

Chapter 20

**Managing Departments for Results
and Managing Horizontal Issues
for Results**

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Managing Departments for Results and Managing Horizontal Issues for Results

Main Points

20.1 In our examination of five large federal departments and 10 programs, we found that several departments have made tangible efforts to focus on results. There was evidence of commitment and support by senior management, extensive planning activities, identification of key performance indicators and some measuring against them.

20.2 However, we found that only 4 of the 10 programs have information on results that is used routinely. In most departments we examined, the persistent state of planning for results — rather than actually managing for results — has meant that progress in using information on results has been limited since we reported on this issue in 1997. It is time for departments to move beyond planning. There is a need for more widespread measurement of the results they accomplish and use of that information to improve programs.

20.3 The government needs to ensure that the evaluation function plays a more central role in its move toward managing for results. The evaluation capacity in many departments has atrophied at a time when more effort, not less, is needed to measure the results of programs.

20.4 More and more, the government needs to manage initiatives that span two or more federal departments. “Horizontal” issues like the Federal Disability Agenda are often key priorities of government. Our study of three horizontal issues found that, like many departmental programs we audited, they were not being managed for results.

20.5 Over the past several years, the government has been clear about the importance of making results central to good management and accountability, and this vision is increasingly being accepted across government. However, bringing that recognition into practice will require central agencies to play a stronger role. They need to provide encouragement and support for departments to move beyond merely planning for results. We found the Treasury Board Secretariat’s leadership too limited and its support too dispersed to be of real help to departments trying to manage for results. Nor does the Secretariat have a strategy for dealing with horizontal issues. It needs a strategic approach to these issues, given their growing presence in government.

Background and other observations

20.6 Managing for results allows managers to make changes once they know what is working and what is not. It represents a significant difference in the way government programs are managed. Managers can then pay more attention to finding out whether programs are meeting their objectives and less to only carrying out activities or setting up structures and processes.

20.7 The concept of managing for results is now widely accepted across government. As a first step in putting it into practice, most departments had to realign their management structures and processes according to the results they were seeking, and not to their programs or activities. Each department had to establish department-wide objectives and think through how it wanted to structure itself in terms of the results it expected. Most of the departments we audited were engaged in significant efforts to plan how they would manage for results.

20.8 In managing a horizontal issue for results, it is critical to have a co-ordinating function that is supported by senior management (particularly in a lead department) and that has enough resources to do the job.

20.9 Departments receive limited practical guidance on managing for results, and there is little sharing of experience. They need more encouragement to move beyond planning for results; there is also a need to identify champions.

20.10 While managing for results presents challenges, there are known, practical ways to deal with them. They require that people embrace the idea of learning from experience — which includes learning from mistakes. It involves bringing more rigour to understanding past experiences and then adjusting practices in light of this learning.

The response of the Treasury Board Secretariat, on behalf of the government and the departments audited, is included at the end of this chapter. The Secretariat accepts our recommendations and indicates the actions that it is taking or intends to take to address them.

Managing Departments for Results: Not There Yet

Introduction

20.11 Canadians continue to expect government to manage tax dollars efficiently and to ensure that they are getting value for their taxes. To manage public resources effectively toward an intended result, government officials need to have credible information on the performance of the programs and services they manage. This is the information they will use to determine whether the results they expect are being achieved, and whether their programs are working well or need to be modified.

20.12 The government needs similar information to account for the funds and authorities it has received from Parliament. Chapter 19 of this Report discusses the progress the government is making toward better reporting of performance information to Parliament.

Government Has Committed to a Long-Term Focus on Results

20.13 As early as 1976, the Treasury Board Secretariat promoted performance measurement as a basis for planning, decision making and improving management practices. During the 1980s, program evaluation was given high prominence as a management tool to improve program performance. In 1995, the government launched the current move toward a results-based approach to management. The President of the Treasury Board announced in his first annual report to Parliament, *Strengthening Government Review (1995)*, that the government was committed to delivering programs that work, by moving from a focus on rules and processes to a focus on results. He said that government wants to create a management culture that is fact-based, results-oriented, open and accountable. To deliver more efficient and more affordable programs and services,

the government has embraced the principles of service quality, managing for results and continuous learning.

20.14 The President of the Treasury Board has reported annually to Parliament on the government's progress toward managing for results. The government has reiterated its commitment to a public service focussed on results in the Treasury Board Secretariat's publication, *Results for Canadians: A Management Framework for the Government of Canada 2000*.

20.15 In that publication, the Secretariat confirmed that it has a key role of leadership and facilitation to assist departments in achieving desired results. It aims to provide "whole-of-government" advice to ensure that Parliament and Canadians have the information they need to hold the government to account. These efforts should promote greater responsiveness and a focus on results in government operations.

