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of Canada**
to the House of Commons

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Chapter 9
Modernizing Accountability in the Public Sector



Office of the Auditor General of Canada

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For copies of the Report or other Office of the Auditor General publications, contact

Office of the Auditor General of Canada
240 Sparks Street, Stop 10-1
Ottawa, Ontario
K1A 0G6

Telephone: (613) 952-0213, ext. 5000, or 1-888-761-5953
Fax: (613) 954-0696
E-mail: distribution@oag-bvg.gc.ca

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Chapter

9

Modernizing Accountability
in the Public Sector

Table of Contents

Main Points	1
Introduction	3
Focus of the study	3
Observations	4
Accountability and the new public management	4
Focus on results	4
Delivery through partnering	4
Increased discretion, flexibility, and innovation	5
Accountability enhanced	5
Principles of effective accountability	7
The light of transparency	7
The accountability process	8
An accountability framework	9
Holding to account	10
Accountability in today's public sector	13
Accountability for performance: Results and means	13
Accountability in partnering arrangements	14
Accountability with increased discretion and flexibility: A learning public service	16
Strengthening Parliament's role	17
Conclusion	18
About the Study	20



Modernizing Accountability in the Public Sector

Main Points

9.1 This chapter proposes an enhanced definition of accountability that takes modern developments in public management and governance into account:

Accountability is a relationship based on obligations to demonstrate, review, and take responsibility for performance, both the results achieved in light of agreed expectations and the means used.

9.2 This definition of accountability is consistent with managing for results, allows for accountability among partners who might be equal and/or independent, and includes obligations for all parties in the accountability relationship. It emphasizes the importance of accountability for results and for the means used. It underlines that effective accountability is not just reporting performance; it also requires review, including appropriate corrective actions and consequences for individuals.

9.3 In addition, we outline five principles of effective accountability: clear roles and responsibilities; clear performance expectations; a balance of expectations with capacities; credible reporting; and reasonable review of performance, with adjustment. These principles can be applied to a wide range of accountability relationships, but their use needs to be tailored specifically to each relationship.

9.4 Accountability would be strengthened if Parliament played a more active role in scrutinizing the government's plans and performance expectations and comparing them with the performance reported later by the government.

9.5 Transparency is essential to accountability, making it easier for those outside government to monitor and challenge the government's performance for consistency with policy intentions, for fairness, for propriety, and for good stewardship. The prospect of scrutiny also helps keep ministers and managers of public programs (public servants as well as their partners in program delivery) attuned to the defensibility of their actions.

Background and other observations

9.6 In our representative democratic system, accountability legitimizes the government's right to govern. Parliament holds the government to account for the legitimate use of authority. Ministers are held to account in Parliament, and they, in turn, hold their officials to account for the delivery of public policy.

9.7 Traditional accountability practices are under pressure by developments in public management and governance—a focus on getting results, using partnering arrangements, and developing a flexible and innovative public service.

9.8 Just what can ministers and managers reasonably be held to account for, when managing is focussed on results—and in particular on outcomes, over which control and influence are limited? We think they can reasonably be held accountable for demonstrating the extent to which the results they expect are being accomplished, the contribution their activities have made to the actual outcomes, the lessons that have been learned, and the soundness and propriety of their actions.

9.9 In partnering arrangements—used increasingly by governments to deliver public programs—accountability can become diffused. In our view, these arrangements require more and not less accountability. Each partner is accountable not only to its own superior or governing body but also to the other partners in the arrangement. Together, they are accountable to their joint co-ordinating body or, in some cases, to the public for the arrangement's operation and success.

9.10 A degree of discretion and flexibility allows managers of public programs to take reasonable risks in order to innovate. If it is based solely on compliance with too many and unneeded rules and procedures, accountability cannot easily incorporate risk. Accountability must be able to tolerate mistakes or adverse results, provided that any risk taken can be shown to have been reasonable and the management of the risk to have been sound.

The government has responded. The response of the Treasury Board Secretariat on behalf of the government is included at the end of the chapter. The government welcomes the ideas in the chapter as consistent with recent government initiatives. It stresses the need to tailor the application of any principles to individual circumstances. The government welcomes the opportunity to continue the dialogue on accountability.

Introduction

9.11 Though accountability is a critical element of representative democratic government, many Canadians believe their government is not held adequately to account.

9.12 Accountability is not a simple concept. What it means and how it is supposed to work are often disputed, so applying it effectively can be daunting. Moreover, how can a concept founded on historical principles of Westminster-style government administration apply today, amid the complexities of the modern public sector?

9.13 Today, Canadians are demanding clearer and greater accountability for the way the government spends their tax dollars and uses its authority. But the traditional view and practice of accountability are challenged in a public sector where the focus is on getting results, where the government engages in partnering arrangements with provinces and with outside organizations to deliver public policy, and where managers are encouraged to innovate and take reasonable risks.

9.14 Our Office has a long-standing interest in accountability, and many of our audits have examined it in practice. In 1996, we did a study of accountability practices and First Nations. In 1999 and again in 2002, we examined the mechanisms for accountability in new arrangements set up to deliver federal public policy (see Office of the Auditor General of Canada: April 2002 Report, Chapter 1; 1999 Report, Chapters 5 and 23; and 1996 Report, Chapter 13). Several years ago, with the Treasury Board Secretariat we published a joint discussion paper on accountability that introduced many of the ideas discussed in this chapter (see Office of the Auditor General and the Treasury Board Secretariat, *Modernizing Accountability Practices in the Public Sector*, January 1998).

