



INTERNAL SERVICES

Ensuring the Realization of Key Government Policy
Directions While Respecting Public Service Values

CCMD
Roundtable
on Internal
Services

CHAired BY
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A WORD FROM CCMD

A Public Service that continually learns is better equipped to seize the fleeting opportunities found in our rapidly evolving economy and society. Research is a crucial vehicle for learning, but not just any kind of research will do. Research needs to be timely, relevant; it must offer practical advice. This is precisely the focus of CCMD's Action-Research Roundtable process.

This is the second wave of research we have conducted in this highly successful format. Our consultations with managers have identified five topics that require immediate attention:

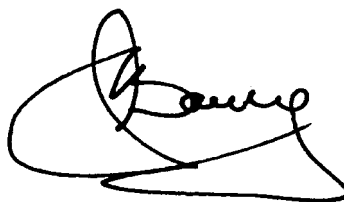
- Workplace well-being
- Internal service delivery
- Public service innovation
- Horizontal mechanisms
- Science and public policy

These topics are of strategic importance for Canada's Public Service as a whole, and also speak to the daily experience of our fellow managers and their staff.

This report has been published by the CCMD Action-Research Roundtable on Internal Services and reflects the commitment and contribution of Roundtable members and numerous collaborators who deem this issue to be important and who have taken time from their hectic schedules to contribute to this project.

I would like to thank the Chair of this Roundtable, Serge Rainville, Assistant Deputy Minister, The Leadership Network. His extensive experience in this field, leadership and personal commitment throughout the Roundtable's deliberations have largely contributed to the undertaking's success.

Jocelyne Bourgon



President
Canadian Centre for
Management Development

Action-Research

CCMD's action-research process brings together practitioners and experts from both inside and outside government to develop practical advice for dealing with pressing management challenges. The research process revolves around the deliberations of a diverse Roundtable — an ideal forum for rapidly pooling and scrutinizing knowledge, insights and experiences. The research is conducted over a one-year period.

The management challenges are selected by managers and senior executives according to their urgency and importance to the Public Service as a whole. The objective is to provide leading-edge, focused and practical products that public managers genuinely value and actively use in their work.

The Roundtable is supported by a secretariat composed of scholars and Public Service researchers.

A WORD FROM THE CHAIR

The reforms that public administrations have undergone over the past 20 years have sparked reflection, discussion and a broad range of initiatives on the contribution and ways of doing business of the various communities that are contributing to the design and delivery of public services in Canada. When examined from different perspectives, this research and debate has often enabled us to review our know-how and, above all, to introduce dynamic reflection into the administrative machinery. Deliberations by the members of the CCMD Action-Research Roundtable on Internal Services are part of this process.

When examining the skills needed to produce public services, our attention has focused more on the most visible components in the production cycle. The examination of internal services has suffered somewhat in light of their essential role, which is often taken for granted. This report proposes an initial reflection on the state of knowledge concerning internal services from the standpoint of the capacity they provide, which is essential to the performance of public organizations.

We engaged in extensive, lively debate with practitioners, managers, academics and representatives of various communities involved in internal services in the federal government. These exchanges revealed the vitality of internal services and the need to rethink them and integrate their contribution upstream in the management process with a view to enhancing the strategic nature of their contribution.

At no time have we claimed to cover the entire range of internal services issues or to have found answers to the many questions that have arisen from our discussions. However, we do believe that we have succeeded in summarizing the main trends and indicating more clearly the path to be followed.

While the essential nature of some facets of our knowledge occasionally makes its use so mechanical and automatic that we tend to completely overlook it, our reflection on internal services has clearly shown that such services offer considerable innovative potential that will serve the organization of tomorrow.

I would like to thank all of the individuals who have given of their time and shared their varied knowledge and the Canadian Centre for Management Development, which has enabled us to complete this pioneering work on internal services.

Serge Rainville



Chair of CCMD's Roundtable
on Internal Services

ACKNOWLEDGEMENTS

Chair: Serge Rainville, Assistant Deputy Minister, The Leadership Network

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The members of the Roundtable would like to thank the many individuals who contributed to the production of this report: the federal government managers who responded to the survey, representatives of professional associations and federal functional communities for their participation in an advisory session, Sony Perron from Health Canada for support with regard to research methods, and Laurie Forman for her invaluable contribution to writing the report. The Roundtable also wishes to emphasize the outstanding work performed by the Secretariat and by everyone who contributed to the editing and publication process. Collaboration by all of these individuals was essential to the success of the Roundtable's deliberations.



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INTRODUCTION

This report seeks to define the role of internal services in a modern public service. Are such services a cost centre, a necessary evil or the very bulwark of a public administration?

The question is vast and a limited number of specialized studies deal with the topic.

Who are the individuals in the background whose work can suddenly paralyze the day-to-day operations of our administration or, to the contrary, facilitate the implementation of our visionaries' strategies?

Who are these equilibrist contortionists who shift between control functions, advisory functions and, above all, the delivery and regulation of the inputs required by their numerous customers wishing to better serve the public?

It might be said that the politicians elaborate the public service's major policy directions but that internal services (IS) oversee the day-to-day nitty-gritty of strategy. Such services are under threat for want of sufficient attention and an upcoming generation of practitioners and, until now, the general public has known little about them.

This report is divided into three sections. The first section focuses on a retrospective analysis of various events during the history of the Canadian public service that have shaped the identity of internal services today. This examination is accompanied by a summary of information gleaned from the traditional literature that we conducted to ascertain the influence of the total quality approach on the current positioning of IS and take a closer look at the main problems they are encountering.

The second section is devoted to a partial analysis of the capacity of IS derived from a reading undertaken by the main concerned parties. This section of the report has relied on two main sources, i.e. a survey conducted among 140 managers of internal services focusing on the profile of IS, their environment and management practices; and the findings of a consultation carried out among various bodies affected by current issues in the realm of IS.

The third section presents a prospective analysis that will foster reflection among readers concerning the potential modelling of IS at the beginning of the third millennium. In other words, how can we revitalize administrative functions, the bulwark of our institutions, in order to perpetuate the State and its functioning within the framework of our democratic values?

This report is designed to give meaning to the rapid change that has affected internal services in recent years and to acknowledge the often outstanding contribution made by these men and women who have steered a steady course in turbulent times.



1.1 Overview

As Harold Bherer and Luc Desaulniers noted in their research report, *Vision pour les services internes*,¹ the past two decades have been turbulent ones for public administrations in the developed nations. Political and organizational reforms initiated by Margaret Thatcher in Great Britain and Ronald Reagan in the United States have spawned flexible, decentralized new agencies that are less interventionist than earlier departmental structures. In the early 1990s, other countries, including Canada, joined this movement. Canada is noteworthy for its twofold concern to put its public finances in order while increasing the volume and quality of public services.

The proposed public administration reform in Canada is seeking to determine in a dynamic, rigorous manner the State's specific fields of jurisdiction at the beginning of the third millennium in relation to those of other social stakeholders and to concentrate tax resources on these fields of jurisdiction. There is no question of the State's engaging in massive privatization, but of rethinking how public goods and services are designed and delivered.

Against this backdrop, a twofold movement is emerging. On the one hand, the State is reducing its ability to produce and directly deliver services to the public while maintaining certain obligations pertaining to quality control and the management of public funds. On the other hand, organized individuals are assuming the delivery of certain services and, at the same time, are influencing the development and very nature of such services.

Numerous studies and extensive reflection have accompanied in recent years the sweeping current of public service reform in Canada, especially from the standpoint of the organization of service delivery to the public. However, internal services have scarcely ever been subject to such an examination. The same situation is apparent in the specialized literature, which, until very recently, paid scant attention to the renewal of internal services. One exception is the literature on the management of total quality, which refers to the importance of establishing "service chains" within organizations, in which individuals are at once "suppliers" and "consumers" of services, up to the delivery of services to external consumers (customers) (Tuckman [1995], Albright [1990]). However, Brian McWilliams (1996) has noted that the management of internal services represents "the latest phase of the customer-service revolution."

The Roundtable believes that, over the past decade, no other entity has contributed as much as internal services. We have demanded that such services change, become more efficient, enhance the quality of service delivery and adapt to organizations' new priorities and needs, while subjecting them to substantial budget cuts. Few questions have been raised concerning the future of such services in the renewed public service, new ways of doing business and the new skills that they will have to develop to efficiently fulfil the missions of their respective organizations. However, internal services represent the ability to supply and regulate the inputs that will be used later to design and deliver public property.

¹ Harold Bherer and Luc Desaulniers, Rapport de recherche, prepared by the Administrative Services Branch, HRDC.

