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1. Effective Date

- 1.1 This policy is effective on **11 April 2019**.
- 1.2 This policy replaces all previous Department of National Defence (DND)/Canadian Armed Forces (CAF) financial management (FM) policy instruments related to civilian pay:
 - Financial Administration Manual (FAM) Chapter 1023-1 – Financial Administration of Civilian Pay dated December 2006;
 - FAM Chapter 1023-1-2 – Emergency Salary Advances – Civilian Employees dated August 2009; and
 - FAM Chapter 1023-1-3 – Garnishment of Pay – Civilian Employees dated January 2005.
- 1.3 The policy was approved by the Assistant Deputy Minister (Finance) (ADM(Fin)) on **11 April 2019**.

2. Application

- 2.1 This policy applies to all payments of civilian pay, benefits and allowances paid for or reimbursed using DND funds.

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 an end-to-end pay process that maintains sound stewardship of financial resources. Financial authorities should be exercised in a cost-effective and efficient manner while maintaining the required level of control as detailed in this policy instrument.
- 3.2 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.
- 3.3 The Treasury Board (TB) Guideline on Financial Management of Pay Administration and TB Guide to Delegating and Applying Spending and Financial Authorities requires: the application of financial controls for pay-related expenditures; the implementation and management of payroll accounting and financial policies; and the establishment of management practices and controls to ensure compliance with Sections 32, 33, and 34 of the *Financial Administration Act* (FAA) and TB policy instruments. 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 these guidelines. This policy is required to outline and explain the DND civilian payroll direction and practices in these circumstances and intends to complement the information found in the TB policy instruments.

3.4 Accordingly, this policy must be applied in conjunction with and after reading the following:

- TB Guideline on Financial Management of Pay Administration; and
- TB Guide to Delegating and Applying Spending and Financial Authorities.

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 civilian pay expenditures and outline their roles and responsibilities; and
- Provide direction on the DND/CAF FM policies and practices for civilian pay that are not addressed in the TB Guideline on Financial Management of Pay Administration and TB Guide to Delegating and Applying Spending and Financial Authorities.

4.2 The expected results of implementing this policy are:

- Effective governance and oversight over DND/CAF civilian pay expenditures;
- Effective internal controls over DND/CAF civilian pay expenditures; and
- Key DND/CAF stakeholders are aware of and understand their roles and responsibilities with respect to civilian pay expenditures.

5. Requirements

5.1 The pay administration process is divided into three sub-processes pre-payroll, payroll and post-payroll. The pre-payroll sub-process is completed prior to payment and includes the initiation of payroll transactions, recording of commitments and the verification and certification of pay related actions. The payroll sub-process includes the completion of pre-payment quality assurance review, the exercising of payment authority and the issuance of payments to the employees. The post-payroll sub-process includes the post payment review of payroll transactions and ends with the confirmation that transactions have been accurately posted in DRMIS.

Pre-payroll

General

5.2 The purpose of the pre-payroll sub-process is to ensure that spending and financial authorities are properly exercised on pay-related actions. Policy related to the verification of unencumbered balances and recording of commitments (FAA Section 32), the application of expenditure initiation authority and the certification and verification of pay related actions (FAA Section 34) is set out in Section 4.1 of the Guideline on Financial Management of Pay Administration. The following sections explain the additional pre-payroll policy that is applicable to DND and the CAF.

Electronic Authentication and Authorization (EAA)/e-signatures

- 5.3 With the ongoing advancement of EAA/e-signature technologies and the importance of making financial operations as effective and efficient as possible, the DND/CAF is moving towards the implementation of EAA/e-signature systems that support the processing of financial transactions. EAA/e-signature systems that process financial transactions must be formally reviewed by the Chief Financial Officer (CFO) prior to their implementation. The DND/CAF E-Approvals Departmental Framework and Implementation Guide confirms the process that must be followed before an EAA system that processes financial transactions can be implemented.

