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Report of the
**Auditor General
of Canada**
to the House of Commons

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Chapter 4
Managing Horizontal Initiatives



Office of the Auditor General of Canada

The November 2005 Report of the Auditor General of Canada comprises Matters of Special Importance—2005, Main Points—Chapters 1 to 8, eight chapters, and appendices. The main table of contents is found at the end of this publication.

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Chapter

4

Managing Horizontal Initiatives

All of the audit work in this chapter was conducted in accordance with the standards for assurance engagements set by the Canadian Institute of Chartered Accountants. While the Office adopts these standards as the minimum requirement for our audits, we also draw upon the standards and practices of other disciplines.

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Managing Horizontal Initiatives

Main Points

What we examined

This audit looked at federal policies, government-wide guidance, and the role of central agencies in creating, co-ordinating, and overseeing initiatives that involve a number of organizations. We examined in more detail how the federal government approached three such initiatives—the Canadian Biotechnology Strategy, the National Homelessness Initiative, and the Vancouver Agreement (an urban development initiative).

We focussed on how the federal government managed and co-ordinated its efforts in these initiatives and what impact this had on their results. While we do not comment on the merits of the initiatives or the performance of other participating governments and organizations, we interviewed officials from these entities and benefited from their insights.

Why it's important

The federal government has recognized the need to deal with complex issues that cross jurisdictional boundaries and defy simple solutions. Some of these problems have multiple causes, have developed over a long period of time, and cannot be addressed by individual departments or governments. They require a response by a number of organizations, often through horizontal initiatives.

The federal government needs to find effective ways to manage such efforts across several federal organizations, while respecting the fundamental principles of ministerial responsibility. The efficient use of resources in delivering programs and services depends on integrated decision making across federal organizations. Moreover, when horizontal management is inadequate, the government is less likely to achieve the results it has promised to Canadians.

What we found

- Although there have been some recent improvements, much of the federal government's approach to horizontal initiatives is still on a case-by-case basis. Central agencies have not determined the kinds of circumstances that require a horizontal initiative and the kind of governance needed. They have not developed enough specialized tools for the governance, accountability, and co-ordination of federal

efforts in such initiatives and have made little progress in developing means of funding horizontal programs.

- Two of the three initiatives we examined made inadequate arrangements for governance and co-ordination. For example, the Canadian Biotechnology Strategy did not deal adequately with advice from external experts. Due to a lack of federal co-ordination, the National Homelessness Initiative did not benefit adequately from the available federal expertise on health and housing.
- There was little planning in any of the three initiatives for measuring and reporting on how federal organizations would contribute to the initiative as a whole. Most reporting has focussed on individual federal programs. As a result, Parliament does not have an overall picture of what the initiatives are achieving.
- We found a promising governance model in the Vancouver Agreement, where the provincial, municipal, and federal governments are working together to meet community needs. The approach was developed from the ground up and evolved from an unfunded initiative with an agreement to collaborate to one that is funded.

The government has responded. The Treasury Board of Canada Secretariat and the Privy Council Office's response, on behalf of the government and the federal organizations we audited, is included at the end of this Chapter. The government respects the spirit of our recommendations and recognizes the need for improvements in managing horizontal initiatives.

Introduction

Horizontal initiatives and the federal government

4.1 Given the federal nature of Canada, its diverse regional interests, and its size, federal organizations have to work well with each other and with other levels of government. In recent years, other factors have increased the need to work effectively:

- Communities expect more integrated program delivery.
- Governments have to deal with external factors, such as globalization, rapid technological change, and health and security risks.

4.2 The federal government has recognized the need to find effective ways to work on complex socio-economic issues that cross organizational or jurisdictional boundaries, defy simple solutions, typically have multiple causes, and have developed over a long time. Such problems cannot be addressed by individual departments or governments; they require a response by a number of departments, often through horizontal initiatives. In so doing, departments must respect the fundamental principles of ministerial accountability.

4.3 Two initiatives we examine in this chapter—the National Homelessness Initiative and the Vancouver Agreement—address such complex issues. The third initiative, the Canadian Biotechnology Strategy, has important implications for the economy, health, and the environment.

4.4 Lack of attention to managing horizontal initiatives is something no government can afford because it can

- reduce public service effectiveness if the expected collective results are not achieved,
- jeopardize the efficient use of resources, and
- increase the risk of program overlap and duplication.

4.5 A number of jurisdictions have addressed the need for horizontal co-ordination by creating organizational structures at the centre of government.

- In the United Kingdom, the government established co-ordinating units to foster “joined-up government” and monitor the progress of cross-government initiatives. The units have the

central authority to move forward on these initiatives, where necessary.

- In Australia, the federal government and the state of Queensland established units in central agencies to advise the Cabinet on the implementation status of horizontal and other key initiatives. They also advise the government agencies in charge of those initiatives on planning, and they ensure that horizontal co-ordination aspects are considered.
- In Alberta, the Cabinet established cross-ministry initiatives in 1997–98 to achieve a government-wide agenda and to work in an integrated way.

4.6 The Government of Canada is committed to managing horizontal issues effectively. In recent years, the Speech from the Throne has consistently identified such issues in the government's plans. Horizontal initiatives have also been a concern of parliamentary committees.

Three initiatives we examined

4.7 We looked at how the federal government provides for horizontal management and also examined three specific initiatives: the Canadian Biotechnolgy Strategy, the National Homelessness Initiative, and federal participation in the Vancouver Agreement. Exhibit 4.1 describes the funding and the federal organizations we examined for each initiative. Appendix A provides details on the major programs that are relevant to each initiative.

4.8 The Canadian Biotechnolgy Strategy. In 1998 the federal government announced the strategy to enhance the quality of life of Canadians—in the areas of health, safety, the environment, and social and economic development. The strategy aims to position Canada as a responsible world leader in biotechnolgy by

- modernizing the regulatory system,
- supporting cutting-edge research and development,
- increasing access to investment capital,
- strengthening Canada's intellectual capital,
- engaging Canadians directly in shaping relevant policies,
- creating highly qualified human resources, and
- updating patent laws.

4.9 The National Homelessness Initiative. In 1999, the federal government responded to the homelessness crisis by announcing funding for homelessness programs; this response is commonly known as the National Homelessness Initiative. This initiative aims to help

- homeless individuals become self-sufficient,
- communities strengthen their capacity to address the needs of their homeless population, and
- build a knowledge base about homelessness.

Exhibit 4.1 The three initiatives we examined

Initiative	Federal funding	Participants	Selected federal organizations we examined
Canadian Biotechnology Strategy	\$396 million (1998–99 to 2005–06)	Federal departments and agencies	Agriculture and Agri-Food Canada Canadian Food Inspection Agency Canadian Institutes of Health Research Environment Canada Fisheries and Oceans Canada Foreign Affairs Canada, and International Trade Canada Health Canada Industry Canada National Research Council Canada Natural Resources Canada Treasury Board Secretariat
National Homelessness Initiative	\$1.158 billion Phase 1: \$753 million (1999–2003) Phase 2: \$405 million (2003–06)	The federal government, other levels of government, and community partners	Canada Mortgage and Housing Corporation Health Canada ¹ Human Resources and Skills Development Canada Public Health Agency of Canada ¹ Public Works and Government Services Canada Treasury Board Secretariat
Vancouver Agreement	\$22 million (1999–2000 to 2004–05)	City of Vancouver, Province of British Columbia, and the federal government	Health Canada Human Resources and Skills Development Canada Privy Council Office (subsequently Infrastructure Canada ²) Public Health Agency of Canada Treasury Board Secretariat Western Economic Diversification Canada

¹Health Canada and the Public Health Agency of Canada did not receive funds under the National Homelessness Initiative.

²The Cities Secretariat was moved from the Privy Council Office to Infrastructure Canada during our audit.

4.10 Federal participation in the Vancouver Agreement. This initiative differs from the other two because it is both a tripartite and a horizontal initiative. It involves three levels of government—federal, provincial, and municipal. In 2000 they came together and signed an agreement to address urban decay in Vancouver’s downtown east side. For its first three years the agreement was unfunded. In 2003 funds were identified and announced but funding did not flow until 2004. In 2005 the agreement was renewed with the aim to

- create a healthy, safe, and sustainable community;
- promote economic and social development; and
- build community capacity and partnerships among the public, private, not-for-profit, and voluntary sectors.