Focus of the study

9.15 The objectives of this study are to propose and discuss an enhanced concept of accountability, consistent with and supportive of the realities of today's public sector. We also explore Parliament's role in furthering effective accountability for public management. Our intent is to promote discussion and clarity on ways to make accountability practices more effective in today's public sector.

9.16 Public service reforms have raised questions about the principle of ministerial accountability. Yet it remains the cornerstone of our democratic parliamentary system. This chapter does not address the debate over ministerial accountability, but instead examines accountability in the management and delivery of government programs.

9.17 Further details on the study are discussed at the end of the chapter in the section About the Study. Previous work published by this Office and cited in the chapter can be found on our Web site at <http://www.oag-bvg.gc.ca>.

Observations

Accountability and the new public management

9.18 In our democratic system, the people elect the government and the government must be held to account, in Parliament, for the way it uses public authority. Ministers are individually accountable to Parliament for their own actions and for all aspects of their departments' and agencies' activities. Ministers are also collectively accountable for the decisions taken by the Cabinet.

9.19 Officials are accountable to their ministers for the operation of their organizations, and not to Parliament. Traditionally, they remain anonymous. They may be required to explain those operations to Parliament on behalf of their ministers, but they do not answer to Parliament for government policy.

9.20 In our view, accountability within our Westminster-style government administration can serve three purposes:

- to control against the abuse or misuse of power;
- to provide assurance that activities were carried out as intended and with due regard for fairness, propriety, and good stewardship; and
- to encourage improved performance of programs and policies, through reporting on and learning from what works and what does not.

9.21 Public sector management and governance are changing, becoming more complex and creating new pressures on traditional notions of accountability. Three developments in particular make this clear: the focus on results, and especially on outcomes; the use of partnering arrangements to deliver programs and services; and the provision to managers of public programs (both public servants and their partners) of more flexibility and discretionary authority to innovate.

Focus on results

9.22 Managers of public programs today are asked to focus on the results they accomplish, that is, the outputs of their activities and the outcomes that result. The government first asserted its support for this focus in 1995, and in 2000 reiterated its commitment in *Results for Canadians: A Management Framework for the Government of Canada*.

9.23 Traditionally, accountability primarily has meant accounting for inputs, for adherence to detailed rules and procedures, and for actions taken. If things go wrong, those in charge can be held to account for what they control. Yet the outcomes sought for most programs are not entirely controllable. Outcomes are influenced by a number of outside factors, including social and economic trends as well as other programs at the federal, provincial, and municipal levels. For what, then, can ministers and program managers be reasonably held to account?

Delivery through partnering

9.24 Today, the federal government increasingly delivers federal public objectives through non-hierarchic relationships, such as networks and

partnering arrangements with provincial and territorial governments and the private and voluntary sectors. These arrangements have often resulted in new and complex accountability relationships.

9.25 In these forms of delivery, the arrangements are often among “equals” or independent organizations and involve no hierarchic relationship. Instead, there is some form of shared accountability. A similar situation arises when individuals in a network collaborate and are accountable to their individual superiors or a collectivity of their superiors for their contribution to a product. What is shared accountability? And how can it be shared by equal or independent partners?

Increased discretion, flexibility, and innovation

9.26 Modern public management seeks to provide managers of public programs with more discretion in the use of authority and with reasonable flexibility to make informed decisions about the resources and inputs they use, the outputs they produce, and the ways they produce them. In some cases, increased flexibility is provided in exchange for greater accountability. Managers are to take well-considered risks in order to innovate. They are to learn from what works and what does not. However, a move to greater discretion, flexibility, and innovation is not supported by accountability that focusses solely on complying with too many and unneeded rules and procedures. How can accountability accommodate the risks that come with an innovative and flexible public sector?

9.27 After introducing and discussing an enhanced definition of accountability, we return to address these questions.

Accountability enhanced

9.28 With the Treasury Board Secretariat, several years ago we suggested a definition of accountability that retained the essential elements of traditional accountability but responded to today’s pressures on it. For this chapter, we have further refined that definition:

Accountability is a relationship based on obligations to demonstrate, review, and take responsibility for performance, both the results achieved in light of agreed expectations and the means used.

9.29 This definition encompasses a number of ideas (Exhibit 9.1) and is meant to apply to a wide range of accountability relationships: between ministers and deputy ministers, between departments and central agencies, between public servants in a hierarchic relationship, between parties in a partnering arrangement, and between the federal government and Parliament. Each of these relationships is unique and has its own level of formality and complexity.

9.30 Our definition of accountability offers several enhancements to traditional accountability:

- **Accountability among partners.** Our definition allows for a shared accountability relationship among partners who might be equal and/or independent, so it need not be used only in hierarchic relationships.

- **Reciprocal accountability.** It stresses that there are obligations on all parties in an accountability relationship, not merely on a subordinate party (as the traditional concept implies).
- **Importance of both ends and means.** Parties are accountable not just for results but also for the way they achieve the results.
- **Need for review and adjustment.** Accountability includes not just reporting performance but also analyzing and reflecting on that performance, making appropriate changes to improve it, and bringing appropriate consequences to bear on individuals, whether rewards or sanctions.