20.16 The government has undertaken a number of reforms since the launch of the "managing for results" initiative in 1995. These include the reform of Estimates documents, the Modernization of Comptrollership Initiative, the Financial Information Strategy (FIS), an increased emphasis on service quality, and guidelines on preparing Treasury Board submissions that support managing for results. All of these emphasize and encourage a focus on results.

What Is "Managing for Results"?

20.17 Despite the government's commitment to managing for results, it continues to be a challenge and the concept still is not always understood. In our 1997 Report, Chapter 11, we discussed the government's efforts to move toward managing for results:

In the past, managers were primarily held accountable for the prudent use

Government managers need to have credible information on their programs to determine if they are working well or need to be modified.

The government has undertaken a number of reforms since the launch of the "managing for results" initiative in 1995.

Managing for results in departments requires long-term strategic planning toward objectives while operating day-to-day activities and systems.

of the resources they were given, the authorities they used and the activities they carried out....This did not encourage a focus on results produced by the resources; rather, compliance dominated managers' attention (paragraph 11.9).

When managing for results, ministers, senior officials, and managers... make decisions based on what a program is achieving for Canadians — the results that citizens value — and at what cost....Holding managers accountable for results encourages them to focus more on results. (11.7–11.9)

20.18 A variety of terms are used to describe managing for results, including results-based management — frequently used in government publications — and performance-based management. These terms are essentially interchangeable, but for consistency we will use managing for results.

20.19 Managing public sector programs and organizations is a complex endeavour. There are several objectives to achieve, many information requirements to meet, external factors to take into account, public scrutiny to withstand, and many unknowns to cope with. Managing requires long-term strategic planning toward stated objectives while operating complex systems and processes day to day. Managers need to step back from time to time, and review activities and the outputs of activities to see if they are still the most appropriate to reach the long-term objectives. At the same time, as stated in *Results for Canadians*, managers must also be able to “ensure fairness, equity, and reasonableness of treatment to protect the broad interests of citizens.” These enduring public sector values are part of the results governments seek to achieve. Exhibit 20.1 illustrates the main elements of managing an organization for results.

20.20 The exhibit illustrates the traditional cycle of planning, implementing, monitoring, reporting, and revising plans, but it adds a key component, learning: making decisions based on empirical information. This is at the heart of managing for results. By monitoring the results of its activities through a variety of means (evaluations, audits, performance measures, scans), an organization can learn what is working and what is not working. These activities can also provide information about other factors outside its control.

20.21 For example, monitoring will indicate whether AIDS information campaigns are helping to change behaviour; whether agri-food research and development activities are generating a positive return on investment (crops with higher yield and quality) while conserving the environment; and whether conservation programs are sufficiently reducing the risks to endangered species.

20.22 Based on information gathered through monitoring, the organization can then either modify its current operations or, more fundamentally, revise its business and strategic objectives. The organization can report to external bodies such as Parliament on what it has accomplished. Managers of government programs need information from the same sources if they are to manage for results and gauge their progress toward stated objectives. Gathering and assessing the relevant data and information — the monitoring element in Exhibit 20.1 — requires systematic effort and a variety of monitoring tools.

20.23 A critical step in moving toward managing for results is to align a department's various strategic objectives with the major groupings of its programs and services (often called business lines) and then with its individual programs. It is essential that departments clearly understand how the various program and service delivery activities support, and will lead to, the achievement of their

higher-level or strategic objectives. Many departments find this a daunting challenge.

An overview of results and performance concepts

20.24 Discussions of performance and managing for results can be confusing, as they involve a number of specific terms and several concepts that are important to distinguish. Exhibit 20.2 presents some of the key terms and concepts.

What We Found in 1997

20.25 We reported in 1997 that managing for results was not widespread in government at that time. There were a number of government initiatives that supported a focus on results, but concerted effort was needed to bring about real change. We identified a few cases where managers were measuring results, communicating information on results and

using that information to improve results. However, across government the practice of managing for results appeared quite limited and we wanted to encourage its progress. We identified lessons learned, among them key factors that had supported managing for results; they included the leadership and commitment of senior management and an organizational climate that encouraged managing for results. We concluded that ongoing attention was needed across the government if managing for results was to be adopted throughout government.