4.11 Chapter 5 of this Report, Support to Cultural Industries, also looks at managing horizontal initiatives, in particular the need for effective governance.

Focus of the audit

4.12 The objectives of this audit were to

- determine, for the three initiatives we examined, whether federal organizations provided for governance, accountability, and co-ordination; the extent to which federal organizations used performance information to improve and learn; and the adequacy of the role of the central agencies; and
- assess, on a government-wide basis, the leadership, guidance, and support provided by the Treasury Board Secretariat. This also involved the Privy Council Office.

We focussed on the co-ordination function and its impact on results.

4.13 We did not audit all of the federal partners named in the public documents for the Canadian Biotechnology Strategy and the Vancouver Agreement because some organizations had little or no role. In examining the National Homelessness Initiative, we included Health Canada and the Public Health Agency of Canada because of the link between health and homelessness.

4.14 More information on the objective, scope, approach, and criteria can be found at the end of this Chapter in **About the Audit**.

Observations and Recommendations

4.15 The federal government is committed to working across organizational boundaries if necessary. Its *Guidance for Deputy Ministers* states that “the need to co-ordinate the responsibilities of several Ministers in order to take certain initiatives is now the rule rather than the exception.” The three initiatives we examined illustrate that there are many approaches to governance, co-ordination, accountability, and learning in horizontal initiatives. However, they also show that central agencies need to address some key barriers to managing horizontal initiatives.

Governance and co-ordination

Inadequate implementation of the governance structure for the Canadian Biotechnology Strategy

4.16 The government’s intentions for the Canadian Biotechnology Strategy, announced in 1998, were far reaching

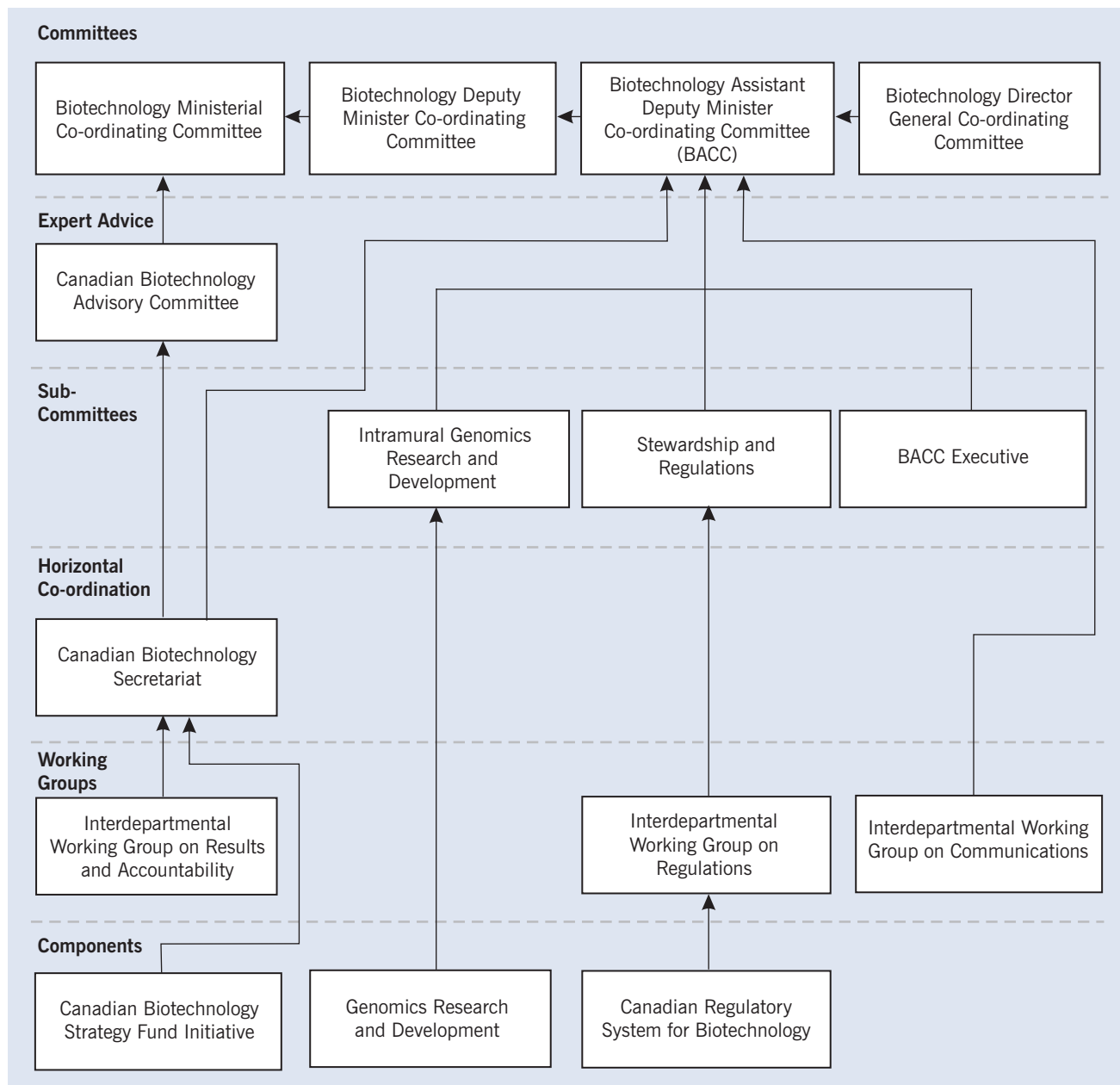
The strategy will ensure that biotechnology continues to enhance Canadians’ quality of life in terms of health, safety, the environment, and social and economic development. Biotechnology is one of the world’s fastest-growing technologies. Its potential benefits may rival those offered by the convergence of information and communications technologies. It offers tremendous economic opportunities, particularly in exports and job creation.

4.17 One aim of the strategy was to improve the way the government co-ordinated biotechnology as a horizontal issue. Exhibit 4.2 shows the governance structure set up to achieve this co-ordination.

4.18 Leadership needs to be strengthened. The Biotechnology Ministerial Co-ordinating Committee is composed of the ministers of Agriculture and Agri-Food Canada, Environment Canada, Fisheries and Oceans Canada, Foreign Affairs, and International Trade, Health Canada, Industry Canada, and Natural Resources Canada. The Minister of Industry Canada is the chair. While all ministers share accountability for the strategy, each controls and is responsible for areas under their mandate. We expected that the committee would have been active in providing leadership to implement action plans to achieve the strategy’s goals.

4.19 The Canadian Biotechnology Advisory Committee provides biotechnology ministers with independent advice on emerging biotechnology policy issues from senior experts. We expected that ministers would receive and consider advice in a timely way, given that rapid changes in biotechnology can affect health, safety, the environment, and the economy.

Exhibit 4.2 The Canadian Biotechnology Strategy—governance structure



Source: Canadian Biotechnology Secretariat

4.20 The key departments were also represented on the Biotechnology Deputy Minister Co-ordinating Committee and the Biotechnology Assistant Deputy Minister Co-ordinating Committee (BACC). The Canadian Biotechnology Secretariat, reporting to the BACC, was to support and provide co-ordination for these committees and ensure that information among federal departments and agencies was exchanged. Working groups would also be created as needed. We expected that the deputy minister co-ordinating committee would provide leadership for the strategy and that the BACC would manage the strategy.

4.21 We found a lack of top-level leadership for the strategy. The ministerial co-ordinating committee has met only once in six years, and the deputy minister co-ordinating committee has not met since 2002. We found that some of the advisory committee's recommendations had been considered by the working groups. However, we found that the mechanism for addressing external advice did not function as planned. By April 2005, the ministerial co-ordinating committee had not officially responded to a number of advisory committee reports that required prompt action (Exhibit 4.3).

4.22 Timely and public government response. When the External Advisory Committee on Smart Regulation presented its report on Smart Regulation, the government responded publicly to the recommendations within six months, setting out specific targets for implementation. The committee's report covered many sectors, including biotechnology, and recognized previous recommendations made by the Canadian Biotechnology Advisory Committee.