Exhibit 9.1 The elements of accountability

Accountability is a relationship based on obligations to demonstrate, review, and take responsibility for performance, both the results achieved in light of agreed expectations and the means used.

A relationship	Accountability involves two (or more) parties in a relationship that features certain obligations.
Obligations	All parties in an accountability relationship have obligations that imply responsibilities and consequences. In addition to the obligations inherent in the relationship (to demonstrate, review, and take responsibility), others can come from outside (such as legal, professional, contractual, and hierarchic obligations) and from an internalized sense of integrity.
Demonstrate	Demonstrating performance involves proactively reporting what results have been achieved and the appropriateness of the means used; it requires honesty, openness, and transparency. In a hierarchic relationship, this obligation is on the subordinate party.
Review	Review involves analyzing and reflecting on the reported results and the means used, and then taking appropriate action. Each party has an obligation to review. Those accounting should review to learn what is working and what is not, and should adjust their activities accordingly. Those holding to account should direct or call for any needed change. If performance is good, this could simply mean reconfirming current activities or could entail individual rewards. If performance is weak, corrective action would be expected. Review and adjustment of unacceptable performance might involve sanctions on individuals. Review can also result in revising expectations or adjusting other elements of the accountability relationship.
Take responsibility	Taking responsibility emphasizes answering for and accepting responsibility for what has or has not been accomplished and for the means used in the effort.
Results	A key focus in accountability is on the results (outputs and outcomes) accomplished or not accomplished.
Agreed expectations	The agreed expectations stem from either a formal or informal agreement on what is to be accomplished. In a hierarchic situation, one would expect a degree of discussion between the two parties as to what is reasonable and feasible, placing an obligation on the superior party to be clear about what is expected.
In light of	This emphasizes that performance is comparative. One is called on to compare what was accomplished with what was expected. Effective accountability requires disclosure: setting out beforehand what is expected and then reporting against those expectations. It also requires learning: looking <i>in light of the expectations</i> at what was accomplished or not, and what has been learned that will improve future performance.
The means used	How one delivers public services, uses authority, and handles public money are more than means of achieving results: they are ends in themselves, important reflections of public sector values and ethics. It is expected that the means used treat people fairly, are undertaken with propriety, and reflect good stewardship—that is, provide best value for money and respect the environment.

Principles of effective accountability

9.31 Exhibit 9.2 sets out five principles of effective accountability. They reflect practices or characteristics most often associated with effective accountability. We suggest that the stronger the application of these principles in an accountability relationship, the more effective accountability will be. However, “one size does not fit all.” While in all cases the principles are important, their practice needs to be tailored specifically to each accountability relationship.

Exhibit 9.2 Principles of effective accountability

Clear roles and responsibilities	The roles and responsibilities of the parties in the accountability relationship should be well understood and agreed upon.
Clear performance expectations	The objectives pursued, the accomplishments expected, and the operating constraints to be respected (including means used) should be explicit, understood, and agreed upon.
Balanced expectations and capacities	Performance expectations should be clearly linked to and balanced with each party's capacity (authorities, skills, and resources) to deliver.
Credible reporting	Credible and timely information should be reported to demonstrate what has been achieved, whether the means used were appropriate, and what has been learned.
Reasonable review and adjustment	Fair and informed review and feedback on performance should be carried out by the parties, achievements and difficulties recognized, appropriate corrections made, and appropriate consequences for individuals carried out.

The light of transparency

9.32 Transparency is a sustaining element of effective accountability. It implies that one can see clearly into the activities of government. There are some exceptions: some aspects of accountability arrangements are closed to public scrutiny (such as privacy and confidentiality between employee and employer, third-party confidences, and advice to ministers and Cabinet). In the federal government, the *Access to Information Act* sets the ground rules for transparency.

9.33 Members of Parliament have told us how important they consider transparency to be for effective accountability. They and the public often feel that government does not provide enough information on performance that falls short of expectations. Members have said that greater transparency would be one way to increase the trust Canadians have in their political institutions.

9.34 Clear, timely information on how money was spent and what it achieved makes it easier for those outside government to monitor and challenge whether spending was fair, proper, and consistent with good stewardship. Furthermore, the knowledge that their actions and decisions are