Auditable Evidence – Expenditure Initiation & Commitment Authority

- 5.4 Although a signature on a signature block is not required when expenditure initiation authority and commitment authority are exercised, it is mandatory that auditable evidence be available that demonstrates that the authorities were exercised. The auditable evidence may take the form of printed documents (e.g. an email or a departmental form and may be signed electronically or in ink) or be electronic if it is processed through an EAA system. Note that expenditure initiation authority and FAA Section 32 may be exercised simultaneously i.e. the same document may demonstrate the exercising of both authorities.

Update Salary Forecasts

- 5.5 The TB Guideline on Financial Management of Pay Administration states that Responsibility Centre (RC) Managers are accountable for ensuring that salary forecasts (i.e. commitments) are maintained and are up-to-date. Financial priorities of the Department may change as a result of unexpected events and senior managers must be able to assess the availability of funds by reviewing the free balance that could be used to address changing priorities. The Salary Forecasting Tool (SFT) allows users to create and continuously update a salary forecast and project salary expenses for a full fiscal year. Use of the SFT is mandatory in DND and salary forecasts must include costs related to both pay and allowances and be reviewed and reconciled on a regular basis.

Certification of Pay-Related Actions – FAA Section 34

- 5.6 In the context of pay administration, FAA Section 34 is exercised when an RC Manager or other delegated individual digitally approves or signs a pay related document such as a letter of offer, a timesheet or vacation pay cash-out.
- 5.7 By exercising FAA Section 34 the delegated individual is certifying that the payroll transactions are in accordance with the relevant orders in council, court orders, tribunal orders, policies, legislation including the *Income Tax Act* (ITA), provincial or territorial income tax legislation, Canada Pension Plan (CPP), Employment Insurance (EI) legislation and that the work has been performed and that the amount is reasonable.
- 5.8 The FAA Section 34 certification can be paper based (ink or e-signature), or exercised via an approved EAA system (e.g. e-Staffing, extra duty pay or

timesheets). If paper based, it must be legible, appear by the written or electronic signature and include the date, initials, and surname of the person certifying the payment and the inscription: “CERTIFIED AS PER SECTION 34 OF THE FAA”.

Verification of Pay-Related Actions – FAA Section 34

- 5.9 In the context of pay administration, FAA Section 34 account verification is a multi-step process and is completed on both a pre-payment and post payment basis:
- Step one, which is completed by departmental HR officers and RC Managers, includes the validation of pay related actions to ensure evidence of authorization by delegated authorities and account verification, i.e. that they were both accurately completed, supported by the appropriate documentation (e.g. timesheets, letters of offer and other departmental forms) and are in accordance with court orders, tribunal orders, legislation, policies, procedures and relevant contract terms prior to entering them into the Human Resources Management System (HRMS) or Phoenix. The cross referencing of information between HRMS and Phoenix, peer reviews, system error messages and other tools should be used in order to confirm the accuracy of pay-related actions. Auditable evidence must be retained that confirms the completion of account verification.
 - Step two, which is completed by the Public Services and Procurement Canada (PSPC) Pay Centre relies primarily on configured controls in Phoenix for mandatory fields and edit checks to confirm the appropriateness of employee entitlement, correct application of collective agreements, legislation and regulations, and accuracy of the transactions and calculation. Pay Centre compensation officers are delegated FAA Section 34 for the purposes of account verification in order to validate the accuracy of payroll transactions submitted by departments.

Payroll Documentation

- 5.10 Payroll documentation can be paper based or from an approved EAA/e-signature system. A document is considered valid if the origin of the document can be proved. In the case of documents received by email, the RC Manager or a designated individual must print a copy for certification and for official file purposes. An RC Manager or designated individual should only accept scanned and emailed documents if the e-mail originates from an official e-mail address or one that has been verified.

Payroll

General

- 5.11 The purpose of the payroll sub-process is to exercise payment authority under FAA Section 33 on pay related transactions. The payroll process begins when a request for payment authority is received from PSPC. This process continues with a pre-payment quality assurance review and the exercising of payment authority, and concludes with the issuance of payments to the employees. Policy related to the payment and settlement process (FAA Section 33) is set out in Section 4.2 of the TB

Guideline on Financial Management of Pay Administration. The following sections explain the additional payroll policy that is applicable to DND and the CAF.

