, which include the impact of the non-compliance, whether there has been a history of non-compliance, was there intent and other circumstances.
- 7.2 To support the DM's responsibility under the TB Policy on Financial Management, the ADM(FIN)/CFO or in the case of a member of the CAF, the military chain of command at the ADM(FIN)/CFO's direction, must ensure corrective actions are taken to address instances of non-compliance with this policy. Corrective actions can include a requirement for additional training, changes to procedures or systems, removal or suspension of delegated financial authorities on a temporary or permanent basis, disciplinary action or other measures as appropriate.

8. References

8.1 Legislation

[Financial Administration Act](#)

8.2 Treasury Board and Central Agency FM Policy Instruments

[TB Policy on Financial Management](#)

[TB Directive on Delegation of Spending and Financial Authorities](#)

[TB Guide to Delegating and Applying Spending and Financial Authorities](#)

8.3 DND/CAF FM Policies

[FAM Chapter 1014-4-1 Control of Financial Signing Authorities](#)

[FAM Chapter 1016-2 Expenditure Initiation and Commitment Control - FAA Section 32](#)

[FAM Chapter 1016-1 Transfer Payments](#)

[FAM Chapter 1020-3 Prepayments](#)

[Delegation of Authorities for Financial Administration for the DND and the CAF](#)

8.4 DND/CAF FM Guides, Forms and Other Tools

[DAOD 6002-8, Electronic Authentication and Authorization](#)

9. Enquiries

- 9.1 Questions on policy interpretation and clarification are to be addressed to the appropriate Comptroller.
- 9.2 If the local Comptroller requires assistance, the question will be escalated through the financial chain of command.
- 9.3 If the L1 Comptroller needs guidance on the matter(s) raised, the L1 Comptroller may contact the CDAO.
- 9.4 If the CDAO needs guidance on the matter(s) raised, they may contact DFP.

Appendix A – Definitions and Acronyms

Definitions

Account (Compte) is a request for payments from an external party, DND employee or a CAF member. Examples include an invoice, interdepartmental settlements and a request for payment and reimbursement such as a travel expense claim.

Certification authority (pouvoir d'attestation)

The authority, according to section 34 of the Financial Administration Act, to certify contract performance and price, entitlement or eligibility of the payment.

Electronic Authentication (authentification électronique) is the process by which an individual (a person, an organization or device) is verified as a unique and legitimate use.

Electronic authorization (autorisation électronique) is the process by which an authenticated user is granted the capability to render electronic approvals and discharge those authorities in electronic financial transactions.

Financial Management System (Système de gestion financière) is any combination of business processes (end-to-end, automated and manual), procedures, controls, data and software applications, all of which are categorized as either a departmental financial and materiel management system or program system or central system that produces financial information and related non-financial information. DND's departmental FMS includes DRMIS and would also include any future replacement of DRMIS.

Other Payment (autres paiement) is a payment based on legislation or an arrangement, which normally includes a formula or schedule as one element used to determine the amount.

Transfer Payment (*paiement de transfert*) is the transfer of money and/or goods or services from the Government or a Department to an individual or organization, for which the Government or the Department does not receive any goods or services directly in return, or expect a financial return. These include grants or contributions.

Acronyms

ADM – Assistant Deputy Minister

ADM(Fin)/CFO – Assistant Deputy Minister (Finance)/Chief Financial Officer

CAF – Canadian Armed Forces

CDAO – Corporate Departmental Accounting Office

CFO – Chief Financial Officer

CRA – Canada Revenue Agency

DFC – Director Financial Controls

DFO – Director Financial Operations

DFP – Director Financial Policy

DFSI – Director Financial Systems Integration

DGFOS – Director General Financial Operations and Services

DGSFG – Director General Strategic Financial Governance

DM – Deputy Minister

DND – Department of National Defence

DoA – Delegation of Authority

DRMIS – Defence Resource Management Information System

EAA – Electronic Authentication and Authorization

FAA – *Financial Administration Act*

FAM – Financial Administration Manual

FM – Financial Management

FMS – Financial Management System

ITA – *Income Tax Act*

L1 – Level One

MND – Minister of National Defence

OGD – Other Government Department

PAYE – Payables at Year End

PODD – Payment on Due Date

PST – Provincial Sales Tax

RC – Responsibility Centre

RDAO – Regional Departmental Accounting Office

RQ – Revenu Québec

SOP – Standard Operating Procedure

TB – Treasury Board