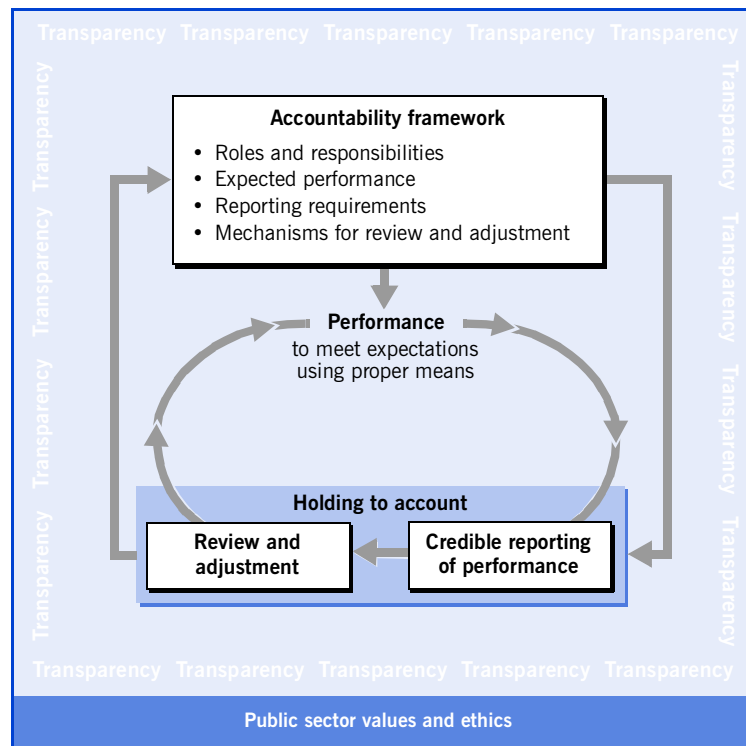
visible encourages ministers and managers of public programs to behave in ways that can withstand public scrutiny. Overall, transparency and accountability mean stronger institutions and more credible government.

The accountability process

9.35 Exhibit 9.3 illustrates an accountability process based on the principles of effective accountability. In applying these principles, two aspects of the accountability process need to be considered:

- **The accountability framework.** Is there an appropriate accountability framework in place to support strong accountability relationships?
- **Holding to account.** Are effective reporting, review, and adjustment occurring?

Exhibit 9.3 The accountability process



9.36 Public sector values and ethics, such as fairness, honesty, probity, integrity, and fidelity to the public trust, underlie any accountability process. Without a shared understanding of these basic values by the parties involved, an accountability process is unlikely to be effective. Public sector managers and their partners who deliver public services for the government should actively promote and enforce a corporate culture of high ethical standards and public sector values. The more those delivering public functions have internalized a sense of responsibility for observing public sector values and ethics, the less those values and ethics need to be formalized in accountability arrangements.

An accountability framework

9.37 An appropriate accountability framework is an essential beginning for effective accountability. Its importance is often reflected in documents that outline specific arrangements for accountability. Documenting these arrangements helps ensure a robust accountability relationship, one that sets out a basis for assessment and that does not change if individuals in the arrangement are changed. As shown in Exhibit 9.3, a good accountability framework has four elements, which are based on the principles of effective accountability.

9.38 Roles and responsibilities. There is a need for a clear understanding of the roles and responsibilities—the duties, obligations, and related authorities—of parties in an accountability relationship. Responsibility can be delegated from superior to subordinate or, in a partnering relationship, delegated to a partner or assumed by the partner by mutual agreement. Arriving at this understanding includes setting out clearly what specific activities and tasks are expected of each party and how the relationship is to be managed. Some collaborative arrangements are managed and even delivered jointly by the partners. In those cases, the clarification of roles and responsibilities could focus on how the arrangement will be managed rather than what role each partner will play. Without a clear understanding, the basic underpinnings of an effective relationship are absent. This risks confusion when the arrangement is implemented and, if things go wrong, makes it more difficult to find out why.

9.39 Expected performance. If expectations are unclear, accountability for performance is difficult to attain. Mutually understood and accepted expectations—including what each party is expected to contribute to the end result and what means are appropriate to use—will strengthen the accountability relationship. The operating constraints on the parties also need to be set out. Partners in the federal government have administrative rules and procedures to follow; if they have outside organizations as partners, the accountability framework needs to set out the basic operating principles and rules that are to be followed, including public sector values and ethics.

9.40 An accountability relationship that is effective has expectations that are realistic. The absence of a reasonable balance between what is expected and what authorities and resources are available to apply will tend to undermine the effectiveness of the relationship. Expectations that are seen as unreasonable or unachievable with available resources and capacity will not be taken seriously. At the same time, meeting expectations with resources that are more than adequate would not garner much credit; meeting expectations should require some stretching. Accordingly, accountability is enhanced by a balance among resources, authorities, and expected results.

9.41 Reporting requirements. The parties in an accountability relationship need to be clear about what information is to be reported by whom, to whom, and when. Being clear includes identifying the measurement strategy to be used, that is, how the required information is to be defined, collected, verified, and analyzed; by whom; and when.

9.42 Mechanisms for review and adjustment. Finally, clarity is needed on just how and by whom performance will be reviewed and adjustments made—how improvements will be made to performance and to the arrangement. The framework should lay out how the accountability process is to be completed.

9.43 The extent to which these components are formalized and consolidated in an accountability framework depends on the particular accountability relationship. For example, between superiors and their subordinates in the public service, roles, responsibilities, and expectations are often set out in work plans. The organization's personnel appraisal system stipulates when reporting is to take place and what the review and adjustment process will entail. Between ministers and Parliament, ministers' roles and responsibilities for the management of their programs are set out in the ministers' mandates. The performance expectations are set out in a variety of ways, such as in ministers' departmental Estimates and reports on plans and priorities, and their statements in Parliament. Reporting is accomplished through statements made and material tabled in the House by ministers, including their departmental performance reports. The review and adjustment mechanisms for ministers are the scrutiny carried out by Parliament in the House and Senate and the changes ministers make to programs and policies.