1.2 Internal services: from the fragmentation to the trivialization of functions

Over the past four decades, a number of government reforms and initiatives have been proposed to ensure the appropriate, responsible management of government affairs and efficient, effective service delivery and program implementation. Three major initiatives, i.e. the Glassco Commission, the Nielsen Committee and the Program Review, are among the government reforms that have most significantly affected internal services (IS)² and Common Service Organizations (CSOs).³

1.2.1 “Let the managers manage”

While several important reports have appeared since then, there is general agreement on the decisive impact of the report of the Royal Commission on Government Organization (Glassco Commission) on the advent of the modern management of government business.

The main observation made by the Glassco Commission report was that the government and its administration were not structured to properly fulfil their mission. Generally speaking, central agencies had neither the power nor the skills necessary to elaborate and implement comprehensive policies. Moreover, the Treasury Board and the public service intervened excessively in the day-to-day operation of government departments, thus preventing them from managing their own affairs and being accountable for their management.

In many ways, the Glassco Commission Report was rooted in the traditional notion of management. A critic even wrote that the principles set out in the

report contained nothing that did not appear in the writings of management engineer Henri Fayol.⁴ The report stated that internal or ancillary services, while essential, were only means that served those carrying out programs aimed at the public. With the benefit of hindsight, however, it is apparent that several components of the report were precursors of contemporary themes. First, the report confirmed that the government will rarely be perceived as anything more than a necessary evil. This perception, similar to the perception that business executives have of their CEOs, already announces the dominant philosophy of the 1980s.⁵ The Glassco Commission's leitmotiv, “let the managers manage,”⁶ portended the shift toward a new form of public management. Moreover, it encouraged cost recovery, as far as possible, in order to encourage greater awareness and accountability with respect to the true cost of government services. By going even further, the Commission overstepped the initial objective of its mandate to confirm the even greater importance of government services adapted to public needs and expectations and warned that excellence in the management of public affairs could not be maintained indefinitely in the absence of public recognition.⁷

The Glassco Report thus paved the way for the structural changes that enabled the government to adopt a comprehensive administrative policy while entrusting government departments with greater responsibility for the management of their own affairs. (Appendix I examines the Glassco Report's impact on the establishment of IS and CSOs).

(Excerpts adapted from O.P. Dwivedi and J.I. Gow, *From Bureaucracy to Public Management: the Administrative Culture of the Government of Canada*. Toronto: Broadview Press and Institute of Public Administration of Canada, 1999, pages 131-132.)

² For example, mention should be made of administrative, financial, human resources and professional development, information management, information technologies and telecommunications management, communications, marketing, legal, procurement and material management, security, prevention and assistance, strategic planning and performance appraisal services.

³ Mention should be made, for example, of the Canadian Centre for Management Development, Foreign Affairs and International Trade Canada, Justice Canada, the Public Service Commission (including Training and Development Canada, a special service agency), Public Works and Government Services Canada (including Consulting and Audit Canada, the Translation Bureau, Statistics Canada, the Treasury Board Secretariat, and Canada Communication Group (CCG), which are special operating agencies).

⁴ T.H. McLeod, “The Glassco Commission Report,” *Canadian Public Administration*, Vol. 6, No. 4, 1963, pages 400-403.

⁵ Glassco Commission Report, Vol. 1, page 25. For a critical assessment of this viewpoint, see M.G. Taylor, “The Glassco Report: a Panel Discussion,” *Canadian Public Administration*, No. 4, 1962, pages 395-398. McLeod presents the same position in “The Glassco Commission Report,” *ibid.*

⁶ “Let the managers manage” did not appear as such in the report, but it became a slogan inspired by the Commission's conclusions (see O.P. Dwivedi, “On Holding Public Servants Accountable” in O.P. Dwivedi (editor), *The Administrative State in Canada – Essays for J.E. Hodgetts*. Toronto: University of Toronto Press, 1982, page 152).

⁷ Glassco Commission Report, Vol. 1, pages 63 and 25.

1.2.2 *From specialty to generality in the name of organizational efficiency*

During the period of growth in the public service, regulatory reforms were proposed and Parliament was urged to adopt legislation that ensured that the life of government agencies and special programs was not prolonged needlessly. However, no concrete attempt was ever made to enhance services and programs or to make profitable government operations overall.

In 1985, the Nielsen Committee was set up to review the entire range of federal government programs and services. Mixed teams comprising public servants and representatives of the private sector examined 989 federal government programs and services and proposed a series of recommendations focusing primarily on six basic problems in government management, i.e. universal subsidies, fiscal totality, inadequate program evaluation, the lack of institutional memory, shortcomings in the staffing system, and the strength of inertia or the status quo.

The Nielsen Report highlighted basic problems that led to the proliferation of programs supported and maintained by a growing array of internal services. The control exercised over these IS and CSOs and their genuine relevance to the public were questioned. Mention was made of bureaucratic bottlenecks that paralysed action, undeveloped skills and inappropriate personnel management practices that would, in the short term, make obsolete contracting-out and cost-recovery programs (see Appendix II on the problems pinpointed by the Nielsen Committee and their consequences). Consequently, the Nielsen Report recommended the adoption by support services of a new “generalist” skill profile.

Internal services had previously relied on experts who were often unique in their field and were encouraged to opt for more versatile generalists. The Nielsen Committee believed that, in so doing, organizations would gain significantly from the standpoint of efficiency and administrative flexibility.

1.2.3 *An “unnecessary” evil or the loss of a “raison d’être”*

When the Program Review was launched in May 1994, many government departments and agencies were already undergoing sweeping change. For example, when the government decided in June 1993 to reorganize the state apparatus, several departments were asked to reorganize their policies, programs, initiatives and systems. At least one-quarter of operating budget cutbacks were to be achieved through savings in the administration sector.

Never before in the history of the Canadian public service did an initiative have such an impact on various methods of service delivery and program implementation. At the conclusion of the process, the public service was considerably reduced, i.e. administrative staff was trimmed by an estimated 18% and program spending was pruned by some \$17 billion. By seeking to minimize the effect on the delivery of public services, budgetary cutbacks in several government departments and agencies often had to be applied at the expense of internal services.

In its report on spending and staffing reductions in certain departments, the Auditor General has noted that departmental spending reduction objectives have been achieved and that the exercise has provided a broad opportunity to change the government’s policy directions and method of operation.

Mention should be made of a number of undesirable repercussions on internal services, which had, subsequently, to be taken into account, i.e. the loss of core competencies, the absence of a transfer of knowledge and know-how, the undermining of loyalty and employee pride in the machinery of government, and the significant increase in workload not only to maintain the level and quality of services but also to assume new, changing priorities (see Appendix III on the background of and the evaluation criteria pertaining to the examination of programs). We have reached a point in the history of the public administration where the very nature of IS is being questioned. Their contribution to public services is perceived as being limited, with the result that their very existence is being trivialized. Internal services are deemed to be cost centres that generate little return on investment.

Among the positive effects stemming from this exercise, mention should be made of the contribution made by new technologies, the adoption of more flexible structures, recourse to public-private partnerships, the rejuvenation of staff, and better knowledge of government programs and services.

1.3 Are internal services suffering from an identity crisis?

Before we answer this question, it should first be noted that there is no common definition of internal services in the specialized literature. While it is now outmoded, conventional administrative theory nonetheless introduced a distinction between line and staff functions. This distinction has highlighted the dual nature of the units that directly serve external customers (operations) and those which, through their nature, support the delivery of services to the same customers (support services).

Under the circumstances, internal debate usually focuses on the breakdown of funding and staff. Front-line services (the line function) call into question the added value of support functions (the staff function), often associated with a bigger bureaucracy. In other words, multi-tiered operation is reinforced by mechanical organizational models in which inter-branch lines of authority are delineated to such an extent that it is impossible to draw the sectors closer together as they only exist for themselves.

In the 1990s, two major schools of thought intersected. The first school, promoted by authors such as Marshall (1998), Gremler and Evans (1994) and Herklit (1990), espoused the quality approach by deeming internal services to be the first link in a service chain that leads to the external customer. In this light, internal services play a symbiotic role between suppliers and their customers.

In 1990, Heskett *et al.*, inspired by the foundations of total quality, defined internal services as:

“[...] a two-way exchange process between individuals in different functional departments of a firm in which the provider is charged with responding to the needs of his/her internal customer, resulting in a satisfied internal exchange partner.”

While the beginning of sectoral interdependence has been noted, we are still in the era of conventional theory centred on a traditional power interface relationship that can be regarded as dominated/dominant, i.e. internal services vs. external services. The strategic contribution of internal services is overlooked.

The second school of thought, while it stems from the quality approach, establishes a direct link between the performance of internal services and an enterprise's success (Hays, 1996). It draws internal services closer to the vision and strategic management and highlights their new permeability in relation to the external environment.

