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Government of Canada Transformation of Pay Administration Initiative

Presentation to Financial Management Institute

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Public Works and
Government Services
Canada

Travaux publics et
Services gouvernementaux
Canada

Canada

Pay Transformation – Why Change?

Issues

Obsolete technology

Lack of integration with human resources systems

Increasingly difficult to meet policy and legislative requirements

Expectation for more self-service options

Need for streamlined and standardized business processes

High turnover and attrition of expertise in compensation

Transformation of Pay Administration Initiative (TPA)

Pay Modernization Project

Replace 40 year-old pay system with an available commercial off-the-shelf solution and business processes based on industry standard practices.

- Planning: October 2009 to November 2012
- Implementation: December 2012 to February 2016

Consolidation of Pay Services Project

Gradually consolidate pay services from departments and agencies to the Public Service Pay Centre leading to 550 Public Service jobs in Miramichi, New-Brunswick

- Planning: October 2009 to December 2011
- Implementation: December 2011 to December 2015

Overall Strategic Outcome

Long-term sustainability of the Government of Canada (GC) pay administration system and services. When fully implemented, the initiative will generate savings of up to \$78.1M per year.

New GC Pay Solution

Pay Modernization Project

- ✓ Replaces Regional Pay System (RPS) with a commercial-off-the-shelf pay solution : PeopleSoft Pay 9.1
 - Modern, widely-used technology solution based on industry standards.
 - Available for all departments currently paid by RPS.
 - Integration of new pay solution with the endorsed GC Human Resources Management System (HRMS) – PeopleSoft.
 - Self-service web capabilities (employees and managers).
 - More intuitive and responsive -- business processes embedded in automated workflows.