9.44 Exhibit 9.4 presents an example of an accountability framework where most elements are clearly spelled out in one document.

Holding to account

9.45 Key to accountability in practice is how those responsible are held to account. It is clear when accountability is not working well:

- there is no reporting or inadequate reporting on performance;
- there is no serious, informed review of the information reported; or
- there are neither appropriate program changes nor consequences for responsible individuals.

9.46 Credible reporting. Those responsible for delivering a public service or using public authority have a duty to report both the financial and the non-financial results they have achieved with the authority and public funds entrusted to them. In our view, they also have an obligation to report on the appropriateness of the means they used to achieve those results. This might entail reporting what assurance there is that the means used respected the pertinent aspects of fairness, propriety, and good stewardship. Their reports must be credible, understandable, and timely.

9.47 Here, candour is important—and in most organizations, it is a challenge. If reporting by public organizations is to be credible, it must be balanced—containing both good news and bad. Expectations are not always met, and sometimes for valid reasons.

Exhibit 9.4 A clear accountability framework: Infrastructure Canada

In our April 2002 Report, Chapter 1, Placing the Public's Money Beyond Parliament's Reach, we described the accountability framework of Infrastructure Canada, which had replaced the Canada Infrastructure Works Program. Infrastructure Canada is a collaborative arrangement between the federal government and provincial and territorial governments; its purpose is to improve urban and rural municipal infrastructure. A key difference between Infrastructure Canada and the earlier program is the governance and accountability framework. It sets out a clear accountability structure for the federal organizations involved in Infrastructure Canada and is a marked improvement over the situation in the program that preceded it.

Some elements of the governance and accountability framework are the following:

Roles and responsibilities. The framework outlines the roles and responsibilities of the Expanded Treasury Board; the Minister responsible for Infrastructure; the National Office of Infrastructure Canada; the ministers responsible for delivery; the Federal-Provincial/Territorial Management Committee and the Federal-Provincial/Territorial Co-Chairs; the provincial, territorial, and local governments; non-governmental organizations; the private sector; and federal departments.

Expected performance. The framework states that the ministers responsible for delivery will ensure that Parliament is informed of expected results through supplementary descriptive material included in each department's Estimates.

Reporting. The framework states that the Minister responsible for Infrastructure Canada will be responsible for reporting to Parliament on the program's overall objectives and results through the report on plans and priorities and the departmental performance report.

Review and adjustment. The framework states that the National Office will undertake program evaluations and other national reviews. It also states that the audit and evaluation frameworks will provide all the processes and controls necessary for due diligence to ensure proper spending of federal funds. Further review and adjustment take place when ministers report to Parliament.

In addition, the federal government has a program agreement with each of the provinces that outlines the roles and responsibilities of the management committee, the program's objectives and procedures, a Shared Information Management System for Infrastructure, and provisions for audit and evaluation of the program.

9.48 There are several ways for parties in an accountability arrangement to enhance the credibility of reporting:

- review and challenge both the stated expectations and the actual results reported;
- explain shortcomings in performance and show what has been learned as a result;
- disclose the basis on which a report has been prepared;
- ensure transparency—access to relevant information; and
- have external auditors provide assurance of the fairness and reliability of reported information.

9.49 Review and adjustment. Accountability involves taking responsibility for one's actions. Scrutiny and correction are required—review and analysis of performance and, based on that review, adjustments made to correct the

course when necessary. There is a role for sanctions on individuals, including the assigning of blame, when actions have been unreasonably risky or have violated basic norms of fairness, propriety, or good stewardship. A focus on results and innovation is not a licence for ignoring basic principles; for illegal, unethical, or otherwise improper behaviour; or for incompetence.

9.50 Those responsible for reviewing performance need to consider what results have been accomplished in light of expectations and of circumstances—including unanticipated contingencies—and then recognize achievement as well as underachievement and failure. In doing so, they too can learn. Review should be reasonable and fair and aimed at identifying ways to improve future performance as well as possible rewards or sanctions for individuals. Where program expectations clearly have not been met, there may be a need to adjust the accountability arrangement and note lessons learned. Performance can be reviewed within the organization or program, by an oversight authority in a partnering arrangement, by a minister, or by a parliamentary committee considering departmental performance reports.

9.51 Closing the accountability loop through review and adjustment can be an encouragement for all those involved to learn how to improve performance, particularly when the expected results have not been achieved. Good reporting should highlight where lessons have been learned and the delivery or design of programs altered. Those holding to account need to be particularly critical when expectations have not been met and when there is no evidence or inadequate evidence that improvements have been made.

9.52 Finally, it should be recognized that while effective accountability is not without cost, ineffective accountability can cost even more in waste, misuse of power, and loss of the government's legitimacy in the eyes of the governed. Establishing accountability frameworks, measuring and reporting results, reviewing performance, and making needed changes all require time, effort, and resources. These are the costs of a robust democracy. Nevertheless, accountability regimes should be tailored to specific circumstances. There is a need to avoid creating accountability frameworks and reporting regimes that are unnecessarily complex. For example, Exhibit 9.5 describes the complex requirements for reporting by First Nations to federal organizations.