Strauss (1995) wondered about the feasibility of organizing and assessing the quality and efficiency of all existing internal services within an organization operating under a customer-supplier relationship and proposed a classification system for internal services that pinpoints three sectors of activity:

1. internal services that are part of a processing line;
2. internal support or consulting services;
3. evaluation and audit services.

The review of the literature prepared for the Roundtable suggests adding to the latter sector strategic planning and political and legal support services offered to the organization's senior management. Moreover, it proposes adding a fourth sector of activity, i.e. internal liaison services with the external environment. Such internal services are geared to the external customers of organizations and lie at the organization's boundaries. To some extent, these additional services can be organized by means of a quality approach although they are often perceived as the tools of senior management instead of the suppliers of internal services. Their contribution is directly associated with the organization's performance.

1.4 An introspective look

The literature emphasizes a number of issues that continue to be topical from the standpoint of internal services.

Hays has detected a crisis between IS and their internal customers, stemming from four traditional traits of internal services: *a monopolistic mentality, a closed mentality that favours technical expertise at the expense of customer service, vague objectives and poorly defined performance criteria, and the absence of priorities in the services offered.*

Forst (1999) has noted that the reforms undertaken in the last decade appear to have caused major cutbacks in IS. Changing demand in the public administration has also compelled several internal services to offer a very broad range of services. As resources have dwindled, their customers have been less and less satisfied.

Several authors, such as McWilliams (1996) and Piede (1996), refer to the poor image that internal services have within the organization. They are perceived as costly, inefficient and occasionally responsible for the expansion of bureaucracy. It has also been noted that internal services are often unrecognized because of inadequate communication.

Forst (1996) has observed that internal services are perceived as "a second class citizen within the organisation" and the employees concerned are often confined to a career path that is limited to this type of service. He has also pointed out an imbalance in power between external and internal services. *He has emphasized that, in some organizations, rivalry between internal and external services is such that the latter actually overlap the former.*

Regnose and Moores (1995) claim that the inability to work in a team is one of the factors that contribute the most to poor quality internal and external service delivery. A lack of concerted effort in performing work reflects the difficulty that the services are encountering in agreeing on the achievement of a common objective.

Auty and Long (1999) and Hays (1996) have noted that, generally speaking, individuals are loyal to their work unit and not to their customers or the organization overall. Hays (1996) has observed that employees are usually recruited for their expertise in a specific field. These factors encourage the development of a culture focused on the internal workings of the organization, where technical excellence supplants the interests of other service units, thus diverting the individual from the organization's objectives.



Finigan (1998) has made the following observation:

“One of the biggest blocks to effective internal customer service delivery may be managers who are threatened by cooperative partnerships. They may view partnerships in a win-lose perspective, rather than win-win, and therefore expend a great deal of energy holding onto their turf.”

The Roundtable believes that what is perhaps most relevant is to understand the need for ongoing change within organizations in order to ensure the development of the quality of products and services and the efficiency and effectiveness of organizations. These factors also form the foundation of the organization, which tends to want to learn from its mistakes in order to respond to demands from a constantly changing external environment.

Moreover, the Roundtable is of the opinion that aside from individuals and their respective fields of specialization, functions pertaining to internal services are defined by their contribution to the organization in their capacity as a supplier and regulator of inputs. For the time being, regardless of how these functions are structured within a public organization, the Roundtable perceives internal services as a means of ensuring the efficient, effective, economical management of inputs in the public administration. This means that the function includes vision, strategic and operational components.

It is also essential to understand that the customer-supplier approach ultimately defines separate boundaries between the interests of each internal service. To fail to recognize that internal services play various roles, sometimes strategic, administrative and professional, and often operational, would be to overlook their genuine capacity to act. It is no longer sufficient to examine the quality of the contribution of internal services to external services. We must also ascertain their contribution to the organization's results and success.

2.1 Overview

During the transition from an era of abundance to a strategic era, internal services succeeded in preserving part of their capacity by establishing links that enabled them to perform activities that are essential to the operation of organizations. Business process reengineering, which sought to adapt internal services to new conditions in the public service, has only been achieved parsimoniously. Since the Program Review, the same internal services have been maintained or, in some instances, have changed vocation, e.g. service delivery has been abandoned to focus on quality control, although outputs have not contributed fully to the organization's performance.

Even today, IS must contend with a number of factors to which the traditional literature alludes (see section 1.4).

In order to examine the current state of internal services, two studies have been devoted to such services, the findings of which are presented in sections 2.2 and 2.3. Section 2.4 highlights the risks facing IS and reveals a number of achievements in this regard.

2.2 A mixed portrait

In August 2001, in conjunction with the CCMD Action-Research Roundtable on Internal Services, a questionnaire was sent to 140 managers (mainly at the director general level) of IS in 27 government departments and agencies. Overall, 64 completed questionnaires (for a response rate of 47.9%) were used to analyse the findings. The survey had three key objectives, i.e. to establish a profile of IS, ascertain the management practices used, and pinpoint the main management issues that internal services are facing.

The survey findings are divided into three sections: profile, environment and IS management practices.

PROFILE OF INTERNAL SERVICES

The profile of IS has been established using objective data (see Appendix IV) and in light of the internal services' assessment of the resources available to them.

Internal services are more complex than they appear. Over one-quarter (27.3%) of such services encompass several services, while nearly 40% of them offer their services to more than one government department or agency. The majority of these services (65%) claim that they are unable to satisfy the demands of their department or agency and, to offset this shortcoming, resort to external resources (consultants in 71% of cases).

Moreover, while the majority of internal services (over 60%) claim to have at their disposal sufficient resources to carry out their organizations' day-to-day operations and comply with the relevant legislative and policy frameworks, the same is not true of the resources that would enable them to take the initiative. Over half of the services (more than 55%) believe that they do not have sufficient resources to act in a proactive, innovative manner.

ENVIRONMENT OF INTERNAL SERVICES

The environment of IS reflects their perception of their place in the government department or agency to which they report and their viewpoint of their own development.

Internal services seem to be convinced of the importance of their role and the image they project. Most of them believe that they are sufficiently involved and consulted when their department or agency makes strategic decisions (90%), that issues in their domain are regularly discussed by committees in their department or agency (82%), and that their functions are widely recognized (75%).

Furthermore, most internal services (nearly 70%) maintain that they have not undergone major changes recently and those that believe they have changed do not think that they have done so for the better, e.g. a loss of capacity, complex management trends and increased workloads. The Roundtable wonders whether this finding should be interpreted as an admission of stagnation.

INTERNAL SERVICES MANAGEMENT PRACTICES — SUCCESSES, CHALLENGES AND ISSUES

Internal services have succeeded in adopting management practices that they qualify as exemplary but they also believe that several obstacles are hampering the emergence and implementation of other innovative management practices.

The measurement of customer satisfaction, management by results (measurement of performance) and electronic service delivery are the most widespread, satisfactory practices in IS. The Roundtable has noted with interest that these practices are in keeping with the reforms undertaken in the early 1990s.

Internal services regard a number of their practices to be innovative, e.g. the pooling and purchasing of services, electronic service delivery, HR development and skills-based management, consultation of and participation by staff, and the measurement of performance and accountability. The Roundtable has observed that some of the practices mentioned have actually been used by the public administration for several years.

The Roundtable cannot overlook a number of contradictions that the survey findings reveal. Internal services are convinced that they play an important role in the operation of the public administration in that they fulfil several functions and serve more than one department at a time, and enjoy widespread recognition, although they also believe that they do not receive sufficient resources to satisfy constantly growing demand. They claim to be consulted and involved in their department's strategic decision-making but also maintain that they do not have sufficient resources to innovate and be proactive. **The Roundtable believes that these contradictions may stem from failure by internal services to fully understand from the standpoint of strategic management the demands and imperatives of the role that they must assume.** They may well assess their lack of resources in light of an operational, vertical perspective, while a more strategic, horizontal perspective would allow for better integration of these new priorities, better management of core competencies, and a more appropriate assessment of the resources needed.

2.3 At the crossroads: seeking a strategic contribution to the mission of public organizations

The Roundtable consulted a number of professional associations and federal functional communities, i.e. human resources, material management, financial management, communications, library management, security, access to information, and information technologies (IT) and information management (IM) in order to ascertain their perspective of the key issues facing internal services and explore with them promising courses of action (see section 3.2). This information complements the findings of the survey conducted among internal services and presented in section 2.2 (see Appendix V for additional information on the viewpoints shared during the consultation; see also Appendix VI on the Roundtable's activities for a list of participants).

2.3.1 *Human capital*

The associations and communities contacted were unanimous in acknowledging that the key issue facing internal services is the strategic shift that they must undertake. Moreover, all of the communities indicated that the skills needed to effect the change are inadequate or absent, for different reasons.