Exhibit 4.3 The Biotechnology Ministerial Co-ordinating Committee and advisory committee reports

Canadian Biotechnology Advisory Committee reports	Date of issue	Date the government committed to respond	Status of response as of April 2005
Patenting of Higher Life Forms and Related Issues. This report sets out the social, ethical, and legal issues of patenting plants and animals.	June 2002	No commitment	No response
Improving the Regulation of Genetically Modified Foods and Other Novel Foods in Canada. This report discusses the benefits from biotechnological innovation in food production while providing reasonable protection against potential harms.	August 2002	End of 2002	No response
Biotechnology and the Health of Canadians. This report describes the potential role of biotechnology for disease prevention, diagnosis, and treatment. It discusses some of the social and ethical considerations of biotechnology and sets out a policy framework.	December 2004	No commitment	No response

4.23 Working level co-ordination. The evolution of the biotechnology strategy was delayed due to the absence of clear direction and leadership from the top level of the governance structure. By 2003, working-level officials recognized that the policy framework for the Strategy was outdated—technological changes needed to be reflected. They started work on the *Government of Canada Blueprint for Biotechnology*—developing a new vision to move the strategy forward.

4.24 In 2004, BACC approved the Blueprint as a way to renew the strategy. It shifted the approach from stewardship and innovation, as separate issues, to recognizing the interplay between innovation, commercialization, stewardship, and international dimensions.

4.25 Since 2004, the Blueprint has been used to select and fund Canadian Biotechnology Strategy Fund projects, and has influenced the direction of biotechnology work in the strategy’s regulatory and research and development areas.

4.26 Risk of federally funded organizations working at cross-purposes. Given that the federal government’s purpose for the strategy was to achieve a coherent approach to biotechnology, we expected that major federal spending on biotechnology would be co-ordinated with the strategy. However, between 2000 and 2004 the federal government transferred \$375 million to Genome Canada, a non-profit foundation that provides research grants in areas related to the strategy. This amount is almost as much as the total funding that the strategy will have received—\$396 million from 1998–99 to 2005–06.

4.27 While two federal organizations we examined told us that the operations of Genome Canada and the strategy were not aligned, other departments told us that they were working with Genome Canada indirectly through partners. We could not examine Genome Canada’s operations because, at the time of our audit, we did not have the mandate to do so. We are concerned that without adequate co-ordination, federally funded organizations—departments and foundations—may be working at cross-purposes. We raised this issue in our February 2005 Report, Chapter 4, Accountability of Foundations.

4.28 Overall, the Canadian Biotechnology Strategy has not functioned as planned. It was designed for leadership from the top, which was not provided; however, management and working-levels did provide some co-ordination.

Weak federal co-ordination for homelessness

4.29 A community-based approach. In 1999 the federal government established the National Secretariat on Homelessness in Human Resources Development Canada (now Human Resources and Skills Development Canada) to be responsible for the design and delivery of the National Homelessness Initiative (Appendix B provides details on funding and the federal organizations involved). Officials informed us that the initiative was designed to support community efforts by encouraging co-operation between governments and other organizations. The initiative focussed initially on emergency shelters, then on transitional and supportive housing and on building “a continuum of supports” that would help bring homeless people to self-sufficiency. The initiative included prevention and outreach, support services, health care, and skills development. Most of the federal funding was used for capital projects, including the construction of shelters, transitional and supportive housing, and support facilities.

4.30 The National Secretariat was also responsible for ensuring co-ordination among federal partners. Although some initiative activities brought federal organizations together at the national level, we found a lack of precision and detail on structures, roles, and responsibilities of federal organizations that were funded under the initiative and those that had existing and related programs.

4.31 The initiative established new programs, for example

- the **Supporting Communities Partnership Initiative**, administered by Human Resources and Skills Development Canada, and
- the Surplus Federal Real Property for Homelessness Initiative—a horizontal initiative between Public Works and Government Services Canada and the National Secretariat on Homelessness (as the lead organization), with assistance from the Canada Mortgage and Housing Corporation.

4.32 The initiative also increased funding for two existing programs in the Canada Mortgage and Housing Corporation:

- the Residential Rehabilitation Assistance Program, and
- the Shelter Enhancement Program.

4.33 Human Resources and Skills Development Canada generally transferred money through contribution agreements to community groups. The Canada Mortgage and Housing Corporation programs provided funding to building owners for repairs and modifications, with

The Supporting Communities Partnership Initiative—It was selected as a best practice by the United Nations Habitat 2002 Dubai International Awards for Best Practices. Best practices are initiatives that have made outstanding contributions to improving the quality of life in cities and communities around the world.

the exception of the Shelter Enhancement Program, which also funded community groups. In two of the three cities we looked at—Toronto and Edmonton—the Supporting Communities Partnership Initiative and the Residential Rehabilitation Assistance Program were delivered by municipalities or community organizations, acting for the federal government (Appendix C provides examples of the programs affecting homelessness in Toronto).

4.34 In collaboration with other levels of government, the initiative supported a range of services to help homeless people make a sustainable transition from the streets to a more secure life. For example

- the Salvation Army Harbour Light Centre in Vancouver operates different types of shelter services and a detoxification centre for drug addiction; and
- the WINGS (Women in Need Growing Stronger) of Providence in Edmonton operates a transitional shelter, with security systems and special services, for women and children fleeing violent situations.

4.35 We expected that federal organizations would co-ordinate their efforts to reduce homelessness by

- bringing related programs together;
- redesigning existing programs, if necessary, when new ones were introduced; and
- drawing on the various federal areas of expertise.

4.36 Links between homelessness and health programs.

Governments and other organizations have shown strong links between health issues and homelessness (Exhibit 4.4). We expected to find federal co-ordination between the National Homelessness Initiative and key related federal activities, including those that did not receive funding under the initiative.

4.37 Although Health Canada was invited in 1999 to be a formal partner in the homelessness initiative, neither Health Canada nor the Public Health Agency of Canada, created in 2004, are partners. Health Canada officials informed us that they work with other federal organizations on an ad hoc basis, providing case-by-case expertise.

4.38 Officials in Health Canada and the Public Health Agency of Canada explained that they follow a population health approach—improve the health of the entire population, and reduce inequities by

addressing factors that determine health. Both departments have a number of programs for vulnerable populations, including homeless people or those at risk of being homeless. These programs include, for example, the Canadian Strategy on HIV/AIDS, the Hepatitis C program, and the Canada Prenatal Nutrition program (see Appendix A for a brief description of programs).

4.39 The National Homelessness Initiative and the programs in Health Canada and the Public Health Agency of Canada are emphasizing partnerships and capacity building in communities, developing a sustained national response to complex issues, and focussing on targeted groups for services.

4.40 We found that, in a number of cases, Human Resources and Skills Development Canada, Health Canada, and the Public Health Agency of Canada worked with the same service providers and targeted the same homeless population. For example, some community organizations received funding from the AIDS and hepatitis C programs and from Human Resources and Skills Development Canada programs for homeless people. When we reviewed the files and interviewed regional officials, we did not find sufficient evidence of co-ordination between these federal organizations.

Exhibit 4.4 Homelessness: A fundamental health issue for Canadians

Studies of the homeless suggest that although their illnesses are not different from those of the general population, their living conditions adversely affect their overall short- and long-term health. A Toronto study of death among the homeless from 1979 to 1990 showed that 71 percent died before reaching 70 years old, compared to 38 percent for the housed population.

Health Canada's 1999 report, *Toward a Healthy Future*, observed that "no condition demonstrates the importance of adequate housing for health better than the problem of homelessness." Homeless people

- have a range of chronic health problems due to their extreme poverty, lack of stable housing, and exposure to elements on the street;
- have an increased mortality rate due to exposure, substance abuse overdoses, and alcoholic liver disease;
- face climatic conditions, psychological strain, and exposure to communicable diseases that produce a range of health problems including tuberculosis, cardio-respiratory disease, nutritional deficiencies, and injury from cold; and
- are less likely to receive adequate medical care and more likely to use emergency medical services.

In the late 1990s, Canadian public health experts concluded that "homelessness has emerged as a fundamental health issue for Canadians."

Sources: Canadian Public Health Association; and the Federal, Provincial and Territorial Advisory Committee on Population Health

4.41 Co-ordination goes beyond funding. Health Canada did not work with other departments to address policy gaps or develop implementation strategies where it was working with the same service providers. The National Homelessness Initiative did not adequately benefit from the expertise of Health Canada and the Public Health Agency of Canada; opportunities to enhance the federal contribution to the homelessness issue were missed.