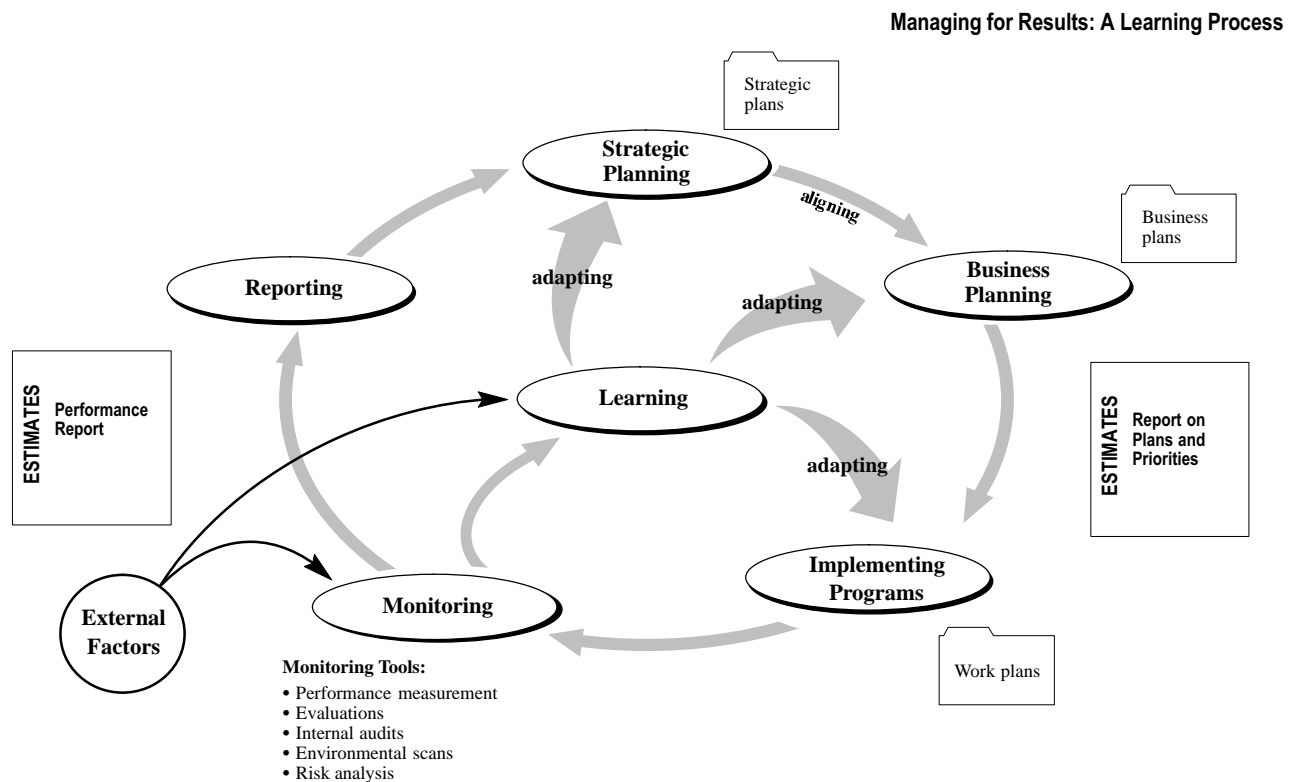
Focus of the audit

20.26 Our current audit looked at the progress a number of major departments have made in managing for results. The audit was in part a follow-up on the cases we reported in 1997, Chapter 11. This time our objectives were to:

- examine the extent to which selected departments are managing for results,

In 1997, we reported that managing for results was not widespread in government and concerted effort was needed to bring about real change.

Exhibit 20.1



including their use of information on performance to manage programs;

- identify lessons learned in managing for results; and
- assess the leadership the Treasury Board Secretariat has provided to support managing for results throughout government.

20.27 During this audit, we examined five large departments, covering a variety of program types. In each department we asked officials to help identify areas where the use of performance information could be expected. Exhibit 20.3 lists the programs and business lines that we selected (see Appendix A for background descriptions). We examined them to determine to what extent performance information is actually used and to what

Exhibit 20.2

Results and Performance Terms

The concept of **performance** deals with how well things are done:

- Are the expected results accomplished?
- Are they accomplished within budget and in the most efficient manner?
- Are there undue, unintended consequences?

It also deals with whether the performance will continue or improve:

- Is the organization learning from past experience and adapting?

Performance, then, covers a number of ideas. Determining the specific aspect of performance to measure, and when, is not always straightforward. Government programs undertake a number of **activities** that produce a variety of **results**. Programs deliver two kinds of results: **outputs**, the direct products and services produced by government activities, and **outcomes**, the consequences of those outputs on Canadians and our society. Outputs are results that managers can control, while outcomes are influenced by factors outside the programs of managers.

Government organizations and programs seek to achieve certain aims or objectives. **Objective** is used to refer to general statements of intent, akin to the end outcome statements. It is the intended or planned outputs and intermediate outcomes that are key to managing for results. Actual performance can be assessed only in comparison with some level of expected performance. Establishing meaningful performance expectations is therefore an essential part of assessing a program's performance and managing toward those ends.