The absence of replacement staff has been made even more critical at present by demographic conditions, which are about to catch up with the Canadian public service overall. Internal services face a major risk of loss of institutional memory but organizations have still not made provision for the adoption of compensatory mechanisms. Most of the communities also agree that the strategic contribution made by IS to an organization's results also depends on the acquisition of new skills.

The financial management community indicated in this respect that the employment branch, which traditionally feeds the pool of financial officers, has often emerged from clerks' (CR) or administrative support officers' (AS) positions. However, the role of FIs has changed significantly and the function is expected to assume a strategic financial planning role accompanied by all of the usual attendant responsibilities. It has been noted that several members of the FI community are having difficulty shifting to accrual accounting and learning and putting into practice the principles advocated by the modern control function and those stemming from the Auditor General's financial management capacity model. Consequently, the advice offered to managers in these areas of intervention is limited.

The Council of Federal Libraries refers to the radical change in its role, which has made it necessary to quickly acquire new skills. It has noted that from a physical or occasionally virtual site that preserves an array of publications in different forms and offers information and archival services must spring a model establishing new parameters, i.e. a knowledge centre that integrates information management and knowledge. However, this new context may never be achieved unless sufficient resources are devoted to it.

All of the associations and communities share the same concerns and perceive the urgency of modelling the existing skill profiles of internal services so that they can undertake or pursue the anticipated shift, failing which they will remain in their traditional relationship of suppliers of internal services and their fragile capacity will be further undermined. Internal services, which are empowering activities that contribute directly to an organization's results, have not been fully realized.

Most of the associations and communities have noted a significant lack of leadership and governance among DMs and ADMs and see such a lack as one of the main obstacles to the changes targeted. For the HR community, the reforms have been anticipated for 15 years, a viewpoint shared by all of the other communities, although no change whatsoever has been noted in this respect. The security professionals' association has emphasized that, until now, the public service has not invested sufficient time, money and effort to various imperatives stemming from security issues. The community believes that there is good reason to heighten awareness among senior management and staff of the importance of security, an integral part of a service delivery process, a key factor in the sound management of risk, and a crucial facet of the organization's mission and the attainment of its objectives. Unless the DMs and ADMs assume leadership, the project hardly seems feasible.

2.3.2 Business processes (ways of doing business)

Most of the associations and communities emphasize the importance of rebuilding their business processes. Internal services believe that their processes, traditionally developed from the perspective of an internal customer-supplier relationship, must be rethought in light of their contribution to external services and organizational performance.

The Organizational Readiness Office of the Treasury Board Secretariat (TBS) has cited as an example that it will no longer suffice for HR to verify whether staffing processes are respected. Above all, they will have to ensure that the government employs the right people with the relevant skills in the right place. It has also noted that business processes must be renewed in light of a new understanding of the role of IS. In this regard, it is supporting the emergence of an operating process that illustrates the integrated contribution of internal services into the delivery to the public of government services.

The material management community has broached the need to review its business practices from the standpoint of the management of property and inventories, fleets and the management of supply and demand. It has noted the need to optimize work processes but also to adopt internationally recognized performance criteria, without necessarily engaging in an ISO process.

Aside from the need to rebuild business practices in relation to their strategic contribution to the government's results, a twofold concern is facing the communities consulted, i.e. the allocation of financial and technological resources and organizational convergence and coherence.

The access to information community indicated that several studies devoted to access to information conducted by the Treasury Board Secretariat and various committees chaired by DMs and ADMs concluded that professionals, i.e. the coordinators responsible for ensuring their functions, do not always have adequate resources nor the necessary power to act effectively. The community has noted that at a time when we are attempting to shift from a paper to an electronic environment, the ability to manage information has, unfortunately, considerably dwindled.

The Council of Federal Libraries pointed out that, unless new financial and technological resources are found, the desired changes, e.g. the Knowledge Centre, cannot be achieved.

The communications functional community has observed that the challenge now facing it concerns horizontal integration and notes that it is not easy to ensure the convergence and coherence of strategic positions from the standpoint of service delivery when dealing with a decentralized structure. The community must also support an array of customers, all of whom do not share the same interests, i.e. ministers, deputy ministers, assistant deputy ministers, directors general, directors, and so on, in a series of initiatives and programs that are not aimed at the same clientele and focusing on different issues.

However, it is generally thought that the program branches could be better served by communications, which, in order to be more efficient, must fully understand the issues at stake in the programs. The absence has also been noted of a dynamic functional link between communications branches and various government departments and agencies.

The HR community also revealed that in certain government departments, especially big ones, there is a lack of cooperation between HR disciplines. Strategic planning is often concentrated in one place, removed from day-to-day operations, which often leads to an absence of coherence and convergence in the decisions made and the initiatives launched.

Given the serious nature of the observations, the Roundtable joins with the communities in reiterating that, without leadership from the DMs and ADMs, the reorganization of IS has no chance of occurring. Moreover, the aging of the population combined with widespread discouragement and the non-renewal of skills in certain fields suggest that, failing immediate action, there is an imminent risk of organizational paralysis.

The Roundtable wishes to emphasize that the IT community, despite the challenges it is facing with respect to integration and horizontal management, is a thriving community and must serve as an impetus to the process of reorganizing IS.

2.4 Risks and achievements

At this stage, the question facing the Roundtable is undoubtedly this: In light of the information assembled to date, must internal services undertake a sweeping reform of their ability to act?

The Roundtable's unequivocal answer is 'Yes'. Internal services must broaden their strategic capacity in order to better serve overall government objectives.

It would be highly risky for IS not to undertake a basic reform since the status quo could lead not to a setback but to stagnation in the Canadian public service.

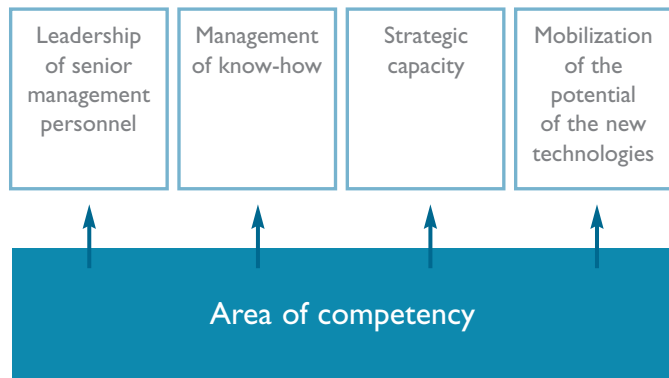
The Roundtable is of the opinion that all internal services will have to develop their ability to think and engage in strategic action in order to better contribute to organizational performance. More specifically, they must formulate a new vision of the organization and renew or acquire the professional, technological and interpersonal skills necessary to implement a comprehensive perspective centred on leadership, accountability, the development and application of skills, and customer service.

David Osborne, one of the leading proponents of the reinvention of the public administration, has stated the objective to be attained this way: "To be effective today, an organization must relearn, be lean and be fast on its feet, responsive to its customers, capable of adjusting to constant change, able to improve productivity continually. In other words, it needs to be entrepreneurial rather than bureaucratic."

If the basic strategic problem facing internal services is their contribution to the government department's or agency's mission, the public manager's everyday situation focuses more extensively on his ability to successfully carry out the reform. It is, first and foremost, the deputy and assistant deputy ministers who must understand the key issues of the reform. Without transformational leadership centralized at their level, the reform may well not occur.

The investments required must be perceived as an intrinsic part of the operations and not as additional general expenses.

Below are the levels at which the main risk zones for internal services are found.



The Roundtable has noted that, in order to complete its reform, the Canadian public service and, in particular, internal services, must rely on past achievements, although in some instances such achievements are also risk zones:

- the diversity and dedication of its human capital;
- the emerging potential of the information technologies and the expertise already acquired in this field;
- the need to become more extensively involved in information management;
- their potential for innovation, which enables them to be creative in applying certain occasionally complex directives;
- their integrity and the importance that they attach to the management of public funds;
- and their considerable ability to mobilize and accomplish a great deal of work.

3.1 Where is the public administration headed?

A strategic State is seeking a strategic administration.

“We are creating a public service which is innovative, open to new ideas, and one which strives for continuous improvement. Which has a strong, strategic management culture focused on results and outcomes. Which works in partnership with the broader public and other sectors.”

(Mel Cappe, 2000)

The Roundtable believes that beyond individuals and their fields of specialization, functions pertaining to internal services are defined by their contribution to the organization as a supplier and regulator of inputs. Regardless of their structure and distribution inside the public organization, the Roundtable perceives internal services as a means of ensuring the efficient, effective, economical management of inputs that are subsequently used to design and deliver public services. This means that IS must encompass a vision, strategic, administrative and professional dimension and, depending on needs, an operational dimension.

Consequently, it is necessary to truly re-centre IS in light of their specific skills and the means of mobilizing them. Mintzberg (1979) has stressed that, in doing so, the organization’s internal sectors will focus on what is important, i.e. what is strategic.