Payment and Settlement Process – FAA Section 33

- 5.12 All payments and interdepartmental settlements related to civilian pay must be certified pursuant to Section 33 of the FAA. The payment and settlement process provides quality assurance of the adequacy of the FAA Section 34 account verification process. The Assistant Deputy Minister (Human Resources - Civilian) (ADM(HR-Civ)) Quality Assurance (QA) staff is responsible for ensuring that there is auditable evidence demonstrating that the departmental portion of account verification has taken place (using a risked-based approach) including the identification of individuals who performed the account verification, and ensuring that transactions have been certified by an individual with delegated authority, pursuant to FAA Section 34.

Pre-Payment Verification (Quality Assurance)

- 5.13 The pre-payment quality assurance review requires that QA staff perform a risk-based cursory review before payment authority is exercised. This includes a review of transactions that exceed a certain threshold, a focused review of certain types of pay transactions and a review of overall pay amounts. The review must be detailed enough to ensure that there are no significant errors while taking into account the time that is available prior to system driven approval dates.

Certification pursuant to FAA Section 33

- 5.14 Once the ADM(HR-Civ) Pay and Benefits Officers are satisfied that all the requirements have been met, the payment requisitions are certified pursuant to FAA Section 33 either electronically directly in Phoenix or in the case of one-time payments processed through DRMIS, directly on the supporting documentation. In the latter case, the certification must be legible, appear by the written signature and include the date, initials, surname and position of the person certifying the payment and the inscription: "CERTIFIED AS PER SECTION 33 OF THE FAA". The supporting documents must be retained on file for a minimum of six fiscal years from the end of the fiscal year that the records relate.

Post-payroll

General

- 5.15 The purpose of the post-payroll sub-process is to complete the pay administration and ensure that transactions are accurately posted in DRMIS. Policy related to completion of the account verification process (FAA Section 34) and quality assurance (FAA Section 33) is set out in Section 4.3 of the TB Guideline on Financial Management of Pay Administration. The following sections explain the additional post-payroll policy that is applicable to DND and the CAF.

Data Analytics & Quality Assurance

- 5.16 Data analytics must be performed on payroll data in order to identify any potential issues or areas of concern.
- 5.17 The quality assurance conducted on a post-payment basis is the final component of the FAA Section 33 payment and settlement process and requires that ADM(HR-Civ) QA staff perform a risk-based review of payroll transactions. This review requires that a sample of payroll transactions be selected on a quarterly basis based on a statistical sampling methodology in order to review the most important aspects of each transaction. ADM(HR-Civ) is responsible for determining what constitutes the most important aspects, for the process and the schedule of the reviews. The sample shall be of a sufficient size to demonstrate the overall adequacy and reliability of the account verification process.

Completion of Account Verification

- 5.18 In the context of pay administration, FAA Section 34 account verification is a multi-step process and must be performed on all civilian payroll transactions during both pre-payroll and post-payroll activities.
- 5.19 The completion of account verification requires that RC Managers review posted pay transactions on a regular basis, use the SFT to compare them to salary forecasts in order to ensure that the charges correspond to the correct employee and time period, and that the correct financial coding was charged. Deviations from forecasted amounts should be reviewed and any follow-up action should be completed with department HR officers and/or the Pay Centre as appropriate. The review and analysis must be documented in order to satisfy the auditable evidence requirements associated with FAA Section 34 pre-payroll and post-payroll activities.

Income Tax, CPP and EI Withholdings

- 5.20 Income tax, CPP and EI withholdings from an employee's pay must be remitted to the appropriate taxation authority. The correct income tax status of an entitlement is required for income tax compliance and ensuring that DND makes payment to the correct payee (i.e. the employee or to the tax authority). Furthermore, cash and non-cash employment benefits can have income tax consequences and may require DND, for payments not processed through Phoenix, to make withholdings against an employee's pay for remittance (payment) to the appropriate tax authority.
- 5.21 DND must issue manual tax slips in cases where Phoenix is unable to record and report employment income. For example, certain taxable benefits or allowances (e.g. cash awards) are processed through DRMIS or are received as a non-cash benefit (e.g. employee parking provided below fair market value) that can't be recorded and reported in Phoenix.