Exhibit 9.5 Streamlining First Nations reporting to federal organizations

Our study of First Nations federal reporting (Chapter 1 of this Report) found that the requirements to report to federal organizations are a significant burden on First Nations. We estimated that 168 reports (for major programs) are required annually by the four largest federal organizations providing support to Aboriginal peoples. There is overlap and duplication among the required reports and little use is being made of them, either by federal organizations or by First Nations. We found inadequate reporting on performance, little review of the information reported, and few consequences of the reporting through learning or adjustment. In such instances, reporting does not serve accountability relationships adequately.

Accountability in today's public sector

Accountability for performance: Results and means

9.53 How do we deal with the fact that the outcomes sought are not under the full control of the ministers and managers responsible for a program? People in the public sector may be reluctant to accept accountability for outcomes when their control over achieving them is limited. Managers have found it far more acceptable to be held to account for inputs, activities, and outputs.

9.54 We suggest that holding to account for results asks if everything reasonable has been done with available authorities and resources to influence the achievement of expected results (see Exhibit 9.6). This kind of accounting for results means demonstrating in a reasonable fashion that a difference has been made, that actions and efforts have contributed toward desired outcomes. It means accounting for the outcomes that can be influenced as well as for the outputs produced or delivered.

Exhibit 9.6 Accountability for performance: Results and means

Accountability in a performance-based public service requires being able to credibly demonstrate

- the extent to which the expected results were achieved;
- the contribution made by activities and outputs of the program to the outcomes;
- the learning and change that have resulted; and
- the soundness and propriety of the means used.

9.55 Seen from this perspective, accountability still has responsibility for sound and proper action as an essential element. This means showing that when risks were taken, they were reasonable. And it means demonstrating that activities undertaken were carried out with due regard for fairness, propriety, and good stewardship. As stated in *A Strong Foundation*, The 1996 Report of the Task Force on Public Service Values and Ethics:

Both ministers and officials must accept the personal consequences when some problem has occurred because they acted inappropriately or failed to act appropriately.

9.56 **Setting results expectations.** We have noted that if it is not clear in an accountability framework what level of performance is expected, effective accountability for performance is not possible. Equally important in a results-focussed public sector is agreeing on how the outputs produced are expected to lead to the desired outcomes. In many cases, agreeing at the outset on clear and concrete expectations and their links to the program's activities may be even more difficult than subsequently measuring results (see our 2000 Report Chapter 19, Reporting Performance to Parliament).

9.57 There are a number of reasons for the difficulty—for example, just how program interventions make a difference is not always well known, and actual outcomes may depend on factors outside the program manager's control. But with effort, discussion among the parties, and experience, the difficulty can be

overcome and clearer, more concrete expectations defined. A bigger challenge may be to eliminate the comfort of expectations that are stated in broad, general terms. Clear and concrete expectations, such as targets, make evident what the results have to be to meet the expectations—and provide a basis for assessment by others. Expectations that are vague are easier to report against and harder to be held accountable for.

9.58 Individual ministers, central agencies, and Cabinet have a role to play in requiring that those who deliver programs establish clear and concrete expectations, challenging those expectations, and demanding credible reporting against them. Parliament, too, has a key role to play in challenging the expectations set by government.

9.59 Measuring outcomes and assessing attribution. Accountability that emphasizes results will be practical only if the outcomes can indeed be measured in some way—and, even more critical, if the program's contribution to achieving the outcomes can be assessed credibly.

9.60 In our view, performance measurement in the public sector needs to be seen not as an exact science but as a sensible gathering of information that will provide a better understanding of what a program is accomplishing. What is critical is that the limitations on measurement are recognized and are clearly identified in reporting.

9.61 Further, we think the problem of attribution—assessing the contribution made toward an outcome in light of other factors, other programs, and unforeseen contingencies—can be addressed. There are several techniques for measuring what a program has contributed to outcomes. This Office has suggested previously that while contributions may not be precisely measurable in many cases, a combination of logic and empirical evidence can provide a reasonable basis for concluding to what extent a program has contributed to an outcome (see *Addressing Attribution Through Contribution Analysis: Using Performance Measures Sensibly*, Office of the Auditor General, June 1999).

Accountability in partnering arrangements

9.62 Partnering arrangements involve organizations or individuals working together toward shared objectives. Such arrangements can arise between federal and provincial government departments, between departments of the same government, between government departments and the private or voluntary sector, or within an organization when teams or task forces are collectively accountable. The partners are collectively responsible for the operation of the arrangement, and they share accountability for its success. If the roles and responsibilities of each are not clear, however, shared accountability can become accountability diffused.

9.63 In our view, partnering arrangements require more and not less accountability: each partner can have several accountability obligations (see Exhibit 9.7). First, the arrangement—especially if it is more formal—creates horizontal accountability obligations among the partners, as Exhibit 9.4 showed in the case of Infrastructure Canada. In addition, each partner retains

vertical accountability obligations to its superior or to its governing body—Parliament, in the case of the federal government—for its exercise of responsibilities and authorities, for the resources it contributes to the arrangement, and for the results of its contribution. Last, the partners are collectively accountable to their joint co-ordinating body—often a committee of senior officials or ministers—for the success of the arrangement. In some arrangements among levels of government, this collective accountability is to the public.