The Roundtable advocates thinking upstream to better serve downstream, i.e. strategic internal services to ensure better delivery of public services.

3.2 Key components of the ability to act

New methods of governance are imposing on internal services the twofold challenge of greater openness to the environment and the development of more complex know-how.

SKILLS DEVELOPMENT

According to the Roundtable, the short-term challenges facing IS consist in developing among staff the skills required to face new operating methods that demand strategic thinking and are integrated in conjunction with staff accountability into organizational performance. The broader strategic capacity of IS will demand the development of new habits, especially strategic questioning (in-house contracting or outsourcing). Internal services will also have to examine the importance they attach to the policy development, business processes, consulting and training functions in relation to the control function.

During the consultation with the professional associations and functional communities, the Roundtable assembled a series of promising courses of action that shed light on the order of priority suggested in relation to skills development. The Roundtable below indicates the common courses of action (see Appendix V for the entire array of courses of action proposed by professional associations and functional communities).

Table 1

Promising courses of action needed for skills development

- Adoption of a skills-based approach.
- Intensification of external recruiting initiatives and assurance that the government's offers are competitive with the private sector.
- Establishment of partnerships with external agencies in order to create training programs that are adapted to the communities' needs and that may lead to certification.
- Development of learning through the design and implementation of action learning, coaching and mentoring programs.

The Roundtable believes that, in the short term, a comprehensive intervention strategy must be developed that will make it possible to target shortcomings in internal services as they shift to a strategic contribution. This strategy must be rooted in the proposed modernization of the HR function.

PERFORMANCE DEVELOPMENT

Aside from the need to develop their strategic capacity, the Roundtable is of the opinion that internal services must contribute to the overall performance of the public service and, consequently, the performance of the organization in which they operate. Consequently, they must participate actively in updating the full capacity to act of government departments and agencies and thus become partners in risk-taking.

To this end, IS must invest in the development of their ability to plan, look to the future and adapt their profile and way of doing business to a constantly changing situation.

The Roundtable emphasized in the previous chapter the importance of the capitalization of knowledge. From the standpoint of performance management, it believes that it is essential to take advantage of the new information technologies. Moreover, it believes that it is necessary to adopt an IT development strategy that pinpoints, in particular, mechanisms for automating information management, training and monitoring processes geared to supporting the mandate of IS.

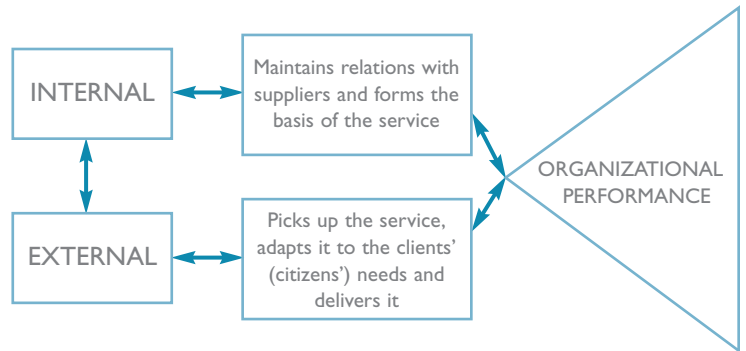
The Roundtable is convinced that in such a perspective, the new technologies will make a crucial contribution to the implementation of emerging methods of governance.

The functional communities have also expressed their viewpoint in this respect. Table 2 indicates the promising courses of action that they deem essential to ensure organizational performance.

Table 2

Promising courses of action needed to ensure organizational performance

- Ascertain the effect of the absence of leading-edge technologies on the efficiency of IS and quickly pinpoint the technological means that will support the development of functions.
- Inventory experience and lessons learned in government departments and agencies in order to pool good practices and intervene with regard to areas of risk.
- Invest in a performance measurement system rooted in the principles of the modern control function.
- Develop mechanisms that give managers access to integrated financial information that satisfies operational needs.
- Heighten awareness among senior civil servants of the urgency of acting and the serious nature of the current situation.
- Integrate the elaboration of policies and programs and service delivery into a precise “end-to-end” operational process model.



According to the Roundtable, if IS are to become enabling processes, they must distance themselves from a predominantly “control” role to adopt a role that allows them to show the way for program delivery operations to regulate themselves.

The Roundtable also recommends that internal services assess the advisability of developing quality standards that would replace internal policies, i.e. relevant service standards that guarantee the consistency and compatibility of internal services in respect of the needs of a modern public service. Existing internal policies appear to curtail civil servants’ leeway and decision-making, thus making them powerless when dealing with their customers’ demands.

Piede (1996) supports this viewpoint and emphasizes the importance for internal services of adopting business objectives that reward their efforts in providing service. There is no question of stimulating the profit of internal services but instead of creating a climate that fosters their strategic contribution to the results obtained by government departments and agencies.

Should internal services be centralized or decentralized? The Roundtable cannot provide a simple answer to this question. To some extent, centralized management ensures complementarity between IS and avoids overlapping. A bigger critical mass of expertise is thus assembled and some economies of scale can be achieved. McWilliams (1996) adds, however, that the centralization of internal services may more extensively serve the organizations’ senior management than the delivery of programs or services.

3.3 Modern structures and forms

THE REBIRTH OF INTERNAL SERVICES

In this section the Roundtable proposes various themes for reflection on the future of internal services. While it is impossible at this stage to define an operating model that simultaneously takes into account the desired changes and the functional communities’ concerns, some facets can nonetheless be shared.

The Roundtable’s stance is clear: internal services must shift from a strict customer-supplier relationship to an operating method based on the concept of the value chain, whereby the internal service is constructed like an integrated whole that is accountable for an organizational result. Internal services result from the amalgamation of two logistical processes, i.e. internal and external.

The Roundtable is of the opinion that an attempt must be made to increase the flexibility of IS and their ability to act strategically, regardless of the form that government departments and agencies decide to establish.

The Roundtable shares the viewpoint put forward by Mintzberg (1999), who describes the organization as a fluid “organigraph” that assembles different capacities to act and skills, which interact constantly with a view to attaining a common objective.

Mintzberg distances himself from a traditional division of responsibilities, often frozen in a description of tasks, in favour of an organizational setup based on the sharing and management of information. Functions develop through the attribution of mandates and accountability is tied to results. Information technologies serve as the bonding agent of all of the interfaces.

The Roundtable believes that internal services must seek in this reflection the preamble to their future.

INNOVATION GUARANTEES SUCCESS

The Government of Canada decided in the year 2000 to quickly and thoroughly change the way in which it does business and administers itself. To this end, it has already initiated reforms of the way it manages spending, plans its business, allocates resources, presents financial and non-financial information, develops and renews the skills of its managers, and instigates new methods of service delivery.

At the heart of this reflection is the modernization of the control exercised by the federal administration, i.e. the need for everyone, from the top of the pyramid to the bottom, to understand that the control function implies the responsibility for making decisions and assessing risk when performing one's duties. Very broadly speaking, the TBS is proposing that the philosophy underlying this reform abandon a “command/control” stance in favour of a “tighten/relax” approach, which combines a solid commitment with respect to standards, values and the achievement of the desired results with greater flexibility in operating approaches.

How is this new vision affecting internal services?

The Roundtable believes that the reform proposed by the TBS obliges internal services to think and act out of the box. It imposes a systemic problem-solving approach and makes it possible to assemble information from different sources in order to align it with the interests and needs of different managers (including DMs and ADMs) in the realm of the management of organizational performance.

It at last gives internal services permission to be innovative and take charge of their future.

Internal services continue to be essential to the operation of the federal government. The extensive challenges that such services have faced in recent decades have paved the way for the adoption of new organizational forms in order to ensure the renewal of this capacity.

The Roundtable noted from the outset that internal services have been hard hit by numerous reforms of the public administration. However, given the essential role that they have always played in the production of public services, the immediate result has not been the complete disappearance of the capacity but a calling into question of the way in which IS have, until now, fulfilled their mandate. This has led to probing questioning of administrators that focused, above all, on how to ensure this capacity in the organization.

The Roundtable also observed that communities of interest pertaining to various IS-related functions are always vigilant and well informed of impending challenges. While these communities have, to some extent, been weakened by reductions in the staff and funding traditionally available to them, they have not abandoned monitoring or reflection on the challenges to be met and the adjustments required to ensure a broader contribution to the mission of organizations.

The Roundtable has concluded that the future of IS centres on a commitment by senior civil servants and the ability of our organization to meet immediate challenges.

We must, first and foremost, focus reflection on the quest for better positioning of IS in organizations in order to make such services full-fledged strategic players. This means that IS can no longer be content to react to organizational choices but must participate and contribute more extensively to the determination of choices and the definition of broad policy directions. The Roundtable is of the opinion that the immediate contribution of IS expertise upstream from the decision-making process of organizations can only foster more enlightened decisions and, at the same time, ensure their complete contribution to the organization's performance and risk management.