Elder Abuse Prevention Program	
Results	Specific Program Result
Outputs	Public education <ul style="list-style-type: none"> • Educational material on elder abuse with targeted distribution • Anti-abuse campaigns
Intermediate outcomes	Increased awareness <ul style="list-style-type: none"> • Increased co-ordination among professional agencies, including police, hospitals and banks • Increased understanding of elder abuse • Improved identification of victims and abusers • Increased number of reported incidences of elder abuse • Increased number of shelter networks
End outcomes	Increase in well-being of older Canadians <ul style="list-style-type: none"> • Fewer incidences of elder abuse • Reduced costs associated with abuse

extent other elements of managing for results are present. We also sought to identify the lessons these departments have learned in managing for results, as well as the obstacles they have faced.

20.28 As follow-up to our 1996 Report, Chapter 3, on federal program evaluation, we also examined how the same five departments plan for evaluation and use evaluation results to improve programs.

20.29 The second part of this chapter describes a study that focussed on managing horizontal issues for results. We identified the challenges that horizontal issues present and some factors that have helped (and hindered) in managing them for, and reporting, results.

20.30 Further details on our objectives, criteria and approach can be found at the end of the chapter in **About the Audit**.

Observations and Recommendations

What Happened to Our 1997 Cases?

20.31 We followed up on the cases discussed in our 1997 Report, Chapter 11 namely, the North American Waterfowl Management Plan (Environment Canada), Investigation and Control (Human Resources Development Canada), Canadian Centre for Mineral and Energy Technology (Natural Resources Canada), and the Travellers Program (Canada Customs and Revenue Agency). Our key finding was that these programs have continued since 1997 to manage for results. Appendix B provides further details on our follow-up.

20.32 Our 1997 Report emphasized the importance of fostering an approach of managing for results in an organization, and the important part that senior leadership plays in this. Over time, programs change and so do leaders.

Indeed, each of our case studies has changed since 1997, some considerably, and all of them have seen a change of leadership. Our follow-up observations suggest that if implanted well enough in an organization, managing for results can withstand change and continue, even as programs adapt to new circumstances.

A Framework for Department-Wide Managing for Results

20.33 Based on a review of the relevant literature and on the several specific cases we examined in the federal government, we presented a framework in 1997 for successfully managing a program for results. The framework had four elements:

- fostering an organizational climate that encourages managing for results;
- agreeing on expected results;
- measuring actual results to improve performance; and
- effectively reporting performance.

20.34 We think this framework is still valid to use in managing programs for results. However, based on what we found in our current examination of

Agriculture and Agri-Food Canada

- Prairie Farm Rehabilitation Administration
- Net Income Stabilization Account

Correctional Service Canada

- Reintegration of Offenders
- Aboriginal Reintegration

Environment Canada

- Nature
- Canadian Wildlife Service

Industry Canada

- Trade
- Connectedness

Natural Resources Canada

- Canada's Model Forest Program
- Aeronautical and Technical Services

This audit examined the progress five large departments have made in managing for results.

Exhibit 20.3

Programs and Business Lines Examined

department-wide efforts, we have modified the framework slightly. We have highlighted the need to manage for results department-wide. We have also pointed to the need to use performance information for improving programs and identifying good practices (see Exhibit 20.4).

20.35 In addition, we have highlighted the need to develop and reach agreement in the department on a strategic results

framework. Reaching agreement on the broad grouping of results that a department is trying to achieve is an important step in organizing to manage for results. A department needs its key players to agree on the strategic results it intends to achieve, on the general strategies it will use, and on the way it will structure itself to achieve those results. We observed that departments are using their business line structure — the planning, reporting and accountability structure — to link the

Exhibit 20.4

Framework for Managing Departments for Results

Managing an organization for results requires:

1. Fostering an organizational climate that encourages managing for results

Fostering an appropriate organizational climate is essential and requires:

- **Demonstrating commitment and leadership.** Commitment is demonstrated by such things as strong senior support, widely communicated mission statements, effective guidance to line managers and thinking that extends over a number of years.
- **Using external and internal levers.** Interests in common with external partners are recognized and used along with external and internal pressures and events to encourage a focus on results.
- **Creating supporting incentives.** Appropriate incentives are in place to encourage the measurement of performance and the use of performance information.
- **Developing a capacity to learn and adapt.** Learning from past experience, proactive monitoring of the environment and developing a capacity to cope with changing circumstances are encouraged.
- **Building expertise.** Learning is supported through training, professional development, use of a common terminology and the sharing of experience.

2. Agreeing on a strategic results framework

The organization needs to come to an agreement among key players on the overall strategic results it intends to achieve and how best to structure itself to achieve them.

- **Agreeing on strategic objectives and strategies.** Agreement is reached on a set of strategic objectives for the organization, outlining what it intends to accomplish using which strategies over a multi-year time frame, in light of the organization's mission, past experience and external environment.
- **Agreeing on results alignment.** Agreement is reached on how the strategic objectives are aligned down through the organization to individual program areas.

3. Agreeing on expected results and strategies for programs

Managing for results entails reaching reasonable agreement among departmental management, program staff, external partners and other key stakeholders on what outcomes the programs are intended to accomplish and the specific strategies for achieving them.