4.42 Homelessness and housing. We expected that the Canada Mortgage and Housing Corporation would co-ordinate its activities with other federal programs on homelessness and share its expertise on housing. We noted that their renovation programs (for example, the Residential Rehabilitation Assistance Program) were in place since the 1970s and were not specifically targeted at the homeless population. They had modified some of their programs to deal immediately and more directly with the homelessness crisis, while the new programs were being put in place. However, according to the Corporation, there was no official horizontal framework in place for federal co-ordination.

4.43 We reviewed announcements and official documents for the initiative. We found references that the Canada Mortgage and Housing Corporation would be significantly involved in Phase 1 of the initiative, and expectations that it would co-ordinate with other federal organizations.

4.44 For Phase 2, the Corporation and Human Resources and Skills Development Canada (HRSDC) agreed that

- HRSDC would target the absolute homeless—those in need of shelter and related services; and
- the Corporation would target the relative homeless—those at risk of becoming homeless.

The government provided funding to extend the Corporation's renovation programs for the period covered by Phase 2 (2003–06) of the initiative. However, the initiative's *2003–2006 Business Plan* did not identify the Canada Mortgage and Housing Corporation's Residential Rehabilitation Assistance and the Shelter Enhancement programs as part of the federal response to homelessness.

4.45 We found that HRSDC and the Corporation did not distinguish between the absolute and relative homeless in managing their programs. For example, the terms and conditions for both phases of the Supporting Communities Partnership Initiative show the relative homeless as part of the target population. We also reviewed the types

of projects funded by HRSDC and by the Corporation and found that they did not change between the two phases.

4.46 In Toronto, Edmonton, and Vancouver, we found that the Corporation and HRSDC were funding the same types of capital projects, such as shelters and transitional and supportive housing. In some cases, they were funding different activities in the same buildings. In many instances, we found that the Corporation managed the Residential Rehabilitation Assistance and the Shelter Enhancement programs separately from other federal programs directed at the homeless population. In some cases, we did not find evidence of federal co-ordination, except for the official opening ceremony.

4.47 In Phase 2, the Corporation continued to fund shelter renovations which, in our view, needed to be co-ordinated with HRSDC to ensure sustainable support services for the shelters. In Edmonton, the Corporation's advice was not adequately considered in the project selection process. In Toronto, the Corporation and HRSDC transferred the program administration for the Residential Rehabilitation Assistance Program and the Supporting Communities Partnership Initiative to the City of Toronto. However, they did not work together on how these two programs could be better aligned for delivery by the city.

4.48 Despite some early efforts to modify its programs, in the three cities we examined, we found that the Canada Mortgage and Housing Corporation could have done more to bring its housing expertise to federally supported projects for the homeless population.

Promising governance model for the Vancouver Agreement

4.49 We found that the Vancouver Agreement had a promising governance model with provincial, municipal, and federal governments working together to meet the needs of the community (Exhibit 4.5). This agreement started at the grass roots and evolved from an unfunded collaborative agreement, to one that is funded. We did not audit the agreement, only federal participation in it.

4.50 We found that Western Economic Diversification Canada provided leadership as the federal representative. There was active and ongoing federal engagement at intergovernmental committees (Exhibit 4.6 shows the governance structure for the Agreement). Federal representatives were supported by a group of officials from Western Economic Diversification Canada, Human Resources and Skills Development Canada, and Health Canada.

4.51 There was also some co-ordination between the activities of the Vancouver Agreement and the National Homelessness Initiative. The Vancouver Agreement’s task team on homelessness and housing met monthly, leading to increased co-ordination between Human Resources and Skills Development Canada and the British Columbia and Yukon office of the Canada Mortgage and Housing Corporation.

Exhibit 4.5 Vancouver Agreement—a promising model

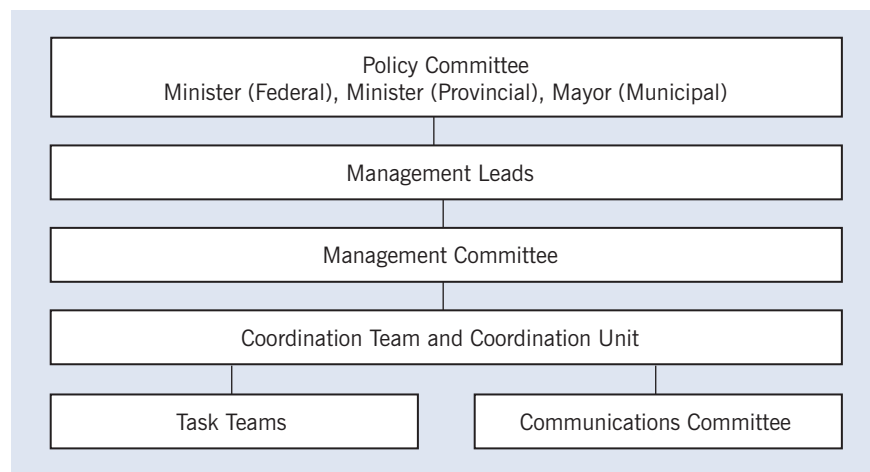
The Vancouver Agreement has become a benchmark for other urban development agreements in Western Canada. It began in 2000 as an unfunded agreement to dovetail existing federal programs from different departments with provincial and municipal services so that the needs of the community could be more effectively addressed. In April 2003, the agreement became a funded initiative when the federal and provincial governments agreed to commit \$10 million each.

The agreement has received three major awards:

- the Institute of Public Administration of Canada’s Award for Innovative Management for Horizontal Collaboration in 2004;
- the United Nations’ Public Service Award for “improving transparency, accountability and responsiveness in public service” in 2005, which cited the agreement for its innovative partnership with government agencies, community groups, and businesses; and
- the Association of Professional Executives of the Public Service of Canada Partnership Award in 2005.

Officials from all three levels of government told us that flexibility was an important characteristic of the agreement. They identified broad principles but there was flexibility in how the objectives would be achieved. This allowed the arrangement to evolve as the relationships between the governments were built.

Exhibit 4.6 Governance structure for the Vancouver Agreement



Source: Vancouver Agreement Coordination Unit

Accountability and learning

4.52 We expected that federal organizations participating in a horizontal initiative would clearly describe

- how involved they would be;
- what they would contribute; and
- how they would measure, learn, and report their progress.

We also expected that federal organizations would learn from each other and work together more effectively, using performance information to improve at key stages.

All three initiatives were not well defined

4.53 For all three initiatives—the Canadian Biotechnology Strategy, the National Homelessness Initiative, and the Vancouver Agreement—we found that it was not always clear which federal organizations were involved and how they were to participate. This weakens accountability arrangements, and ultimately, reporting on outcomes and learning by federal organizations. For example in the Vancouver Agreement, the responsibilities of Western Economic Diversification Canada—the lead federal department—were not defined for broader responsibilities in planning, monitoring, information management, reporting, and communications.

4.54 For all three initiatives, the participating departments' roles and expectations were not well defined. In some cases, public documents identified more departments than were involved in the initiatives. In our view, there is a need for a more disciplined process to define what is expected from participating departments so that the extent of the federal efforts is clear.

4.55 Not clearly defining the initiative can cause confusion for reporting purposes. For example, there were no criteria to determine why certain working groups or projects in the biotechnology area were considered to be part of the Canadian Biotechnology Strategy, while others were not. This led to disagreements between federal organizations. In some cases, only certain elements of a large project received funding through the strategy. It was not clear whether the entire project should be considered part of the strategy.

4.56 The Vancouver Agreement received direct funding from Western Economic Diversification Canada. For public reporting the Vancouver Agreement also included projects from other federal programs that were “in the spirit” of the agreement. However, the federal government did not have criteria to determine which projects

were in that category. Also, information on what the federal government actually contributed to the agreement was not readily available or was inconsistent. For example, although one project received funding from three federal departments, it was only considered to be “in the spirit” of the agreement by one of the departments.