In the wake of the implementation of the modern comptroller's role, IS must change in order to relinquish the more traditional model of the organizational unit, thus bolstering their flexibility and providing "abundant capacity" through their constant contribution of a stream of knowledge and skills and their more fluid, diffuse presence throughout the organization.

While such an integration of IS in organizations is an important target for IS communities, it will also require the adaptation of other skills in the organization. The challenge is a collective one and the project will demand everyone's support.



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Impact of the Glassco Report on the Establishment of Internal Services (IS) and Common Service Organizations (CSOs)

The principal recommendations of the Glassco Commission, published between 1962 and 1964, focused on questions of structure. Two of the most important recommendations led to concrete initiatives before the end of the 1960s. In 1966, the position of Treasury Board president became a ministerial position separate from that of the Minister of Finance, Treasury Board staff was transferred from the Department of Finance to the newly established administrative entity, and the Treasury Board assumed responsibility for overall administrative policy, collective bargaining and the management of spending.¹ In 1969, the Treasury Board comptroller's position was eliminated and responsible for control over commitments and authorized expenditures was entrusted to government departments and agencies.²

The Glassco Commission Report influenced the establishment of IS and CSOs by advocating the following principles:

- responsibility for control over commitments and authorized expenditures delegated to government departments;
- recovery of costs as far as possible;
- services adapted to the general public's needs and expectations;
- ancillary services that in no way affected what users requested except when certain official guidelines had to be applied;
- ancillary services had to be organized in light of users' needs and be decentralized;
- emergence of debate over in-house contracting or outsourcing.

¹. Canada, *Act to amend the Financial Administration Act*, 14-15-67 Eliz II (1967), c. 74. As A.W. Johnson explains, as a result of the legislation, the Treasury Board became the Cabinet Committee responsible for the expenditure budget and the Cabinet Committee responsible for management. See "The Treasury Board of Canada and the Machinery of Government of the 1970's" in *Canadian Journal of Political Science*, Vol. IV, No. 3, 1971, page 347.

². 17-18 Eliz. II (1968-1969) c. 28.



Classification of Problems and Effects Identified by the Nielsen Committee

| Problem | Effect |
|---|--|
| <ul style="list-style-type: none"> • Universal subsidy | The Canadian economy lacked flexibility and adaptability. |
| <ul style="list-style-type: none"> • Fiscal totality | A comprehensive perspective of tax expenditures in relation to direct spending was lacking but also through inaccurate figures on spending programs, tax expenditures and the hidden costs of regulation. This led to the criticism that the government no longer controlled its spending. |
| <ul style="list-style-type: none"> • Inadequate program evaluation | Program evaluation lacked transparency; it was often lax since it was intended for the deputy minister. It did not allow for an assessment of the need to maintain the program nor did it allow for a systematic examination of programs that overlapped the mandates of several agencies or similar programs in other government departments. |

The interrelationship between the first three underlying problems created a system in which activity snowballed.

Advisory Committee

| | |
|---|--|
| <ul style="list-style-type: none"> • A lack of institutional memory | The soundness of new proposals and the maintenance of what might be deemed useless activities was not questioned; two departments solved a single problem without realizing the other department's involvement. |
| <ul style="list-style-type: none"> • Shortcomings in staffing | This problem was important in terms of the classification system; employees were classified more in light of the needs that they controlled than the results they were supposed to produce. It was noted that the rules governing personnel management were almost diametrically opposed to the initial objectives. There was doubt that staff could engage in outsourcing and cost recovery, for want of certain skills, including risk management. |
| <ul style="list-style-type: none"> • The strength of inertia or the status quo | It appeared difficult to implement the new reforms, even when an attempt was made to prove that a program was useless, outdated or too costly. It was often impossible to immediately eliminate the program, which meant that program evaluation had to be accompanied by a strategic plan and follow-up measures. |



Background and Evaluation Criteria of the Program Review

The Program Review was undertaken in response to the requirements and perspectives of a new environment.

- The public was concerned about the government's financial position and observed that governments were no longer able to provide the range and level of services to which it was accustomed.
- The composition of Canada's population was changing and Canadians were becoming better educated, multicultural and urban. These factors strongly affected demand for government services.
- The new technologies were changing methods of delivering public services.
- The globalization of the economy was increasing the need for competitiveness in industry and efficiency in the public service.

The Program Review was launched to meet the challenge posed by this new environment, with a mandate to confirm the relevance and accessibility of programs and the relevance of delivery mechanisms. The review centred on six basic criteria expressed as questions:

- Does the program under study still serve the public interest?
- Is it legitimate and essential for the government to deliver the program?
- Is the federal government's role justified or must the program be reconsidered in light of the provinces?
- Should the government fulfil its role in collaboration with the private sector or the volunteer sector?
- How can the program in question be restructured to make it more efficient?
- Is it affordable in relation to the government's financial capacity?



Survey on Internal Services – auxiliary findings

PROFILE OF INTERNAL SERVICES

Fields in which the internal services surveyed operate

| Service | Number of respondents | Percentage |
|-------------------------|-----------------------|------------|
| Communications | 9 | 14.1% |
| Administrative services | 18 | 28.1% |
| Financial services | 20 | 31.3% |
| Computer services | 19 | 29.7% |
| Human resources | 21 | 32.8% |
| Other | 14 | 21.9% |

(Certain internal services, especially those in big and small government departments, encompass several services, which explains why the total number of respondents broken down by field exceeds the total number of internal services surveyed.)

Size of internal services surveyed

| Number of FTEs | Number of respondents | Percentage |
|---------------------|-----------------------|------------|
| Fewer than 50 | 24 | 36.4% |
| Between 51 and 100 | 16 | 24.2% |
| Between 101 and 150 | 7 | 10.6% |
| Between 151 and 200 | 8 | 12.1% |
| Over 200 | 9 | 13.6% |

Clientele

In 38.8% of cases, the IS offer services not only to their base department or agency but also to other federal agencies.

Budget

Over 50% of IS have budgets of up to \$10 million.

ENVIRONMENT OF INTERNAL SERVICES

Types of change experienced mentioned by internal services (30% of cases)

- Reform of the structure and management framework
- Loss of capacity – discrepancy between resources and demand
- Change of mandate
- New service approach
- New technologies
- Enhancement of strategic functions
- Complex trends in HR management
- Functional management
- Heavier workload

INTERNAL SERVICES MANAGEMENT PRACTICES — SUCCESSES, CHALLENGES AND ISSUES

Exemplary management practices

- Measurement of customer satisfaction
- Management by results – performance measurement
- Electronic service delivery
- Establishment of temporary teams
- Outsourcing of services by private companies
- Service and quality standards
- Service agreements with other federal organizations
- Quality assurance

Innovative management practices

- Pooling and purchasing of services
- Electronic service delivery
- Human resources development and skills-based management
- Consultation of and participation by staff
- Performance measurement and accountability
- Consultation of and partnerships with external customers
- Recruiting program
- Reorganization of the budgetary financing framework
- Review of the structure
- Management framework of IT and Blue Print IT
- Analysis of the value chain
- Process quality control
- Development of employees' specialized ability
- Outsourcing of services
- Measurement of customer satisfaction
- Appointment of experts
- Long-term planning
- Service enhancement and innovation program
- Call centre
- Information system and shared management
- Teleworking

Obstacles to the emergence of innovative practices and challenges facing internal services

Obstacle

- Work overload
- Insufficient financial resources
- Recruiting, training and employee development
- Insufficient organizational support
- Limited access to technology
- Risk

Challenge

- Organizational development
- Personnel management
- Lack of financial resources
- Work overload
- Management of technological change
- Communication with customers
- Lack of knowledge in the organization
- Prescriptive constraints



Summary of Information Collected from Professional Associations and Federal Functional Communities

- I. Key issues in the management and renewal of the human resources community:
 - the absence of leadership in assuming responsibility for the community's renewal
 - the lack accountability among managers with respect to human resources management
 - the inadequacy of leading-edge technologies
 - the lack of convergence among disciplines
 - the loss of collective memory.

The human resources community must take up a twofold challenge, i.e. answer to the Treasury Board Secretariat in its capacity as an employer and justify itself to the Public Service Commission in respect of staffing and hiring, bearing in mind that the two entities do not always coordinate their efforts. In the absence of a shared vision and commitment, it is hard for the human resources sector to be efficient. Strategic planning in this sector has yet to be integrated into the business plans of various organizations. In order to play a strategic role in the organization, the community must acquire new skills. The skills-based approach has not been implemented in all government departments and agencies and only affects staffing processes. It appears that existing recourse makes the management of employees problematical.