- **Agreeing on outcome objectives and strategies.** Agreement is reached on a set of outcome objectives for each program and the strategies to be used, outlining the program's intended accomplishments in light of the organization's strategic objectives.
- **Agreeing on performance expectations.** Agreement is reached on a set of realistic and challenging statements of what is intended to be accomplished. Expectations are clear and concrete, relate to the outcome objectives and specify a time frame for their achievement.
- **Agreeing on performance indicators.** Agreement is reached on a manageable set of qualitative or quantitative indicators of each program's performance that relate to the agreed outcome objectives, and that will be used to assess and manage the program.

4. Measuring results to track performance

The organization needs to gather and communicate information on performance:

- **Measuring performance.** Practices exist for collecting and assessing program performance and costs using the indicators identified and agreed on.
- **Evaluating programs.** Practices exist to measure the performance of programs through evaluation.
- **Reviewing and updating indicators and measures.** Based on experience gained, changing circumstances and experience in similar programs elsewhere, the performance indicators, expectations, and measurement and communication strategies are periodically reviewed and improved.

5. Using information to improve performance

Realizing the benefits from managing for results requires:

- **Using performance information.** The performance information gathered and assessed is used to improve program performance.
- **Identifying good practices.** Based on what is found to work and not work, lessons and good practices are identified and used to improve performance. Learning occurs.

6. Effectively reporting performance

Effective reporting to allow interested stakeholders to judge how well programs and the organization are doing requires:

- **Describing the context and the strategies used.** The mission, mandate and objectives of the organization, the major strategies used, and the related external context are discussed.
- **Stating meaningful performance expectations.** Clear and concrete key performance expectations are focussed on outcomes.
- **Reporting performance accomplishments against expectations.** Key accomplishments are related to expectations and are attributed, in whole or in part, to the activities undertaken.
- **Demonstrating the capacity to learn and adapt.** The ability to learn from past performance and to adapt the program to external changes is demonstrated.
- **Reporting on the fairness and reliability of the performance information.** The performance information reported is fair and reliable.

department's internal management and accountability regime to its objectives, business lines, resource requirements and performance targets.

Managing for Results Still Not an Integral Part of Managing Departments

What we expected

20.36 In the three years since our 1997 study, the government has remained committed to a focus on results. In 1997, we suggested it could take the government four to five years to shift its focus from managing activities to using performance information routinely for better management of programs.

20.37 This time in our audit, we expected to find that the practice of managing for results had advanced, with its key elements evident in many areas of government. We looked for signs of senior support, performance expectations that were well articulated and understood, performance indicators, and systems for collecting and measuring data. We particularly expected to see performance being monitored in many government programs and the information being used to improve the management of operations and policy.

More attention to results

20.38 Overall, we saw tangible efforts in all the audited departments to foster a climate of results, including the strong commitment and support of senior management. Most of the departments

Performance measurement and use of performance information has made limited progress since 1997.

A department needs its key players to agree on the intended results and how best to structure itself to achieve them.

were engaged in significant efforts to plan how they would manage for results. All the programs we examined were developing or fine-tuning performance measures.

20.39 We reported in 1997 that managing for results was not widespread across government and had made limited progress. Now there is more attention to results. All government departments now set out their key results commitments, which are used as the basis for their planning, reporting and accountability structure. In the departments we examined however, the actual measurement and use of performance information has made limited progress.

20.40 Alignment for results is needed. As we have indicated earlier, a department needs its senior managers to understand and agree on its key results commitments and how it will structure itself to achieve them. During our audit, we have found that departments, to focus on results, often need to realign their management structures and processes according to the key results they are seeking and not to their programs or activities. This can be challenging.

20.41 The department needs to begin to consider how to structure itself in terms of its key results commitments. This may require changing the organizational structure or establishing business lines that span parts or all of the organization. Departments frequently manage by business line, each headed by an assistant deputy minister who is responsible for the key results commitments that contribute to the agreed department-wide strategic results framework.

Use of performance information is limited

20.42 Our audit looked at how performance information is used at the department-wide or corporate level. We found little use of performance

information to improve management, or to shift priorities and reallocate resources across business lines. Business lines in the five departments we examined are quite large and involve sizable groupings of departmental activities and programs. Perhaps as a result, these business lines are often managed separately by the deputy minister and the responsible assistant deputy minister.

20.43 In two of the five departments (Agriculture and Agri-Food Canada and Correctional Service Canada), we found that corporate managers receive information regularly on a number of performance indicators. This has allowed the departments to track important trends in performance and to keep informed of key changes in their environment. For example, Agriculture and Agri-Food Canada uses a “dashboard” of performance indicators to identify emerging problems and to signal the possible need for more information or future decisions.