Year End Process

- 5.22 It is the policy of the Government of Canada to record liabilities to outside organizations and individuals incurred up to and including 31 March in each fiscal year and to charge them to existing appropriations.
- 5.23 Compensation owed for work performed up to and including 31 March such as regular salaries, overtime, unused compensatory leave, extra duty, shift work, performance management pay, or unused vacation leave in excess of carry-over provisions stipulated in collective agreements, should be recorded as payables with a charge to the existing appropriations. RC Managers must refer to the annual year-end instructions.

Emergency Salary Advance (ESA)

- 5.24 ESAs are payments made to employees as a result of significant mistakes or delays in the processing of basic pay. They are considered payment for services rendered and may be issued on initial appointment, on return to work following leave without pay or as a result of any other salary interruption when the salary payment covering the entitlement for first pay period is not available by the end of the following pay period. The RC Manager is responsible for determining if an ESA should be issued and for submitting a request for an ESA through the Human Resource Services and Support portal. The Pay Centre determines the amount of the ESA based on the employee's pay account in Phoenix and prepares a Requisition for Payment and forwards it to the Department for processing. Unless an employee requests immediate recovery, ESAs may not be recovered until an employee's pay file is reconciled, namely, the employee's pay problems have been resolved and the employee has received their correct pay for three consecutive pay periods and a recovery agreement has been established with the employee. The TB Directive on Terms and Conditions of Employment and ADM(HR-Civ)'s Compensation and Benefits pay procedures provide additional information on the processing of ESAs.

Priority Payments on Non-Basic Pay

- 5.25 Priority Payments on Non-Basic Pay are payments made to employees as a result of significant delays in processing of items such as acting pay, allowances, overtime, extra duty pay and salary increases related to a promotion or pay increment. Priority payment requests are initiated by employees and the payments may provide up to 66 percent of the gross amount owed.

Garnishment of Pay

- 5.26 Acts such as the *Garnishment, Attachment and Pension Diversion Act* and the *Family Orders and Agreements Enforcement Assistance Act* permits creditors and others to receive, through the garnishment of salaries, amounts owed to them. Garnishment requests from the Department of Justice and notice of set-offs from the Canada Revenue Agency are forwarded to the Pay Centre for action. The Pay Centre processes the set-offs internally and forwards the garnishment requests to departments and agencies for payment action. Within DND, the ADM(HR-Civ) Comptroller is responsible for completing the necessary account verification, account

certification and for processing garnishment payments to third parties. The Pay Centre's Managers/Human Resources - Reference Material and ADM(HR-Civ)'s civilian pay procedures provide additional information on the processing of garnishments.

6. Roles and Responsibilities

Deputy Minister

6.1 The Deputy Minister (DM) is responsible for:

- Taking corrective actions in instances of non-compliance with those responsible for implementing the requirements of this policy instrument.

Assistant Deputy Minister (Finance)/Chief Financial Officer

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

- The responsibilities outlined in Appendix E: Definitions of the TB Guideline on Financial Management of Pay Administration and section 4.4 of the TB Guide to Delegating and Applying Spending and Financial Authorities;
- Reviewing and approving FAA Section 33 quality assurance sampling plans that have been developed by ADM(HR-Civ) for conducting their quality assurance and verification responsibilities;
- Determining the extent of the account verification pursuant to FAA Section 34 performed by Human Resource Officers (HROs) and RC Managers and the quality assurance (prepayment & post-payment verification) pursuant to FAA Section 33 performed by departmental Pay and Benefits Officers;
- Establishing and maintaining management practices and controls within DND/CAF to ensure adequate recordkeeping to meet the requirements of the ITA, CPP, EI and provincial/territorial income tax legislation, pension legislation and collective bargaining agreements with respect to employment income, including taxable benefits and allowances paid or provided to DND employees in the tax year;
- Determining training requirements related to the exercising of spending and financial authorities; and
- Ensuring that corrective actions are taken to address instances on non-compliance with this policy by a civilian, or in the case of a CAF member, notifying the military chain of command that corrective actions must be taken.