9.64 The federal/provincial Social Union Framework Agreement calls for each level of government to report to its constituents on the results achieved through federal/provincial agreements. Similarly, the health care reports issued by the federal and provincial governments in September 2002 are the result of another agreement by First Ministers. In our view, these constitute a form of accountability to the public. There is an obligation to demonstrate performance; the governments or organizations involved expect interested members of the public to review the material and make their concerns and criticisms known directly or through their legislators; and in our democratic society, there are strong incentives for ministers to react to public concern and make adjustments. At the same time, of course, the federal ministers involved account directly to Parliament for the resources used and the results achieved by the arrangement.

Exhibit 9.7 Shared accountability

In partnering arrangements, there are at least three kinds of accountability relationships:

- accountability among the partners;
- accountability between each partner and its own governing body—in the case of the federal government, Parliament; and
- accountability to the arrangement's joint co-ordinating body, in many cases.

The last may involve accountability to the public when the federal and provincial governments jointly agree to report to the public.

In a federal/provincial collaborative arrangement, for example, accountability for the federal government means it must credibly demonstrate to Parliament in a timely manner

- the extent to which objectives of the collaborative arrangement and those of the federal government are being achieved;
- the fairness, propriety, and good stewardship of the federal actions and strategies;
- a reasonable assessment of the federal contribution to the achievements, namely, to what extent it has made a difference; and
- the learning achieved through the arrangement.

Furthermore, the federal partner is responsible for

- organizing and managing the relationships with its partners so that it can obtain necessary information, monitor results, and make (or require) adjustments as needed; and
 - ensuring that risks taken were reasonable and that partners' capabilities were adequately taken into account.
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Accountability with increased discretion and flexibility: A learning public service

9.65 Managing for results includes learning what works and what does not, in order to modify and continually improve programs and services. It requires appropriate discretion, authority, and flexibility for managers who must take reasonable risks to innovate. Even when the risks taken are reasonable, some decisions can prove to be mistakes—even informed decisions. The key questions are whether risks were managed effectively and whether appropriate changes are being made as a result—what has been learned? And mistakes that were the result of carelessness, incompetence, or malfeasance call for appropriate sanctions.

9.66 Our enhanced concept of accountability supports managing for results and hence a culture of learning. It asks ministers and managers to demonstrate credibly that they are learning (from mistakes as well as successes), taking corrective action where appropriate, and following up on weaknesses, rather than focussing only on who is at fault when things go wrong. This will develop confidence that managers of public programs can use their greater discretion responsibly.

9.67 When expectations are not met, a natural tendency is to assign blame. A learning public service instead accepts responsibility, acknowledges mistakes, and assesses the cause. It learns from “bad” decisions to avoid repeating them. A learning public service would visibly reward learning and would focus on blame only if incompetence, imprudence, or malfeasance were at issue. In his 2000 Report, *Matters of Special Significance*, the Auditor General said:

Accountability requires that people accept responsibility for their mistakes—that goes without saying. Excessive emphasis on laying blame, however, can be counterproductive. If we wish to empower employees and encourage them to innovate, then we must be prepared to accept the risk that, at times, mistakes and wrong decisions will be made. When that happens, we should focus on learning from the experience rather than assigning blame.

9.68 In order to innovate, take reasonable risks, and learn from mistakes, managers need a degree of discretion and flexibility to act. However, accountability for too many or unneeded rules and procedures can impede innovation and lead to inefficiency, ineffectiveness, and frustration. Certain rules and regulations, laws, and guidelines—a basic set of controls—are indispensable to sound administration and accountability. In our view, basic administrative rules should be few, easily understandable, and consistently applied.

9.69 In the federal government, it is ministers who most often have to explain and defend the decisions of managers. Solid evidence of what has been learned from mistakes would help in this defence, but it is clear that ministers will have a key role in defining tolerance for risk because it is they who are ultimately accountable to Parliament.

Strengthening Parliament's role

9.70 Parliament has a key role in calling government ministers to account in the House, in the Senate, and in committees. Learning and sensible risk-taking are not likely to flourish if acknowledged mistakes are used in a politically charged way; full reporting is then unlikely—incomplete reporting is safe reporting. Yet Parliament's role is to hold the federal government to account for its use of authority and to scrutinize what Canadians get for their tax dollars. We must expect that scrutiny will often be adversarial.

9.71 Parliament has a significant role to play in ensuring accountability for results in a performance-based public service. To that end, Parliament, particularly the House,

- scrutinizes the performance expectations set out in the government's plans and priorities documents; and
- reviews the performance reports presented by government.

Both of these activities could be strengthened.

9.72 A need to scrutinize performance expectations. The report on plans and priorities tabled for each federal department in the spring sets out plans and the expected results for three years ahead. These Estimates documents describe what each minister intends to provide to Canadians for their tax dollars. The plans are an explicit part of the accountability relationship between Parliament and the government. Review and approval do take place but usually without much discussion.

9.73 The government should be challenged to provide clear plans and priorities. If parliamentary scrutiny of plans and priorities documents is lacking or is merely cursory—for example, if the documents are simply deemed to have been approved—the government may be less likely to be clear and specific about its planning commitments. Greater clarity promotes better parliamentary and public understanding of government intentions and assists in holding the government to account for its performance against its plans.