Managers are not always held accountable for the sound management of human resources. Performance appraisals obviously take into account operational results and initiatives, but few of the appraisals examine the manager's contribution to maintaining a satisfactory work environment. Staffing, classification and performance management processes are not integrated. The official languages program and the employment equity program are only partially integrated into the human resources function and managers do not assume responsibility for them. These programs and processes appear to arouse little interest except when it is a question of taking stock of departmental commitments. It is now more than five years since human resources divisions were evaluated by central agencies. In several government departments, especially big ones, a lack of cooperation between various HR disciplines and strategic planning that is often concentrated at a single site, cut off from day-to-day operations, have been noted.

The integrated management of databases is rather outmoded or even absent in some instances. Human resources staff must devote a great deal of energy to reconciling human resources information and financial data. Leading-edge technologies have not been sufficiently developed.

For want of resources and time (and given a lack of interest in certain organizations), succession planning and resource development have been almost impossible for several years. The human resources community is grappling with the same demographic situation as the other communities in the Canadian public service, which means that, in the short term, it risks a loss of expertise.

Promising courses of action

- Pursue the implementation of the objectives of the proposed modernization of the HR function, legislation in respect of which seeks to:
 - simplify HR management processes, especially staffing and appeals;
 - make managers accountable for their HR management;
 - make the advisory capacity of HR specialists more strategic;
 - develop a partnership culture between government departments, the employer (TBS) and union representatives.
- Pursue external recruiting campaigns in respect of the community of HR management specialists.
- Pursue initiatives undertaken in order to analyze the return on investment of resources allocated to HR.
- Assess the effect of the absence of leading-edge technologies on the efficiency of HR management and promptly pinpoint the technologies that will support changing functions.
- Take stock of experience and lessons learned in government departments and agencies in order to pool good practices and intervene in areas at risk.
- Develop centralized leadership.

2. Key issues in material management:

- integrated change management
- governance
- human capital.

Over the past decade, the material management community has undergone sweeping changes that have permanently altered the way the Canadian government does business. Until the early 1990s, “the community enjoyed considerable stability from the standpoint of its staff, which had been trained to manage procedures and apply strict controls. Decision-making power in the community was centralized and did not take into account to an appreciable extent the needs of the community’s customers. At that time, evaluation measures were in their nascent stage and were based on standards that reflected the subjective perspectives of the function. The community benefited from solidly rooted traditions that were transmitted from generation to generation. The Program Review sparked considerable upheaval that altered material management. The State now advocated decentralized power, enlightened risk management, broader recourse to outsourcing, and a renewed partnership with the private sector.

In this new context, the TBS adopted new material management concepts, i.e. supply chain management, drawn from the private sector, while leaving it up to government departments and agencies to implement the concepts. While everyone agrees that considerable progress has been made over the past five years, the battle has not been won. Although PWGSC has displayed leadership in the realm of procurement, other activities in the material management cycle have been overlooked. Moreover, work processes must be reviewed in order to optimize them and adopt internationally recognized performance criteria without necessarily making a commitment to an ISO process.

The material management community is concerned about the absence of a common intervention framework, shortcomings in interdepartmental communications, and the absence of a clear objective under a reform that it is compelled to endorse.

Promising courses of action

- Invest in a performance measurement system rooted in the principles of the modern control function.
- Renew leadership in respect of asset management, fleet management, life cycle management of Crown assets, and supply chain management.
- Set up a Material Management Executive Forum (MMEF) that assembles key government managers.
- Train members of the community to enable them to acquire the new skills required. Develop a professional certification program recognized by the Canadian public service.
- Select a new name that better reflects the business role played by the material management community.

3. Key issues in financial management services:

- the absence of emerging professionals
- the lack of competent professionals
- the lack of adaptation of financial management systems.

Demographics are also affecting the FI community, i.e. in the near future, there will be virtually no senior staff. Until now, more junior employees have not possessed the skills needed to support renewed management of service delivery. This situation, like the one overwhelming the HR community, has been apparent for several years.

The most important challenges facing the FI community concern renewal. The employment branch, which traditionally feeds the pool of financial officers, has often emerged from clerks' (CR) or administrative support officers' (AS) positions. However, the role of FIs has changed significantly and the function is expected to assume a strategic financial planning role accompanied by all of the usual attendant responsibilities. It has been noted that several members of the FI community are having difficulty shifting to accrual accounting and learning and putting into practice the principles advocated by the modern control function and those stemming from the Auditor General's financial management capacity model.

The management of financial information is at risk. Financial and operating information has not been integrated and the information is not always available and reliable. Information on the holding and utilization of resources is not complete, lacks accuracy and is not integrated.

Promising courses of action

- Develop procedures that make accessible to managers integrated financial information that satisfies operational needs, to ensure enlightened decision-making and to better control risk.
- Adopt a skills-based approach for the FI community.
- Pursue external recruiting campaigns and ensure that the entry levels proposed to applicants are competitive with the private sector.
- Train managers with respect to the principles of the modern control function so that they understand their accountability in this regard. Linkage between FI and management will become tighter.
- Establish partnerships with external agencies, including the FMI, in order to create training programs adapted to the community's needs.

- Heighten awareness among senior civil servants of the urgent need to act and the serious nature of the current situation.
- Review management information systems and adapt them in light of the objectives set by the Auditor General's model:
 - support decision-making;
 - have available up-to-date, relevant, reliable financial and non-financial information;
 - ensure risk management;
 - use resources economically, efficiently and effectively;
 - ensure accountability;
 - establish a favourable control environment;
 - respect authorizations and protect assets.

4. Key issues concerning the communications community:

- horizontal integration
- resource financing
- training and staffing

Horizontal integration poses a daunting challenge to this functional community. The federal government's need for visibility has changed. It is not easy to ensure the convergence and coherence of strategic positions in relation to the delivery of products and services when dealing simultaneously with central and regional units. The community must also support an array of clienteles that do not share the same interests, i.e. minister, deputy minister, assistant deputy minister, directors general, directors, and so on, in a series of initiatives and programs that are not aimed at the same clientele and focusing on different issues. As for greater horizontal integration of communications and operations, the linkage is occurring to varying degrees in the field, depending on the departments and agencies. However, it is usually thought that program management can be better served by

communications sectors. Attempts to decentralize communications officers in operating units has not always had the success anticipated. In order to achieve greater efficiency, communications must find ways to better understand program components and issues. The absence has been noted of a dynamic functional link between interdepartmental communications managers. The pooling of information and winning practices has yet to be achieved. The same situation affects to varying degrees different levels in the same department.

The challenge that arises is to be able to rely at once on more integrated strategies and manage relations with different bodies according to their priorities and needs. For want of time, most communications branches are unable to fully satisfy demand. When the level of resources increases, there is a risk that the resources will be used to support the minister and not the department. It is hard to recruit new staff since demand exceeds supply and there is fierce competition between departments.

Over the past three years, the communications community has been slightly rejuvenated with the arrival of new recruits and has become more specialized (entry level IS-2 compared with IS-4). It has also been noted that the classification of most communications managers is at the IS-6 level and that most of them sit on management committees.

Promising courses of action

- Increase human and financial resources to enable the divisions to invest fully in their role.
- Maintain external recruiting initiatives. Fill managers' and strategic advisors' positions by hiring qualified, experienced staff.
- Adopt a skills-based approach and ensure that a training program is established to enable professionals to pursue their development in the core competencies required.

- Elaborate a strategy that enables communications to better serve program managers in their respective performance objectives.
- Develop the “internal communications” niche in order to assist government departments and agencies in managing targeted organizational change.

5. Key issues concerning the library services:

- the transformation of the librarian’s role in the Canadian public service
- the management of information and knowledge
- the need for centralized leadership
- financial support
- existing ways of doing business.

The role played by libraries is changing radically. From a physical or occasionally virtual site that preserves an array of publications in different forms and offers information and archival services must spring a model establishing new parameters, i.e. a knowledge centre that integrates information management and knowledge. In this knowledge centre, information and knowledge are regarded as assets.

To this end, libraries must broaden their interests and areas of expertise in fields such as web design, virtual training, and meta data/thesauri. In this way, they can offer new services to their customers, especially scientific and applied research. They must integrate into other communities in the public service and better understand their situation and information needs.

The driving force behind this change is renewed, centralized leadership that assumes responsibility for the need to act. Such leadership has dwindled over the years, especially in the wake of the Program Review, which led to significant budget cutbacks and delays in developing new skills geared to changes in information management. Unless new financial and technological resources are allocated, the desired changes will not occur.

It is also urgent to shift from the conceptual state of the knowledge centre to the applied state. An updated model supported by a migration plan that defines operating methods, accountability, the necessary resources, fields of intervention and competence, areas of specialization and interdepartmental relations must be elaborated and implemented promptly.