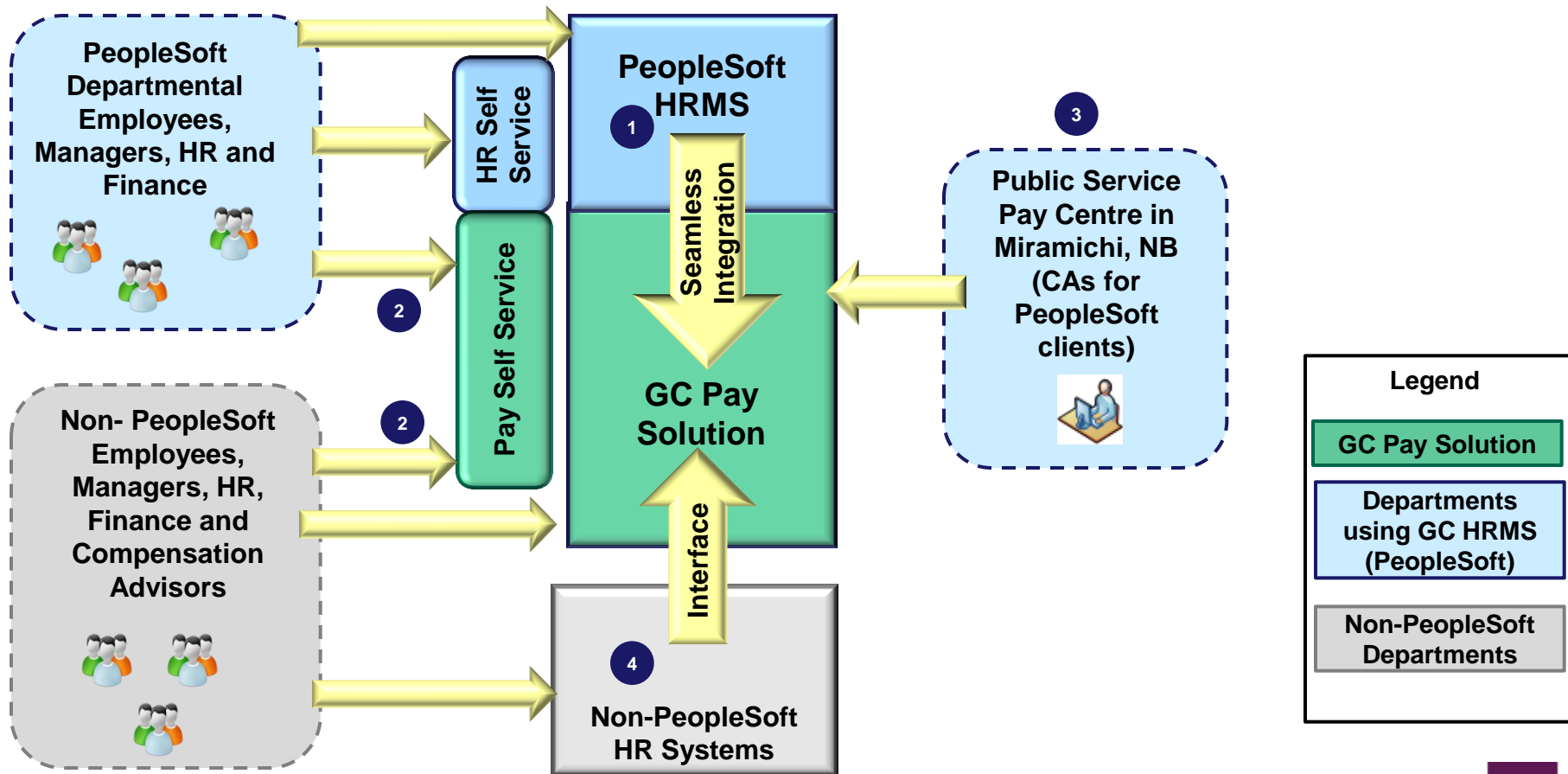
New Public Service Pay Centre

Consolidation of Pay Services Project

- ✓ Public Service Pay Centre in Miramichi, New Brunswick in March 2012 for departments using or planning to use PeopleSoft Human Resource.
- ✓ Gradual, measured and deliberate approach to transfer work from departments to the Pay Centre (Spring 2012 to 2015-16).
 - Hired 146 compensation employees for Wave 1 in 2012 (20,000 pay accounts).
 - Hiring 197 employees for Wave 2 in 2013 (40,000 accounts).
 - Hiring 207 employees for Wave 3 in 2015 (32,000 accounts).
- ✓ With full implementation of new GC Pay Solution in 2015-16, the Pay Centre will double its productivity and manage 184,000 pay accounts.
- ✓ Establishing partnerships with community colleges for training.
- ✓ Feasibility study to be undertaken with respect to consolidation of services from departments not currently using GC HRMS (PeopleSoft).

Future model

In 2016-17 - Target End-State Pay Administration Model

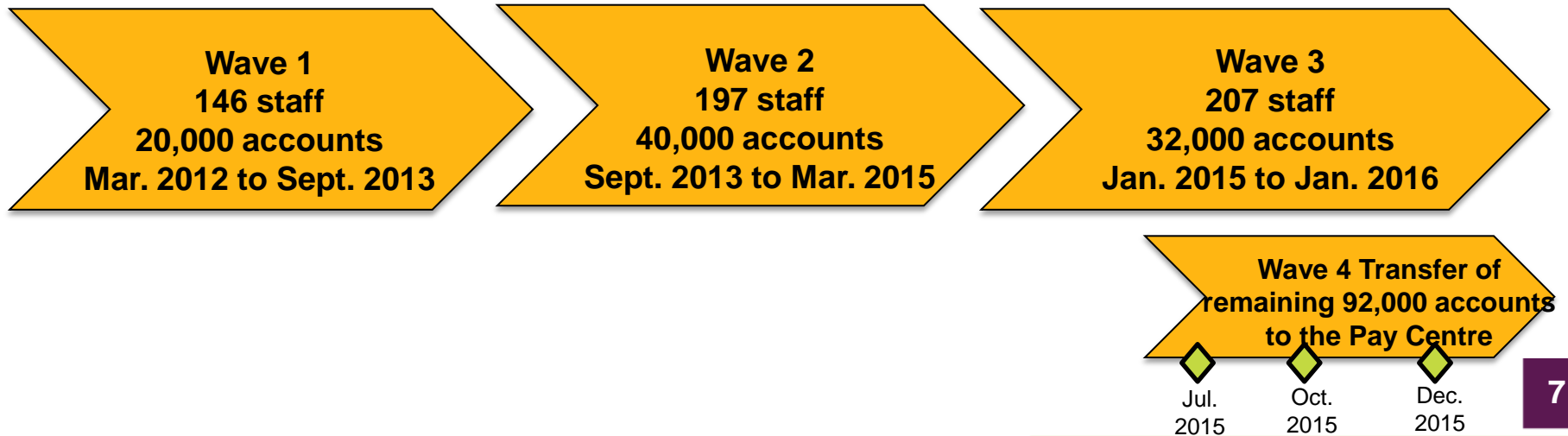


Implementation Schedule

Pay Modernization Project Phases (October 2009 to February 2016)



Consolidation of Pay Services Project (October 2009 to December 2015)



TPA Initiative – Savings from Efficiencies

Summary of Savings (annual, starting 2016-17)	Per Year
Savings from standardization and economies of scale – Consolidation of Pay Services Project	\$10.8M
Savings due to seamless integration between GC HRMS (PeopleSoft) and new GC Pay Solution – Pay Modernization Project	\$35.3M
Savings due to employee/manager self-service capabilities – Pay Modernization Project	\$17.6M
Savings from process changes and automated payroll calculations – Consolidation of Pay Services Project/ Pay Modernization Project	\$14.4M
TOTAL Savings from efficiencies for Treasury Board Secretariat (TBS) to harvest in 2016-17	\$78.1M

Funding and Savings

Earmarked efficiencies based on fall 2010 workforce demographic survey of compensation community:

- Survey identifies compensation resources in each department.
- Funding for resources earmarked – funding the Pay Centre and remaining are part of the \$78M savings.

Transfer of Funding and Savings:

- Transfer of funding to Public Works and Government Services Canada for operation of Pay Centre and remaining is included in the \$78M savings.
- TBS will be responsible for harvesting GC-wide annual efficiencies of \$78.1M starting in 2016-17, as identified in the approved 2009 Treasury Board submission.