9.74 A need to scrutinize performance. Every fall since 1997, the government tables a performance report by each department that describes what has been accomplished against previously stated expectations. To date, the quality of these reports has been mixed and their scrutiny by Parliament is limited. The lack of review impedes the closing of the accountability loop—the holding of government to account for its performance.

9.75 In *Parliamentary Committee Review of the Revised Estimates Documents* our Office suggested in 1998 how such review by parliamentary committees might be approached (we are updating and reissuing the document). Key questions committees could consider with the plans and the performance reports include the following:

- Are the objectives and the costs of the program reasonable and clearly described?
- Has the program delivered the planned benefits to Canadians?

- Has the program's contribution to the results achieved been well explained?
- Could the program be delivered more efficiently?
- Could the benefits be delivered in a more cost-effective manner?
- Are the documents useful for the committee's policy and legislative agenda?

Furthermore, committees could ask what has been learned and what is going to be done differently as a result.

9.76 Unfortunately, most members of Parliament have little incentive to devote their limited committee time to this kind of review when many feel it will not change or influence the government's agenda. They and many observers have commented on the need to strengthen committee scrutiny of the government's performance. We agree. The House of Commons recently created the Government Operations and Estimates Committee, whose mandate allows for examining the effectiveness of the Estimates scrutiny process. This committee may help address some of these concerns.

Conclusion

9.77 In our view, the vision of accountability we propose addresses the pressures on traditional accountability in today's public sector. It is consistent with and supports

- a focus on results, including outcomes;
- shared accountability in partnering arrangements; and
- reasonable risk-taking and a learning public service.

9.78 This chapter suggests that accountability should be seen less as a process for assigning blame and more as a process for

- agreeing on performance expectations;
- demonstrating results achieved and the appropriateness of the means used to achieve them in a credible, transparent, and proactive way, and taking responsibility for them;
- reviewing performance through supportive assessment and feedback aimed at creating a continuous learning environment; and
- ensuring timely corrective action for the program and consequences for individuals as necessary.

9.79 The importance of public sector values—fairness, propriety, and good stewardship—in the means used to achieve results must not be neglected. While identifying those responsible for serious mistakes is still important, the emphasis needs to shift to assessing the results and the learning achieved. Our enhanced concept of accountability supports the learning based on results that is essential to managing in an innovative public sector.

9.80 This chapter has presented ideas and approaches for considering accountability in a wide range of accountability relationships. Some of the past work of this Office has used these ideas to examine specific cases, such as collaborative and delegated arrangements. Determining how accountability mechanisms should be tailored to specific relationships will be an ongoing effort. We hope these concepts, suitably tailored, will help others build effective accountability relationships.

9.81 Enhanced accountability should lead to a clearer understanding of what the government does and achieves, and should encourage ministers and managers of public programs to focus on the results being achieved and the means used to achieve them.

The Treasury Board Secretariat's response on behalf of the government. The issues involved in accountability go to the heart of *Results for Canadians*, the government's management framework. Under this framework, the government recognizes that a citizen focus must shape the management of its programs and services. It commits to manage by a clear set of public service values and to focus on results and responsible spending. The ideas presented in the chapter are supportive of these commitments and are consistent with recent government initiatives to strengthen results-based management and accountability.

The government welcomes the effort to define elements and principles of effective accountability as summarized in exhibits 9.1 and 9.2 of this chapter, respectively. Given a complex and always changing mix of collaborative arrangements between diverse government entities and those of the private, public, and not-for-profit sectors, such principles must be cast—of necessity—in broad or generic terms. As the chapter indicates, the application of any generic principles must be well tailored to the individual circumstances at hand.

In particular, levels of documentation on accountability must be reasonable in light of the collaborative relationships involved. Potential administrative burdens must be considered. Accountability arrangements may need to be cast flexibly to allow for uncertainty or changing relationships. And informal accountability arrangements, as well as formal ones, can often meet the test of sound management practice. These practical considerations may well call for a sixth basic principle of effective accountability—that the arrangements put in place must be appropriate, reasonable, and workable given the circumstances at hand.

The government welcomes this chapter and the opportunity it provides to continue and strengthen the dialogue around accountability. That dialogue should contribute to advancing a management culture that supports transparency, learning, and innovation, as well as the constructive engagement of parliamentarians and Canadians in the improvement of government programs over time.

About the Study

Objectives

The objectives of the study were

- to propose and discuss an enhanced concept of accountability consistent with the realities of today's results-focussed, partnering, and innovating public sector, and
- to explore Parliament's role in furthering effective accountability.

We hope to encourage discussion and contribute to greater clarity on appropriate accountability in today's public sector.

Scope and approach

The study addressed the concept of accountability and how it can be enhanced in modern public management. We did not examine issues of ministerial accountability in our parliamentary system. While the principle of ministerial accountability has been tested by elements of public service reform, it remains the cornerstone of our democratic parliamentary system. It is within this tradition that the study was set. We examined accountability as it applies to ministers and officials responsible for the management and delivery of government programs.

Approach

The study was based on previous work by our Office on accountability, discussions with knowledgeable individuals and a number of members of Parliament, and a review of relevant literature.

Study team

Assistant Auditor General: Maria Barrados

Principal: John Mayne

Director: Robert Cook

Auditor: Alex Smith

For information, please contact Communications at (613) 995-3708 or 1-888-761-5953 (toll-free).