Assistant Deputy Minister (Human Resources - Civilian)

6.3 The ADM(HR-Civ) is responsible for:

- Providing direction and guidance across the department on matters related to the administration of civilian pay as set out by CFO;
- In the case of all civilian pay, including benefits and allowances, supporting the implementation of this policy in conjunction with PSPC by:

- Ensuring that adequate processes, procedures and information management solutions are in place to identify, record and report employment income that is paid to or received by DND employees;
- Requesting that DFP review the FM component of ADM(HR-Civ)'s civilian pay procedures, and incorporating DFP's observations, as appropriate, prior to pay procedure finalization;
- Adhering to the requirements of the ITA, and provincial or territorial income tax legislation for determining, recording and reporting the tax status of employment income;
- Ensuring that all payroll transactions are correctly valued, adequately documented and reported in accordance with the ITA, CPP, EI and provincial or territorial income tax legislation;
- Ensuring that applicable payroll deductions and withholdings are correctly applied and remitted to the appropriate tax authorities, and all required information returns filed on a timely basis;
- Ensuring relevant information that is received from RC Managers for any payroll transactions that are processed outside Phoenix is appropriately identified, recorded and reported as described in this policy; and
- Ensuring that manual tax slips are issued in cases where Phoenix is unable to record and report taxable payments of civilian pay, such as when the transactions are processed through DRMIS or are received as a non-cash benefit that cannot be recorded and reported in Phoenix;
- Preparing, approving and submitting (in accordance with article 5.17) the FAA Section 33 quality assurance sampling plans to the CFO for review and providing details of the results obtained from the quality assurance reviews;
- Processing garnishment payments to beneficiaries as directed by Court Orders;
- Conducting the monthly reconciliation of the Emergency Salary Advances and Priority Payments on Non-Basic Pay transactions posted to the corporate account;
- In keeping with the financial functional direction provided by the CFO:
 - Determining what constitutes appropriate auditable evidence for the purpose of expenditure initiation authority, FAA Section 32 and FAA Section 34 (including account verification);
 - Exercising FAA Section 33 Payment authority on all civilian payroll transactions including those processed through DRMIS;
 - Ensuring that no one person exercises both FAA Section 34 certification authority and FAA Section 33 payment authority with respect to a particular payment;
 - Ensuring that no one exercises FAA Section 34 certification authority or FAA Section 33 payment authority for an expenditure from which they can directly or indirectly benefit;
 - Confirming that Pay and Benefits Officers exercising FAA Section 33 payment authority have the proper training, experience and knowledge to carry out these duties;
 - Conducting the pre-payment portion of the FAA Section 33 Quality Assurance Program in order to confirm the accuracy of pay transactions and compliance with the FAA;
 - Ensuring that a risk-based post-payment review is completed of pay transactions employing both statistical sampling and data analytics

- techniques to identify potential issues, reviewing areas of specific concern and comparing actual pay against the salary forecast to detect exceptions; and
- Ensuring that all pay transactions selected for quality assurance based on a statistical sampling methodology are reviewed to ensure that the requirements of FAA Section 34 have been met.
 - Maintaining and updating the Trusted Source list of individuals and submitting the list to the Pay Centre on a weekly basis;
 - Providing PSPC with a list of individuals authorized to exercise FAA Section 34 on pay transactions, on a bi-weekly basis; and
 - Ensuring appropriate corrective actions are taken to address instances of non-compliance with the requirements of this policy instrument.