Consolidation of Pay Services Project

– Funding Transfer Schedule

During each wave, majority of funds are provided from fiscal framework. It provides progressively less as each organization contributes more funding in proportion to accounts transferred to the Pay Centre. This continues until 100% of funds and accounts are permanently transferred to fund the Pay Centre.

Waves 1 and 2 over 18 months	Funding Source		Work Transferred
	By Project	By Organization	
Stage 1 (months 0-6)	80%	20%	20%
Stage 2 (months 7-12)	64%	36%	36%
Stage 3 (months 13-18)	48%	52%	52%
Stage 4 (month 19+)	0%	100%	100%

Note 1: In stage 1 of Waves 1, 2 and 3, funds are transferred at week 0 and work is transferred after 7 weeks of training.

Note 2: Wave 3 is 12 months due to implementation of new GC Pay Solution in 2015. Stage 1 is month 0-3; Stage 2 is month 4-7; Stage 3 is month 8-12; Stage 4 is 13+.

Pay Modernization Project and Consolidation of Pay Services Project – What's next ...

❑ Pay Modernization:

- Starting implementation – IBM System Integrator configuration of new pay system and detailed definition of business processes.
- Implementation in 3 stages by group of departments in 2015.

❑ Pay Consolidation:

- Continuing implementation of 12 Wave 1 departments – from 7,000 accounts currently to 20,000 by September 2013.
- Preparing implementation of 27 Wave 2 departments – starting gradual transfer of 40,000 in September 2013.
- Conduct a feasibility study for non-PeopleSoft departments.

What's next ... cont'd

Compensation Web – Extra Duty Pay self-service application:

- For all departments;
- Employees and managers to pre-approve and approve overtime request;
- Embedded business rules and controls; and
- Automated pay transactions being implemented in 2012-2013.

Performance Pay Calculator:

- New scenario tools;
- Evaluate performance pay entitlement pre-populated with Regional Pay System (RPS) pay information;
- Once approved, automatic transactions created;
- Being implemented for the next 2013 Pay Performance exercise; and
- Explore feasibility of developing an automated time summary tool.

Lessons Learned

Business case

- Involvement of Finance Branch early in the process and at key milestones;
- Validated with benchmarking, standards

Contract

- Detailed business and technical requirements;
- Negotiate, negotiate and negotiate with expert in procurement;
- Ceiling price and incentive; and
- Clarity on management of contingency.

Management of risks

- Grid 5X5;
- Categorization of risks; and
- Take risks.

Lessons Learned (cont'd)

Monitoring and Reporting

- Outcome performance framework;
- Earned Value; and
- Internal audits and external independent reviews.

Governance

- Senior Management Oversight, Risk Management Oversight, Stakeholders Steering Committee, Information Technology Advisory Committee, Regular Deputy Minister Briefings, Chief Information Officer Bureau briefings.

Sustainability over long projects : Believe!!!

- Senior management priority: involvement and interest;
- Timely decision-making;
- Sizing the right moment; and
- Team work with clear accountability.

Questions and Discussion

Appendices

Wave 1 Departments and Agencies

- Immigration and Refugee Board
- Public Safety Canada
 - Inspector General of the Canadian Security Intelligence Service
 - Commission for Public Complaints Against the RCMP
 - Office of the Correctional Investigator
 - RCMP External Review Committee
- Natural Resources Canada
 - Northern Pipeline Agency
- Aboriginal Affairs and Northern Development Canada
 - Canadian Northern Economic Development Agency
- Parole Board of Canada
- Royal Canadian Mounted Police

Wave 2 Departments and Agencies

- Canadian Heritage
 - Canadian Artists and Producers Professional Relations Tribunal
- Agriculture and Agri-Food Canada
 - Canadian Dairy Commission
 - Canadian Grain Commission
 - Farm Products Council of Canada
- Privy Council Office
 - Security Intelligence Review Committee
 - Commission of Inquiry into the Decline of Sockeye Salmon in the Fraser River)
 - Public Appointments Commission Secretariat
- Citizenship and Immigration Canada
- Environment Canada
 - National Round Table on the Environment and the Economy
 - Canadian Environmental Assessment Agency

- Health Canada
 - Patented Medicine Prices Review Board
 - Assisted Human Reproduction Agency of Canada
 - Hazardous Materials Information Review Commission
- Treasury Board of Canada Secretariat
- Parks Canada
- Canadian Food Inspection Agency
- Correctional Services Canada
- Foreign Affairs and International Trade Canada
- Public Health Agency of Canada
- Department of National Defence
- Canadian Radio-Television and Telecommunications Commission
- National Film Board of Canada

Wave 3 Departments and Agencies

- Canada Industrial Relations Board
- Canada School of Public Service
- Communications Security
- Copyright Board
- Department of Finance
- Department of Fisheries and Oceans
- Department of Human Resources and Skills Development
- Department of Industry

- Department of Justice
- Department of Public Works and Government Services
- Department of Veterans Affairs
- Federal Economic Development Agency for Southern Ontario
- Office of the Director of Public Prosecutions
- Passport Canada
- Public Service Commission
- Registry of the Competition Tribunal
- Veterans Appeal and Review Board