20.44 We also looked at how performance information is used by programs. We asked the five departments to identify the programs most likely to be managing for results and, in particular, most likely to be using performance information. It took some time before most of the departments could identify such programs, often with our help. It was clear that managing for results was not widespread in most of these departments’ programs.

20.45 In October this year, we reported our assessment of financial management capabilities in selected departments. A common gap we found again was the limited ability to integrate financial and non-financial information. Most departments indicated that they had only begun the task of integrating financial and operational systems. In this audit, we also found a poor link between results and cost information. In our examination of 10 programs, we found that departmental

managers had only limited cost information available.

Planning for Results But Not Enough Implementation

Extensive planning to manage for results

20.46 Developing the tools to use in managing for results is an important step. We found considerable department-wide planning under way in the five departments we reviewed. Common planning activities included developing a performance and/or accountability framework, identifying and revising key indicators of performance to measure, and revising program business plans in light of the department's strategic results framework. The following are some planning activities we noted:

- At Agriculture and Agri-Food Canada, logic charts were being developed to demonstrate the linkages among a program's inputs or activities, its outputs, and its outcomes. Exhibit 20.5 illustrates a logic chart that the Prairie

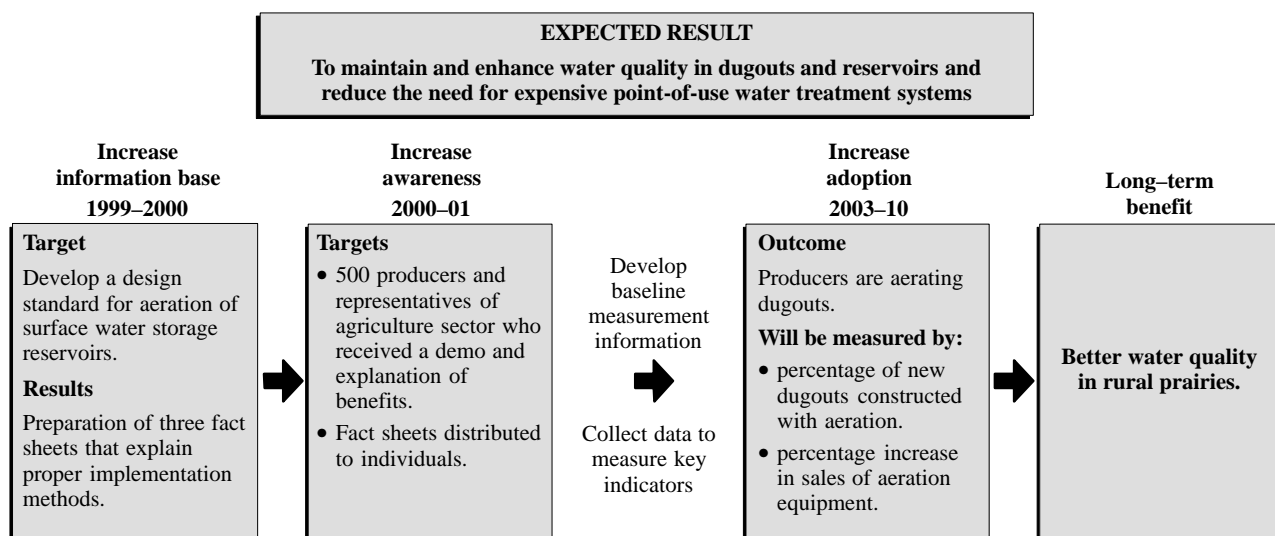
Farm Rehabilitation Administration developed for the Water Aeration of Surface Reservoirs project. The exhibit shows one of three results expected for this project and considered necessary to achieve the long-term benefit: better quality of water in the rural Prairies. The logic chart includes clear statements of intended outcomes; performance measures; and concrete, measurable targets with timeframes.

- In Environment Canada, numerous activities were under way to implement the Department's performance measurement strategy across the business lines. Planning activities in the Nature business line have included selecting performance indicators, defining data collection strategies, and building logic models for key intended results — including “conserving biological diversity”, a result delivered primarily by the Department's Canadian Wildlife Service. The Department has stated that in the coming months the business lines will determine what data they need to support the logic models and indicators, and then will implement data collection strategies

Planning activities included developing performance frameworks, selecting performance measures, and revising program business plans.

Exhibit 20.5

Logic Chart for the Water Aeration of Surface Reservoirs Project



Source: Agriculture and Agri-Food Canada

in a phased approach over the next several years.

- Natural Resources Canada has continued to develop its performance measurement framework, and has focussed on developing indicators of performance. The performance measurement working group has consulted extensively with program managers and stakeholders to review draft performance indicators and seek guidance on refining them. Natural Resources Canada has developed criteria to assess and refine each indicator and establish targets, where appropriate. Many of the current performance indicators have targets that are “directional” (for example, “to maintain or improve Natural Resources Canada’s contribution”). The Department has stated that after it evaluates the directional targets, it will be in a position to consider establishing numerical targets.