Level One Advisors

6.4 The Level One (L1) Advisors are responsible for:

- Ensuring compliance with the financial functional direction provided by the CFO over the control and processing of civilian pay transactions;
- Ensuring compliance with pay procedures established by ADM(HR-Civ);
- Ensuring compliance with ADM(HR-Civ)'s FAA Section 33 Quality Assurance Program in order to identify significant difficulties, gaps in performance or compliance issues and develop action plans to address any identified concerns or shortcomings;
- Ensuring that those designated to exercise spending and financial authorities have the knowledge and skills required to exercise their delegated signing authority; and
- Ensuring that spending and financial authorities delegated to a position within their organization are withdrawn or further restricted if it is determined that the delegated authorities are being abused or used improperly by a designated incumbent, or if there is a requirement for greater control owing to changes in risk factors.

Director General Strategic Financial Governance

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

- Ensuring that this policy takes into consideration the unique situations and circumstances of the DND/CAF where civilian pay expenditures need to be incurred that are not addressed in the TB Guideline on Financial Management of Pay Administration or TB Guide to Delegating and Applying Spending and Financial Authorities;
- Ensuring that the departmental financial systems adequately support the management of civilian pay expenditures, including forecasting and financial reporting;
- Ensuring that the FM component of ADM(HR-Civ)'s civilian pay procedures are reviewed prior to finalization to assess adherence to applicable legislative and financial policy instruments; and
- Ensuring that departmental compliance with this policy is monitored.

Director General Financial Operations and Services

- 6.6 The Director General Financial Operations and Services (DGFOS) is responsible for:
- Processing Priority Payments on Non-Basic Pay to employees including FAA Section 34 account certification and DRMIS input; and
 - Completing the monthly reconciliation of the Garnishment Account in support of the Trial Balance.

Director Financial Policy

- 6.7 The Director Financial Policy (DFP) is responsible for:
- Developing and promulgating policies on the financial management of civilian payroll transactions;
 - Reviewing the FM component of ADM(HR-Civ)'s civilian pay procedures prior to their finalization to assess adherence to applicable legislative and financial policy instruments; and
 - Providing policy interpretation and clarification assistance to the CFO, DCFO, L1 Comptrollers and ADM(HR-Civ).

Director Financial Systems Integration

- 6.8 The Director, Financial Systems Integration (DFSI) is responsible for:
- Creating and maintaining financial business process documentation associated with civilian pay for the purposes of business transformation as requested by Business Process Owners;
 - Assisting civilian pay Business Process Owners with the development and design of business process and remediation assistance through financial business process re-engineering and transformation activities when requested or required; and
 - Meeting with representatives of ADM(HR-Civ) and developing the finalized FM components of the procedures for integration in the departmental civilian pay procedures.

Director Financial Controls

- 6.9 The Director, Director Financial Controls (DFC) is responsible for:
- Assessing quality assurance programs owned and executed by civilian pay process owners and making recommendations based on the results of the assessments;
 - Assessing the effectiveness of key controls related to civilian pay and making recommendations based on the results of the assessments;
 - Reporting on the status of the assessments of the quality assurance programs and the effectiveness of key controls and completing the annual summary for inclusion as an Annex to the departmental financial statements; and

- Tracking and reporting the status of ongoing monitoring of Internal Controls over Financial management (ICFM) associated with civilian pay.

Human Resource Officer and Human Resource Assistant

- 6.10 The Human Resource Officers (HRO) and Human Resource (RHA) Assistants are responsible for:
- Validating and verifying pay-related actions in support of the completion of the account verification process (i.e. that pay related actions are valid, complete and accurate and in accordance with departmental policies, directives and orders-in-council and are supported by appropriate documentation); and
 - Ensuring that documents are provided to ADM(HR-Civ) in a timely basis in support of the FAA Section 33 Quality Assurance Program.

Trusted Source

- 6.11 The Trusted Source is responsible for:
- Authenticating the RC Manager's signature on documents transmitted to the Pay Centre such as the FAA Section 34 certification on the letter of offer; and
 - Ensuring that Pay Action Requests are complete and accurate (i.e. that all required supporting documentation has been obtained prior to sending the information to the Pay Centre).