Lack of planning for overall performance measurement

4.57 Reporting on horizontal initiatives requires advance planning. One way to plan is to develop an accountability framework that shows the objectives of the initiative, the expected results, and how progress will be measured. The Treasury Board Secretariat provides guidance for various types of accountability frameworks, including horizontal initiatives. We found the following for the three initiatives:

- Each of the three components of the Canadian Biotechnology Strategy—the Canadian Biotechnology Strategy Fund, the Canadian Regulatory System for Biotechnology, and Genomics Research and Development—had an accountability framework, but the strategy as a whole did not have an accountability framework. The Canadian Biotechnology Secretariat only tracked results and outcomes for the Canadian Biotechnology Strategy Fund, but not the regulatory or genomics program activities.
- The National Homelessness Initiative did not have a standardized approach to measure the impacts of programs on homelessness. However, we recognize the difficulties involved in measuring homelessness and that other jurisdictions have not fully succeeded either.
- Unfunded initiatives do not require an accountability framework. However in April 2003 the Vancouver Agreement became a funded initiative. At the time of our audit, the federal participants in the agreement had not developed an accountability framework, or an adequate way to measure federal progress against the agreement’s objectives.

Reporting to Parliament is weak

4.58 In our 2003 Status Report, Chapter 1, Rating Departmental Performance Reports, we noted that reporting on horizontal initiatives is challenging for the government and particularly for departments, who need to determine when their contribution to a shared outcome is significant to Parliament.

4.59 We also noted that the importance of reporting on horizontal issues was not well recognized. We recommended that the Treasury Board Secretariat encourage departments to report and that it strengthen its guidance for departmental performance reports. The Secretariat has since improved its guidance, but we found that departments are still weak in reporting on horizontal initiatives.

4.60 Without a clear understanding of who is involved and how much is spent, it is difficult for Parliament to see the overall results of an initiative. For example, the Estimates documents do not show how each federal organization contributes to the shared outcomes of the National Homelessness Initiative.

4.61 We found that Human Resources and Skills Development Canada improved its reporting on homelessness in its Estimates documents and now provides links to the Secretariat's Web site on horizontal initiatives. The government's report *Canada's Performance 2003* provided some information on the National Homelessness Initiative but did not report on results.

4.62 The Canadian Biotechnology Strategy has demonstrated progress and learning in horizontal results management with new accountability frameworks, improved performance indicators, and performance reports. For example, the Canadian Biotechnology Secretariat produced horizontal performance reports for 2002–03 and 2003–04. However, these reports are not tabled in Parliament and do not assess the overall contribution of the strategy.

4.63 Overall, the federal organizations we examined have not adequately reported on the results of the horizontal initiatives. Initiatives were not set up properly, with clear roles and responsibilities, and adequate accountability frameworks. Consequently, managers cannot demonstrate that they are learning, taking corrective action, and following up on weaknesses.

Insufficient attention by central agencies

4.64 We looked at government-wide policies and guidance and the role of central agencies in creating, co-ordinating, and overseeing horizontal initiatives. In the three initiatives—the Canadian Biotechnology Strategy, the National Homelessness Initiative, and the Vancouver Agreement—we found weaknesses in how the federal organizations involved managed horizontal initiatives. For example, they did not clearly define their roles and responsibilities. However, in our view, insufficient attention by the Privy Council Office and the Treasury Board Secretariat to horizontal initiatives is an underlying cause of such weaknesses.

Approval process for horizontal initiatives needs to be improved

4.65 The Privy Council Office and the Secretariat play key roles in the approval process for Memoranda to Cabinet and Treasury Board submissions, respectively. Memoranda focus on the policy rationale and funding for the initiative. Treasury Board submissions transform the policy rationale and objectives into the programs that will achieve those objectives. We expected that central approval processes for horizontal initiatives would ensure appropriate governance, accountability, and co-ordination. However, we did not expect the Privy Council Office or the Treasury Board Secretariat to play an ongoing central role in managing the initiatives; this is the responsibility of federal departments and agencies.

4.66 Identifying and defining horizontal initiatives. A 2002 federal task force on co-ordinating federal activities in the regions emphasized the importance of “getting the policy right” and tackling issues up front, such as resource requirements and harmonizing program terms and conditions. It also noted that if this was not done, it would be “extraordinarily difficult to achieve a co-ordinated approach at later stages.”

4.67 Horizontal initiatives begin in response to a public policy issue or to changes in government priorities, such as those announced in the Speech from the Throne. The role of central agencies is crucial to “getting the policy right.” From the start, the way a problem is defined determines the nature of the response. In this regard, the Privy Council Office has a role to play in the launching of new horizontal initiatives. We expected the Privy Council Office to ensure that horizontal initiatives were positioned effectively within government priorities, and established in such a way to ensure an integrated approach across government.

4.68 We also expected the Privy Council Office to ensure that all departments and agencies interested in an initiative were consulted and actively participated in its development, including the Treasury Board Secretariat. As part of their challenge function, the Privy Council Office and the Secretariat need to ensure that the lead department clearly identifies the purpose of the initiative. The proposed horizontal initiative should also clearly show

- the role of each minister and government institution involved,
- the broad directions for implementation (program design), and
- the funding required.

For the three initiatives we examined, the Privy Council Office informed us that the approval process generally involved consulting and actively involving departments. However, we found that the initiatives were not defined clearly at the outset—how federal organizations with relevant programs would work together.

4.69 In general, we found that the Privy Council Office and the Secretariat did not give federal organizations sufficient guidance on circumstances that require additional attention as horizontal initiatives, such as identifying specialized governance regimes for different conditions and types of horizontal initiatives.

4.70 Most of the Secretariat's guidance does not address the approval stage. It carries out insufficient oversight on the governance arrangements for horizontal initiatives, although it does maintain a database for the more significant initiatives.

Horizontal initiative—According to the Treasury Board Secretariat, it is an initiative in which partners from two or more organizations have established a formal funding agreement (e.g. Memorandum to Cabinet, Treasury Board submission, federal-provincial agreement) to work toward the achievement of shared outcomes.

4.71 Definition of horizontal initiative is too narrow. In many horizontal initiatives, such as the Vancouver Agreement, the issues are difficult and complex, and many federal organizations need to work together effectively to achieve desired objectives. The Secretariat's definition of a **horizontal initiative** is based on the way funds are released to several federal organizations, and not on the need for an appropriate governing framework. Therefore, the Secretariat did not view the Vancouver Agreement as a horizontal initiative because it received direct funding from one department. In our view, the way the agreement was funded and received support from federal, provincial and municipal governments did not diminish the need for guidance and support from the Secretariat.

4.72 Privy Council Office officials told us that although no one group in the Office was responsible for the Vancouver Agreement, the agreement is closely monitored and guided by the Office's Operations Secretariat and Intergovernmental Affairs. Although Western Economic Diversification Canada is responsible for such agreements in Western Canada, no one is responsible for these types of agreements nationally.

4.73 Recommendation. The Privy Council Office and the Treasury Board of Canada Secretariat should identify the circumstances that require special attention as horizontal initiatives and the appropriate governance regimes for different conditions and types of horizontal initiatives.

Need for a management framework

4.74 In our December 2000 Report, Chapter 20, Managing Departments for Results and Managing Horizontal Issues for Results, we observed that “the role played by the Secretariat in the management of horizontal (interdepartmental) issues is piecemeal and differs from one initiative to the next, apparently independent of the characteristics of the initiative. The Secretariat does not have a strategic approach....”

4.75 We found that Treasury Board Secretariat has since produced guidance that is relevant to horizontal initiatives. Examples include the *Companion Guide to the Development of Results-based Management Frameworks for Horizontal Initiatives* (2002) and *Managing Collaborative Arrangements: A Guide for Regional Managers* (2003).

4.76 The Secretariat informed us of a range of recent initiatives related to horizontal management of policy and programs. These include

- the Management Accountability Framework, introduced in 2003, and used since then to assess management practices across departments and agencies; and
- the Management Resources and Results Structure policy, in effect since April 2005, which, together with new program activity architectures, is intended to facilitate inter-departmental comparisons and a whole-of-government perspective.

We did not examine these initiatives as they were at an early stage or beginning to be implemented at the time of our audit; we plan to assess their progress as part of our follow up to this audit.

4.77 Although a number of the Secretariat’s policies and guidance documents we examined contain references to horizontal initiatives—in our view, this is not enough. It is still a case-by-case approach that lacks a coherent, integrated body of policies and guidance, which is needed to design governance and management arrangements for horizontal initiatives.

4.78 For example, we found very limited guidance from the Secretariat on evaluating horizontal initiatives. When we examined the Canadian Biotechnology Strategy and the National Homelessness Initiative, we found no requirements for interdepartmental and horizontal evaluation that would include all federal organizations with related programs. Without such evaluations, the federal government is unable to give parliamentarians a complete picture of the results it has achieved.