A need to move beyond planning

20.47 As already noted, we found some progress in measuring performance, but use of the information is still limited. However, we found that planning to manage for results is extensive, especially at the corporate level, and in many cases it has gone on for years. Departmental officials often told us they expect to use performance information more regularly across the department, “soon”. Practical use of performance information and costing of results always seem to be promised for “next year”.

20.48 Commitment to move beyond the planning stage needs to be demonstrated across the organization. Some departments seem to be searching for the “perfect” departmental structure to manage for results, and they continually change what they have set out. In other departments, a change of deputy minister or minister triggers a reconsideration of the strategic results framework they have been developing.

20.49 In 1997, we reported on the good beginning of managing for results in Environment Canada. It had a strategic results framework in place and appeared ready to implement it across the Department to manage for results. Yet three years later, it is essentially at the same corporate planning stage, with a different results framework in place. It is still trying to agree on performance measures, and for the most part measurement has not yet begun. Industry Canada has been developing its strategic results framework for two years, with numerous iterations. The Department agreed on performance measures only recently. Natural Resources Canada and Agriculture and Agri-Food Canada have also continued to revise their planning tools, including their results frameworks and performance measures. The reasons may differ but the result is the same: not moving quickly enough beyond the phase of designing departmental frameworks that are crucial to the next stage of managing for results.

20.50 The challenge for departmental managers is to move on — to implement the various planning tools, measure against the established indicators and use this information to improve the management of their programs. Managing for results means that managers may change what they do once they know what is working and what is not. This applies equally to developing and using performance measures. Sound measures are those that managers will use over a period of time. If measures provide data that prove to be poor or not useful, the measurement strategy needs to change.

20.51 Senior management of departments should move their organizations beyond merely planning to manage for results. They should get on with measuring performance and using the information to achieve the intended results.

Departments have been slow in moving beyond the planning stage.

Some Are Managing for Results

20.52 We did note some elements of managing for results in all the selected departments.

Performance information used in some business lines and programs

20.53 In the 10 programs we examined, we did find some use of information on results (see Exhibit 20.6). We found four programs that use performance information routinely to improve their operation and design: Agriculture and Agri-Food Canada's Net Income Stabilization Account; Prairie Farm Rehabilitation Administration; Correctional Service Canada's Reintegration of Offenders; and Natural Resources Canada's Aeronautical and Technical Services. In these programs, the commitment of senior and middle management is evident; indicators of performance are clearly linked to planned results; and the information is used in

planning and in program design. Managers consider performance information to be reliable, and useful for decision making. For example, information on results has helped in identifying the need for new programs and redesigning existing programs.

20.54 The six other programs ranged from some use of performance information to none. They used information more to improve program operations and design than to revise performance expectations and reallocate budgets. Overall, the programs we reviewed used performance information less than we had expected.

20.55 A previous audit addressed managing government services for results. Our April 2000 Report, Chapter 1, Service Quality cited several services that were collecting performance information. With the exception of telephone services, however, few of the service lines

Programs	Performance Information	
	Improve operations and design	Update expectations and reallocate budgets
Agriculture and Agri-Food Canada		
<ul style="list-style-type: none"> Prairie Farm Rehabilitation Administration Net Income Stabilization Account 	Routine	Some
	Routine	Some
Correctional Service Canada		
<ul style="list-style-type: none"> Reintegration of Offenders Aboriginal Reintegration 	Routine	Some
	Some	Some
Environment Canada		
<ul style="list-style-type: none"> Nature Canadian Wildlife Service 	Limited	None
	Some	Some
Industry Canada		
<ul style="list-style-type: none"> Trade Connectedness 	Limited	None
	Some	None
Natural Resources Canada		
<ul style="list-style-type: none"> Canada's Model Forest Program Aeronautical and Technical Services 	Some	Limited
	Routine	Some

Exhibit 20.6

Use of Performance Information in 10 Programs

examined were using performance information to improve service.

20.56 Our follow-up of the 1997 audit of Human Resources Development Canada's transition to managing for results has reported that the Department has continued to make progress (Auditor General's Report, December 2000). In the Employment Insurance program, the protection of public funds against fraud and abuse continues to be managed for results; and key performance information is analyzed more thoroughly, making it more useful to managers.

Other elements of managing for results are present

20.57 Although we found that information on results was being put to only limited practical use, other elements of managing for results were evident in the programs and business lines we examined. Those elements included:

- fostering an organizational climate that encourages managing for results;
- measuring performance; and
- developing a strategic framework that outlines key results commitments and planned performance expectations.