Timekeeper

- 6.12 The Time Keeper is responsible for:
- Entering time and labour data on behalf of employees once the time and labour data have been approved pursuant to FAA Section 34; and
 - Approving time and labour data in Phoenix on behalf of managers, mainly for military managers who don't have access to Phoenix.

Responsibility Centre Managers

- 6.13 The RC Managers are responsible for:
- Ensuring that expenditure initiation authority, FAA Section 32 and FAA Section 34 are exercised on pay related actions in accordance with this policy instrument;
 - Completing the post-payroll review of pay transactions charged to their budgets on a regular basis to ensure that the amounts paid are accurate, correspond to the correct employee and correct time period and that the correct financial coding was charged;
 - Ensuring that salary forecasts and commitments are reviewed and updated on a regular basis to ensure they are accurate;
 - Ensuring that documents are provided to ADM(HR-Civ) on a timely basis in support of the FAA Section 33 Quality Assurance Program; and

- Ensuring relevant information for any pay transactions, including taxable benefits and allowances, that are processed outside the civilian pay system are appropriately identified and communicated to ADM(HR-Civ) as described in this policy.

7. Consequences of Non-Compliance

- 7.1 Under the TB Policy on Financial Management, the 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](#)
[Canadian Income Tax Act](#)
[Canadian Income Tax Regulations](#)
[Quebec Taxation Act](#)
[Quebec Tax Administration Act](#)
[Canada Pension Plan](#)
[Employment Insurance Act](#)

8.2 Treasury Board and Central Agency FM Policy Instruments

[TB Directive on Delegation of Spending and Financial Authorities](#)
[TB Directive on Terms and Conditions of Employment](#)
[TB Guide to Delegating and Applying Spending and Financial Authorities](#)
[TB Guideline on Financial Management of Pay Administration](#)
[Additional Flexibilities with regards to the recovery of overpayments, Emergency Salary Advances and priority payments](#)

8.3 DND/CAF FM Policies

[Delegation of Authorities for Financial Administration for the DND and the CAF FAM Chapter 1024-9, Taxable Benefits and Allowances](#)

[DAOD 6002-8, Electronic Authentication and Authorization](#)
[Policy Memo - Release of New Frequently Asked Questions on Recording and Reporting Taxable Benefits from Awards and Rewards](#)

8.4 **DND/CAF FM Guides, Forms and Other Tools**

[DND/CAF E-Approvals Departmental Framework](#)
[DND/CAF E-Approvals Implementation Guide](#)

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 Business Process Owner (provide Business Process Owner's position in the organization and name of the organization).
- 9.4 If the Business Process Owner needs guidance on the matter(s) raised, the Business Process Owner may contact DFP.

Appendix A – Definitions and Acronyms

Definitions

Commitment (*engagement*) is an obligation to make a payment as a result of an agreement made in good faith with other parties.

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.

Quality Assurance (*assurance de la qualité*) is the portion of the FAA Section 33 payment and settlement process where Pay and Benefits Officers confirm the adequacy of the account verification process through the completion of pre-payment and post payment verifications.

Unencumbered Balance (*solde inutilisé du crédit*) is the amount that is free of any claim against the appropriation.

Acronyms

ADM – Assistant Deputy Minister
ADM(Fin)/CFO – Assistant Deputy Minister (Finance)/Chief Financial Officer
ADM(HR-Civ) – Assistant Deputy Minister (Human Resources - Civilian)
CAF – Canadian Armed Forces
CDAO – Central Departmental Accounting Office
CFO – Chief Financial Officer
DAOD – Defence Administrative Order and Directive
DFC – Director Financial Controls
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
EAA – Electronic Authentication and Authorization
ESA – Emergency Salary Advance
FAA – *Financial Administration Act*
FAM – Financial Administration Manual
FM – Financial Management
HRA – Human Resource Assistant
HRMS – Human Resources Management System
HRO – Human Resources Officer
ITA – *Income Tax Act*
L1 – Level One
PAYE – Payables at Year End
PSPC – Public Services and Procurement Canada
QA – Quality Assurance
RC – Responsibility Centre
SFT – Salary Forecasting Tool
TB – Treasury Board