4.79 Recommendation. The Privy Council Office and the Treasury Board Secretariat should develop frameworks that set specialized guidance and expectations on governance, accountability, co-ordination, and results-based management of horizontal initiatives for federal organizations. As part of this effort, the Treasury Board Secretariat should develop specialized guidance for evaluating horizontal initiatives.

Funding instruments need review

4.80 We expected that funding instruments would allow for and facilitate horizontal co-ordination. A government task force had identified this as an issue and recommended that

- funding arrangements be made more compatible for common client groups with respect to application, approval, and reporting; and
- existing practices, financial tools, and delegated authorities be examined with a view to harmonizing interdepartmental approaches.

4.81 Without a consistent central approach, departments involved in horizontal initiatives are left to address the issues as they arise. For example, in the National Homelessness Initiative, we found some adjustments to contribution programs to reflect the horizontal nature of the initiative. However, in the Vancouver Agreement, federal departments generally did not adjust their contribution programs or look at alternative funding arrangements. The 2004 federal study, *The Horizontal Challenge: Line Departments, Central Agencies and Leadership*, noted that

It proved to be much more difficult than anticipated to use existing departmental program funds to support Vancouver Agreement projects. One lesson appears to be, therefore, that terms and conditions of existing programs do not easily lend themselves to the flexibility required to effectively address the complex problems of situations such as the downtown east side in Vancouver.

—Canada School of Public Service

4.82 We found examples where it was difficult to bring together federal programs and community needs and address gaps in programming. For example, Human Resources and Skills Development Canada had a number of programs to support people returning to the workforce. To be eligible, a person had to have received employment

insurance in the past three years. However, many homeless people in Vancouver's downtown east side have been unemployed for a long time or were never employed. Although it was difficult, Human Resources and Skills Development Canada was able to participate in the Vancouver Agreement.

4.83 Recommendations from two federal task forces (1996 and 2002) to streamline the federal approach for recipients that receive funding from more than one federal organization have not yet been addressed. For example, recipients have to prepare a report for each federal department rather than one report for the federal government. Other recommendations included

- clarifying interdepartmental roles and responsibilities for achieving collective results; and
- streamlining funding arrangements, including pooling of resources for community or regional plans or common clients.

4.84 In April 2003, when the Vancouver Agreement became a funded initiative, the federal government committed \$10 million to the agreement—\$5 million from Western Economic Diversification Canada, \$3 million from the Urban Aboriginal Strategy, and \$2 million from the Urban Aboriginal Homelessness program (see Appendix A). Ministers agreed that the urban aboriginal funding was to be counted as part of the federal government's contribution to the Vancouver Agreement. However, we found that this allocation of funding was initially unclear to some members of the Vancouver Agreement management committee. The funding was allocated through the urban aboriginal programs, with their own strategies and processes, and not directly to the Vancouver Agreement.

4.85 We found that the funding allocation from the two urban aboriginal programs was not sufficiently aligned with the Vancouver Agreement. Allocating funds from existing federal programs created misunderstandings—some community organizations thought it represented additional money, and others thought that the federal government was double counting. There was no comprehensive picture of the federal investment in the agreement.

4.86 Recommendation. The Treasury Board Secretariat should identify and develop guidance on allocating funding for horizontal initiatives and develop appropriate funding instruments for the horizontal delivery of federal programs.

Conclusion

4.87 Horizontal issues remain complex and challenging for governments. We examined the government-wide roles of the Privy Council Office and the Treasury Board Secretariat, and the roles of departments in three horizontal initiatives. Despite some positive examples, we found weaknesses in horizontal governance, accountability, and co-ordination. The government is doing little to find out what is working and what is not—limiting its opportunities to learn and improve.

4.88 In our view, an underlying cause of these weaknesses is that the Privy Council Office and the Treasury Board Secretariat have not given enough attention to such initiatives. Although there have been a number of improvements, these central agencies and the federal organizations involved need to further improve the accountability and management frameworks, approval processes, and funding arrangements. Much of the federal government's current approach is still on a case-by-case basis and lacks a coherent and integrated body of policies and guidance for horizontal initiatives.

Government's overall response. It is correctly pointed out in this chapter that working well horizontally, both internally and with other levels of government, is increasingly important for delivering quality service to Canadians. More and more, this way of working is becoming the order of the day. Indeed, at a basic level, there are very few government initiatives that are not horizontal to some degree.

The government will respect the spirit of the Auditor General's recommendations and is committed to continuing to improve the tools available to help public servants deliver successful horizontal initiatives. The Treasury Board Secretariat (TBS) and the Privy Council Office (PCO) will ensure that this is done in a way that is sensitive to the need for continued flexibility in design of particular initiatives and that builds on our experiences over time.

Managing horizontal initiatives is very challenging, particularly in an organization as big and as complex as the Government of Canada. The government is taking action to meet the challenge; the work will require ongoing adjustment and improvement to get it right.

The fundamental principles of ministerial responsibility need to be respected while bringing together federal departments and agencies—all with their own accountabilities, parliamentary appropriations, and legal responsibilities—in pursuit of common objectives and strategies.

The allocation and re-allocation of resources, and performance measurement and assessment, for example, need to be managed horizontally while respecting individual ministers' responsibilities and accountabilities.

In respect of horizontal initiatives, and indeed of all key new initiatives, a valid central agency function is to play a facilitating role in their launch. This ensures that such initiatives are positioned effectively within government priorities and are established in such a way as to ensure that an integrated approach is developed. On the three specific horizontal initiatives under audit, PCO and TBS ensured that appropriate departments were involved in the Cabinet and Treasury Board processes, that horizontal governance structures were put in place, and that departmental leadership and roles were identified.

Central agencies must respect the leadership and accountability of departments to implement the initiative in a way that is consistent with their areas of responsibility and that respects Treasury Board management policies. As acknowledged by the Auditor General, it is the responsibility of federal departments and agencies to have the central and ongoing role in managing the initiatives, not PCO or TBS.

Implementing the chapter's recommendations entails, in large measure, a transformation in the way government works, and will require fundamental changes in government information structures and systems. The government is moving forward systematically to achieve this transformation. For example, through the Management Resources and Results Structure and the Management Accountability Framework, it has initiated changes in its information structures and systems to improve the identification of horizontal issues, improve information on what is spent on them, better define outcomes, and improve reporting to Parliament. In addition, and as noted in the chapter, progress has been made in providing guidance on horizontal management of policy and programs.

At the sectoral level, where guidance is put into practice, the government has been moving forward strategically—reflecting in part resource constraints, and in part the need to learn and refine approaches and apply them more broadly based on lessons learned. Central agencies and departments are working through governance issues and putting in place structures believed appropriate to address specific initiatives. We are learning what works and what does not work. For example, the government has changed the governance structure around the climate change initiative with one that we believe will be more effective, and Budget 2005 launched an evaluation of all

climate change programs with a view to ensuring the government is making the best investments. We recognize that the nature of horizontal issues means that they require continual attention and ongoing improvement.

About the Audit

Objectives

The objectives of this audit were to do the following:

- Determine, in selected horizontal initiatives, the extent to which the federal organizations provide for governance, accountability, and co-ordination; the extent to which the federal organizations involved are learning by using the performance information involved; and the adequacy of the role of the central agencies involved.
- Assess the leadership, guidance, and support provided by the Treasury Board of Canada Secretariat. This also involved the Privy Council Office.

Scope and approach

We focussed on co-ordination, including its impact on results. However, we did not examine whether the intended results were achieved. We also focussed on government authorities and commitments for horizontal initiatives, including the role played by central agencies. The key themes for the audit included governance arrangements, implementation, learning and transition, reporting, and the role of central agencies. The audit examined the federal government's co-ordination efforts, including the relationships between lead and participating departments.

We looked at three case studies: The Canadian Biotechnology Strategy (CBS), the National Homelessness Initiative (NHI), and the Vancouver Agreement (VA). We visited officials in Toronto (NHI), Edmonton (NHI), and Vancouver (NHI/VA). These cases were selected using the criterion of maturity, that is, the initiatives were established early enough to identify periods of transition and learning. Other criteria were materiality—either financial or a potential model as in the case of the VA—the number of partners (horizontality), and auditability.