The need has also been noted to redefine the nature of the links that the National Library maintains with its partners, i.e. 300 other libraries found in government departments and agencies, each with its own organization. The shift must be guided by a common vision and existing ways of doing business must be redefined.

Last, but not least, is the challenge of adopting a performance measurement framework that makes it possible to monitor organizational performance and the development of a national policy endorsing the anticipated change.

Promising courses of action

- Obtain the support of senior civil servants in order to proceed with the reorganization.
- Establish the leadership of the National Library of Canada.
- Review the Council of Federal Libraries’ operating and service delivery methods.
- Develop an evaluation measurement that makes it possible to ascertain the library’s performance in its new fields of competence pertaining to the management of information and knowledge.
- Formulate a national policy supporting the reform contemplated.

6. Key issues concerning the community of security professionals:

- the enhancement of the community's image
- broader support from senior civil servants and managers in their commitment to the security of property, individuals and information
- heightened awareness among staff in government departments and agencies concerning the importance of security.

The TBS estimates that the security professionals' community has over 5000 members.

It has been noted that the community suffers from an image and credibility problem. Professionals in the security sector are perceived as poorly educated and trained and motivated solely by the power they wield. Departmental clientele regard such power as derivative and associated with the imposition of rigid, senseless, hardly realistic rules in the contemporary world. The challenge facing the community is to convince managers and their staff that the professionals are competent and can become valuable partners in modern security management.

A second challenge facing the community is the recognition at all times of its contribution and not just during crises such as the ice storm, September 11, 2001, the "I Love You" virus or bombings. It is essential to sustain the interest of the clientele served and make them understand that security is important, an integral part of the service delivery process, a key to sound risk management, and a vital component of the organization's mission and the realization of its objectives.

According to the members of the functional community, the Canadian public service has not, until now, invested sufficient time, money and effort in security. There is good reason to heighten awareness among all managers and their staff of the importance of developing sound habits with respect to security.

Promising courses of action

- Broaden the training of community members through the implementation of compulsory training programs leading to recognized certification.
- Clarify managers' accountability with respect to security, ensure accountability and obtain a commitment from managers.
- Pinpoint means of incorporating security into business objectives.
- Update Canadian government security policy in order to broaden the community's involvement in various initiatives and projects.
- Launch an awareness campaign on the need for security in the Canadian public service.

7. Key issues in the realm of access to information:

- leadership
- mismatching of resources
- information management.

The *Freedom of Information Act* was implemented in 1983 and has undergone very few amendments since then. Leadership among senior civil servants and a commitment from the entire Canadian public service are essential to the maintenance of freedom of information. It has been noted that Alberta is one of the only provinces whose government leaders publicly support the right to know of Canadian citizens. It appears that the spirit in which the *Freedom of Information Act* was adopted make the government and public institutions uneasy about the risk of voters' finding out about mistakes and dysfunction in the public administration.

A number of studies devoted to access to information produced by the TBS and various committees chaired by deputy ministers and assistant deputy ministers have concluded that professional coordinators who are responsible for ensuring functions do not have adequate resources, that their level of classification does not reflect the complexity of their duties, that they do not have the power necessary to act effectively, and that some ambiguity persists concerning their mandate, which, they maintain, is poorly defined by legislation. Most employees are unmotivated. The right of access to information becomes futile when the means of cataloguing, indexing, classifying and archiving information are absent or ineffective. One cannot make accessible information that one does not possess. The Program Review has considerably reduced the size of internal services responsible for documenting, recording, classifying, archiving and managing the information inventoried.

At a time when we are attempting to shift from a paper to an electronic environment, the ability to manage information has, unfortunately, considerably dwindled.

Another challenge that arises is the need to change attitudes in order to ensure that information is accessible to everyone and not jealously guarded by a few people. However, opinion is divided on this point. Is it necessary to adopt new legislation or should we simply reinforce the application of existing legislation?

Archivist Ian E. Wilson has noted that “the key issue is not that records do exist but what should exist to support open and accountable government.”

Promising courses of action

The elaboration of new freedom of information legislation that makes necessary the allocation of new resources to ensure that the function becomes a departmental priority.

8. Key issues regarding IT, IM and service delivery communities

- the transition from “internal services” to an “empowering process”
- the integration of policy elaboration, program design and service delivery into an end-to-end operational process model
- horizontal coordination and uniformity (interoperability) within the entire public administration.

The perspective of the Organizational Readiness Office of the TBS is based on work experience in three functional communities (IT, IM and service delivery). The purpose of the exercise was to implement two of the principal change programs announced in *Results for Canadians: A Management Framework for the Government of Canada*, i.e. services geared to the public and direct access to the government.

The reorganization of internal services must centre on results and reflect a “State perspective.” It requires highly qualified, autonomous staff capable of working horizontally throughout departmental structures but who, to this end, must have at their disposal adequate tools, techniques, policies and processes.

In his 2001 annual report on the public service, Mel Cappe predicts the advent of a cybergovernment that will emphasize the human element (new skills, attitudes and approaches in the realm of leadership) and will revolutionize public servants’ work methods and means of communicating among themselves and with their environment.

Internal services will not escape these changes since they are essential empowering processes and an integral part of service delivery in this new context. The communities of practice³ can help meet the challenges that such change poses since they are an efficient means of learning and sharing knowledge in departments and jurisdictions and thus become empowering themselves. The reorganization of the government's capacity to provide services will, consequently, require the development of the expertise of internal services (HR, IM, IT, and so on) and essential processes such as the elaboration of policy, program design and program delivery.

An operational process model that reflects the results for the government overall must clearly indicate that functions traditionally designated as "internal services" are actually essential instruments for the delivery of government services to the public.

Government departments and agencies must, increasingly, understand their role in a global context and be evaluated more extensively in light of their contribution to the attainment of government objectives. This means, in the case of HR, for example, that it will no longer be sufficient to ascertain whether staffing processes have been followed. It will also be necessary to ensure that the government has the right people with the relevant skills in the right place. The challenge is to ensure that public servants at all levels are informed of the overall objectives and their contribution to the success of the "end-to-end" process.

Promising courses of action

- Integrate the elaboration of policies and programs and service delivery into a precise "end-to-end" operational process model.
- Develop among public servants new qualifications and skills to enable them to promote a workplace culture that fosters innovation and risk management.
- Support the development of communities of practice in the realms of IT, IM and service delivery so that the communities can support empowerment processes, facilitate the sharing of knowledge and bolster the government's ability to ascertain and analyze new circumstances and adapt to them.

Heighten awareness among managers of the need to recruit staff able to play a strategic role in addition to their technical and operational abilities. Also ensure the development of the strategic contribution made by current staff.

³. **Communities of practice** comprise employees sharing the same work experience and facing a series of common problems. The members of the community share an interest in a body of knowledge and are motivated by the desire and need to pool experience, understanding, models, tools and exemplary practices. Communities of practice complement existing structures by allowing for collaboration, the exchange of information and the sharing of exemplary practices despite temporal limitations and in all organizational hierarchies and structures.

Activities of the Roundtable

Meetings of the Roundtable: Two meetings were held in 2001, on September 26 and November 7, and one meeting was held in 2002, on March 27.

Consultation involving professional associations and federal functional communities (January 18, 2002)

The Roundtable held a one-day consultation in the wake of an invitation extended to various professional associations and federal functional communities, whose representatives had an opportunity to share their viewpoints and discuss with the members of the Roundtable (1) issues pertaining to the delivery of internal services in their respective fields in federal government organizations, and (2) the tools and measures that can enhance performance in this respect.

Representatives of Professional Associations

| | |
|------------------|---|
| Larry Lashkevich | President, Material Management Institute |
| Gerry Tremblay | President, Financial Management Institute of Canada |
| Gerry Deneault | President, Federal Association of Security Officials |
| Jean-Pierre Côté | Vice-President, Federal Association of Security Officials |
| Sergio Poggione | President, Canadian Access and Privacy Association |
| Paul Scherling | Secretary, Canadian Access and Privacy Association |
| Carol Hopkins | CMC, CPP/PCP, Past President, Ottawa-Hull Chapter, The International Personnel Management Association – Canada |

Representatives of Federal Functional Communities

Communications

| | |
|--------------|---|
| Jodi Redmond | Director, Strategic Communications Planning, Privy Council Office |
| Gerry Maffre | Director General, Communications Branch, Citizenship and Immigration Canada |

Council of Federal Libraries

| | |
|---------------|--|
| Julia Goodman | Development Officer, Council of Federal Libraries, National Library of Canada |
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Information Technology and Information Management

| | |
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| Ed Fine | Executive Director, Organizational Readiness Office, Chief Information Officer Branch, Treasury Board Secretariat |
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Human Resources Forum

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| Marcel Nouvet | Chief Human Resources Officer, Human Resources Branch, Treasury Board Secretariat |
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