Our audit process included interviews with lead departments, other participating federal departments, central agencies, federal regional councils, key stakeholders (provincial and municipal), and a selection of ultimate recipients of federal funds. It also included extensive review and analysis of the following documents and practices:

- authorities, strategies, public documents, policies, Estimates documents, guidance material, annual reports;
- minutes from management and committee meetings (regional and headquarters); and
- selected project files from regional offices for the NHI and the VA.

Our audit was limited to federal programs and efforts and did not include complementary programs or participation of other levels of government.

Criteria

The criteria for this audit were developed based on the Office's Accountability Audit Guide and previous Office reports including the Auditor General's December 2000 Report, Chapter 20, Managing Departments for Results and Managing Horizontal Issues for Results; and the Commissioner's 2000 Report, Chapter 6, Working Together in the Federal Government and Chapter 7, Co-operation between Federal, Provincial and Territorial Governments.

Our audit was based on the following criteria.

We expected

- co-ordination mechanisms that contribute to expected results;
- defined roles and responsibilities for each organization;
- clear reporting requirements and practices;
- provisions for monitoring, performance measures, evaluation, review, and adjustment;
- clear and timely funding allocations;
- terms and conditions in program design to allow for horizontal collaboration;
- results-based performance reporting;
- adjustments and improvements to the management of the horizontal initiative based on performance or other evidence; and
- organizations learn from each other, and improve collective performance.

We expected that the Privy Council Office

- ensure appropriate consultation within the federal government for Memorandum to Cabinet that establishes the horizontal initiative;
- ensure that the initiative is the most effective and efficient design from a machinery of government perspective; and
- where appropriate, co-ordinate policy development for horizontal initiatives.

We expected that the Treasury Board of Canada Secretariat

- ensure provisions for governance, management, and accountability in the TB Submission process;
- provide clear policies, guidance, tools, and support for horizontal initiatives that reflect best practices;
- respond to TBS policy barriers to collaboration or co-ordination identified by lead agencies and others;
- ensure that requirements for accountability and reporting to Parliament for horizontal initiatives are developed and communicated to departments and agencies; and
- provide ongoing support for the evolution and improvement for the management of horizontal initiatives.

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Appendix A Program descriptions

Program	Purpose
Canadian Biotechnology Strategy	
Canadian Biotechnology Strategy Fund	Support departments and agencies in exploring new and cross-government opportunities and challenges, conduct policy research, and ensure that federal decisions are based on expert advice and knowledge.
Canadian Regulatory System for Biotechnology	Develop the regulatory system's capacity, public awareness and confidence, efficiency, effectiveness and timeliness; develop approaches to emerging areas; and generate knowledge to assess risks of new biotechnology products.
Genomics Research and Development	Build biotechnology research capacity of government laboratories to strengthen the regulatory system and to bring the benefits of advances to Canadian industry, such as new methods of managing agriculture and aquaculture; enhancing conservation; and disease diagnosis, treatment, and prevention.
National Homelessness Initiative	
Human Resources and Skills Development Canada	
Supporting Communities Partnership Initiative	Provide financial support and encouragement to communities to work with governments and the private and voluntary sectors to make more services and facilities available to people moving from homelessness to self-sufficiency.
Supporting Communities Partnership Initiative—Youth	Address homelessness among youth in collaboration with the Youth Employment Initiatives—Phase 1 only, rolled into the Supporting Communities Partnership Initiative for Phase 2.
Regional Homelessness Fund	Support local efforts of small and rural communities dealing with homelessness.
National Research Program	Increase understanding of the magnitude, characteristics, and causes of homelessness in Canada.
Urban Aboriginal Homelessness program	Support integrated community planning and projects in 12 cities to improve the well-being of urban Aboriginal people and reduce the disparity between Aboriginal and non-Aboriginal people.
Homeless Individuals and Families Information System	Provide service providers and communities with an electronic data management system that enables them to share information, develop partnerships, and transform management practices within the shelter system. The network of data sharing communities will contribute to the development of a national database. The long term goal is to better understand the size and scope of the shelter homeless population.

Program	Purpose
National Homelessness Initiative (continued)	
Public Works and Government Services Canada	
Surplus Federal Real Property for Homelessness Initiative	Provide surplus federal properties, for a nominal cost, to help communities across Canada overcome the high-capital costs of buying land or buildings to help alleviate and prevent homelessness. Public Works and Government Services Canada, Human Resources and Skills Development Canada, and the Canada Mortgage and Housing Corporation act as partners at the national and regional levels in implementing and managing this initiative.
Canada Mortgage and Housing Corporation	
Residential Rehabilitation Assistance Program	Provide financial aid to bring the housing of low-income Canadians up to basic health and safety standards, modify housing for accessibility for persons with disabilities, and convert non-residential properties into affordable rental accommodations.
Shelter Enhancement Program	Fund building or repair of shelters for women, children, and youths fleeing domestic abuse, and find housing for people making the transition to independent living.
Vancouver Agreement	
Western Economic Diversification Canada	
Western Diversification Program	Foster increased economic activity and improve the quality of life in communities of Western Canada by funding activities that create economic benefits and jobs.
Urban Aboriginal Strategy	Address the serious socio-economic needs of urban Aboriginal people, in partnership with stakeholders; improve policy development and program co-ordination at the federal level and with other levels of government.

Program	Purpose
Health Canada*	
Canada's Drug Strategy	Address drug and alcohol abuse and the related health, social, and economic costs.
The Women's Health Strategy	Increase the health system's sensitivity to women's health issues and focus on the links to social and economic circumstances.
Public Health Agency of Canada*	
Community Action Program for Children	Improve the health and development of children (0-6 years) living in conditions of risk and their families by helping communities develop prevention and early intervention programs using partnerships, community capacity building, and other health promotion strategies.
Canadian Strategy on HIV/AIDS	Provide operating funds for national and community AIDS organizations. These funds support community organizations that work with settlement organizations, housing services, youth services, needle exchange programs, addiction services, social and cultural organizations, mental health services, food banks, employment and vocational programs, police, HIV testing services, health and sexually transmitted disease clinics, and schools.
Hepatitis C program	Help prevent hepatitis C infection through research into prevention, treatment, and cure and increasing public awareness.
Health Canada and Public Health Agency of Canada (jointly administered)*	
Aboriginal Head Start	Prepare pre-school First Nations children for their school years by meeting their emotional, social, health, nutritional, and psychological needs. Projects include the following components: culture and language, education, health promotion, nutrition, social support, and parental involvement. The urban and northern communities part of the program, delivered by the Public Health Agency of Canada, is relevant to the National Homelessness Initiative and the Vancouver Agreement.
Canada Prenatal Nutrition program	Fund community programs for vulnerable pregnant women to reduce the incidence of unhealthy birth weights, improve the health of infant and mother, and encourage breastfeeding.
Fetal Alcohol Spectrum Disorder Initiative	Reduce the number of Fetal Alcohol Spectrum Disorder births and improve the quality of life for those affected, through education and training, and targeted intervention; support families of affected children; and provide early identification, assessment, and diagnosis.

*Programs relevant to National Homelessness Initiative. Some of these programs may also be relevant to the Vancouver Agreement.

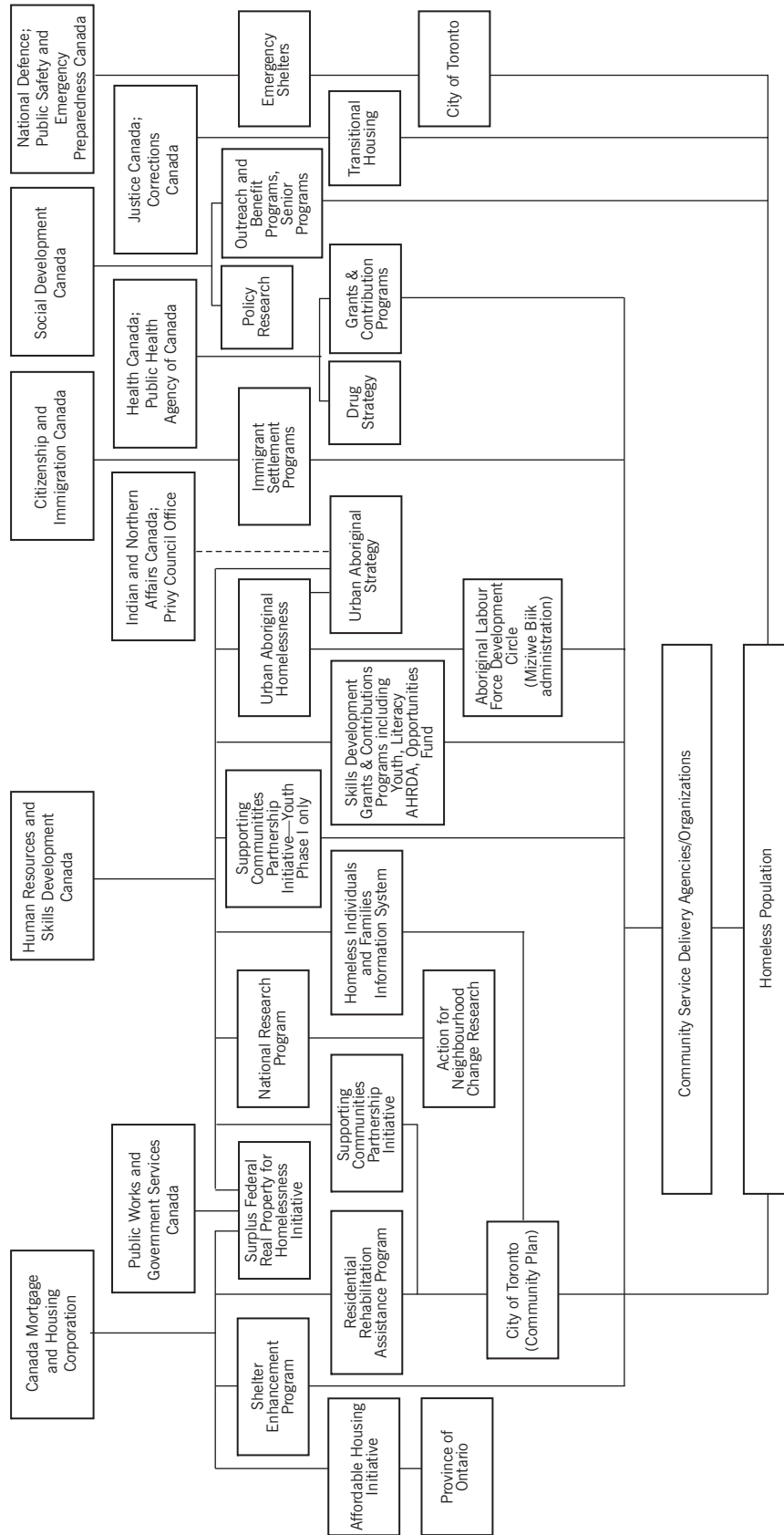
Appendix B National Homelessness Initiative funding

Federal organization	Phase 1 (1999–2003)	Phase 2 (2003–06)
Human Resources and Skills Development Canada (HRSDC)	Supporting Communities Partnership Initiative, new program (\$305 million)	(\$258 million)
	Youth Employment Strategy for youth at risk and homeless youth (\$59 million enhancement)	This program became part of the Supporting Communities Partnership Initiative
	Urban Aboriginal Strategy (previously in Privy Council Office, now in Indian and Northern Affairs Canada), administered by HRSDC (\$59 million enhancement)	The Urban Aboriginal Homelessness (\$45 million)
	—	The Regional Homelessness Fund, new program (\$13 million)
	—	Homeless Individuals and Families Information System transferred from the Canada Mortgage and Housing Corporation (\$6 million)
	Other planning and research, new program (\$9 million)	National Research Program, new program (\$7 million)
Public Works and Government Services Canada	Surplus Federal Real Property for Homelessness Initiative, new program (\$10 million)	Surplus Federal Real Property for Homelessness Initiative (\$9 million)
Canada Mortgage and Housing Corporation	Residential Rehabilitation Assistance Program, existing program (\$268 million)	No longer part of the National Homelessness Initiative ¹
	Shelter Enhancement Program, existing program (\$43 million)	
Total	\$753 million	\$405 million²

¹The Canada Mortgage and Housing Corporation, 2003–04 to 2005–06, received \$384 million. It is not formally associated with the NHI but received funding concurrent with NHI funding for Phase 2, Residential Rehabilitation Assistance Program, Shelter Enhancement Program, and other programs.

²This amount includes \$67 million in operating funds.

Appendix C Programs affecting homelessness in Toronto



Source: National Secretariat on Homelessness

Appendix D List of recommendations

The following is a list of recommendations found in Chapter 4. The number in front of the recommendation indicates the paragraph where it appears in the chapter. The numbers in parentheses indicate the paragraphs where the topic is discussed.

Recommendations	Government's overall response
<p>Insufficient attention by central agencies</p> <p>4.73 The Privy Council Office and the Treasury Board of Canada Secretariat should identify the circumstances that require special attention as horizontal initiatives and the appropriate governance regimes for different conditions and types of horizontal initiatives. (4.65–4.72)</p> <p>4.79 The Privy Council Office and the Treasury Board Secretariat should develop frameworks that set specialized guidance and expectations on governance, accountability, co-ordination, and results-based management of horizontal initiatives for federal organizations. As part of this effort, the Treasury Board Secretariat should develop specialized guidance for evaluating horizontal initiatives. (4.74–4.78)</p> <p>4.86 The Treasury Board Secretariat should identify and develop guidance on allocating funding for horizontal initiatives and develop appropriate funding instruments for the horizontal delivery of federal programs. (4.80–4.85)</p>	<p>It is correctly pointed out in this chapter that working well horizontally, both internally and with other levels of government, is increasingly important for delivering quality service to Canadians. More and more, this way of working is becoming the order of the day. Indeed, at a basic level, there are very few government initiatives that are not horizontal to some degree.</p> <p>The government will respect the spirit of the Auditor General's recommendations and is committed to continuing to improve the tools available to help public servants deliver successful horizontal initiatives. The Treasury Board Secretariat (TBS) and the Privy Council Office (PCO) will ensure that this is done in a way that is sensitive to the need for continued flexibility in design of particular initiatives and that builds on our experiences over time.</p> <p>Managing horizontal initiatives is very challenging, particularly in an organization as big and as complex as the Government of Canada. The government is taking action to meet the challenge; the work will require ongoing adjustment and improvement to get it right.</p> <p>The fundamental principles of ministerial responsibility need to be respected while bringing together federal departments and agencies—all with their own accountabilities, parliamentary appropriations, and legal responsibilities—in pursuit of common objectives and strategies. The allocation and re-allocation of resources, and performance measurement and assessment, for example, need to be managed horizontally while respecting individual ministers' responsibilities and accountabilities.</p>

Government's overall response (continued)

In respect of horizontal initiatives, and indeed of all key new initiatives, a valid central agency function is to play a facilitating role in their launch. This ensures that such initiatives are positioned effectively within government priorities and are established in such a way as to ensure that an integrated approach is developed. On the three specific horizontal initiatives under audit, PCO and TBS ensured that appropriate departments were involved in the Cabinet and Treasury Board processes, that horizontal governance structures were put in place, and that departmental leadership and roles were identified.

Central agencies must respect the leadership and accountability of departments to implement the initiative in a way that is consistent with their areas of responsibility and that respects Treasury Board management policies. As acknowledged by the Auditor General, it is the responsibility of federal departments and agencies to have the central and ongoing role in managing the initiatives, not PCO or TBS.

Implementing the chapter's recommendations entails, in large measure, a transformation in the way government works, and will require fundamental changes in government information structures and systems. The government is moving forward systematically to achieve this transformation. For example, through the Management Resources and Results Structure and the Management Accountability Framework, it has initiated changes in its information structures and systems to improve the identification of horizontal issues, improve information on what is spent on them, better define outcomes, and improve reporting to Parliament. In addition, and as noted in the chapter, progress has been made in providing guidance on horizontal management of policy and programs.

At the sectoral level, where guidance is put into practice, the government has been moving forward strategically—reflecting in part resource constraints, and in part the need to learn and refine approaches and apply them more broadly based on lessons learned. Central agencies and departments are working through governance issues and putting in place structures believed appropriate to address specific initiatives. We are learning what works and what does not work. For example, the government has changed the governance structure around the climate change initiative with one that we believe will be more effective, and Budget 2005 launched an evaluation of all climate change programs with a view to ensuring the government is making the best investments. We recognize that the nature of horizontal issues means that they require continual attention and ongoing improvement.

Report of the Auditor General of Canada to the House of Commons—November 2005

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