20.58 Fostering an organizational climate for results is key. Senior commitment and leadership are key elements, particularly in moving forward with managing for results, past the planning stage. Those elements need to be supplemented by appropriate incentives that support performance measurement and the use of performance information. More efforts are needed to remove impediments and overcome resistance.

20.59 In some of the programs we examined, we found some form of performance contract among the senior managers that encourages them to focus on results. Performance contracts identified the results expected over the coming years, and were tied to relevant

business plans. Performance contracts are a good incentive to manage for results, to the extent that they specify results and not just activities.

20.60 We observed that the pay-at-risk initiative was used in a few departments to focus attention on results and performance reporting. This government-wide initiative was introduced in 1998 to allow managers to earn up to 10 to 20 percent of pay on the basis of performance, measured against targets agreed to at the beginning of the year.

20.61 We found a number of other tangible initiatives to foster a climate that supports managing for results. Some departments recognized their limited capacity and expertise in this area. Some of them addressed it by creating a performance measurement group; others recruited consultants; and some made good use of the experience in their evaluation unit.

20.62 We also observed the following examples of a supportive environment:

- The Commissioner and senior officials of Correctional Service Canada were committed to obtaining information on results and using the information to analyze the results. Evidence of that commitment is the regular monitoring of results, which has pointed to specific programming needs of offenders. For example, the Aboriginal reintegration program is being developed to meet the programming needs of the Aboriginal inmate population. There is strong buy-in from middle managers, who ensure that data systems are maintained; they use performance information in managing their programs. Finally, the Service uses the pay-at-risk initiative as a lever to ensure that managers focus on results, and it closely monitors their performance contracts.

- In Agriculture and Agri-Food Canada, strong commitment and leadership was evident at the levels of deputy minister and assistant deputy

Senior commitment, leadership and appropriate incentives are key elements in moving forward with managing for results.

ministers. The Department has dedicated resources, with additional Treasury Board funding, to develop a “dashboard” of performance indicators that were closely monitored by the Deputy Minister. In addition, a working group was established to launch the Department’s performance measurement initiative. The Assistant Deputy Minister, Corporate Services Branch, provided guidance to the working group and has chaired an advisory committee on performance measurement. The committee members included the assistant deputy minister over each business line, senior managers, and several stakeholders.

- Industry Canada has designated assistant deputy ministers as champions of its “strategic objectives”, which correspond to business lines. The Deputy Minister reinforced a strong message to managers that resource allocation among programs should be based on their ability to show results. Dedicated resources were given to the Corporate Planning and Performance Co-ordination Directorate to manage the process of preparing reports on plans and priorities and departmental performance reports. The Directorate represented all sectors of the Department. It also had a mandate to develop and implement a performance measurement strategy and support the corporate vision of results.

20.63 Some progress in measuring performance. Managing for results means measuring outputs and outcomes with a view to learning from experience. We found that at present, it is largely activities and outputs that are measured. Over time, we would expect to see an increase in the measuring of intermediate and end outcomes that are linked to the program activities. In time, we would expect departments to develop cost-effective measurement tools to cost activities, as a basis for allocating resources according to expected results. Finally, evaluation can help in this measurement task.

20.64 The five departments we audited set out a strategy for measuring results, either in the departmental report on plans and priorities or in a separate corporate planning document. We observed some level of performance measurement in the 10 programs we audited:

- Correctional Service Canada routinely measures its accomplishments and results, particularly in its Reintegration business line. The Service has a vast range of indicators and measures that senior managers use to manage this business line. Integrated data systems track performance at the individual level (for example, how each offender is progressing through his/her release plan), at the institution level (make-up of the offender population), and at the regional and national levels (rates of parole revocation and release rates).

- Managers of Industry Canada’s strategic objective, “Connectedness”, recognize that medium- and longer-term impacts should be measured. Recently developed performance information focusses on the socio-economic impacts of “connectedness” — people’s ability to use information and communication technologies and to interact through them. Work continues with the Conference Board of Canada to further develop a “connectedness index”, which is focussed on quantifying affordability, access, usage and socio-economic indicators. One of the next steps will be to refine a framework for examining the impacts and outcomes of connectedness.

- Natural Resources Canada’s Aeronautical and Technical Services has made significant strides in measuring performance in this largely production-oriented environment. Cost recovery of aeronautical services and products (navigation charts and publications) has meant extensive tracking of cost information and a strong client focus. The program has implemented principles of a quality management framework to assure product quality,

Performance measurement is still largely focussed on activities and outputs.

Over time, we expect to see an increase in measuring intermediate and end outcomes that are linked to the program activities.

Getting on with measuring the results they achieve is the most immediate challenge departments face.

efficiencies, and responsiveness to clients. Service standards are set and tools to measure client satisfaction are used regularly.

20.65 Getting on with measuring the results they achieve is perhaps the most immediate challenge departments face. The next step beyond planning to manage for results is implementing a measurement strategy — actually measuring a wide range of outputs and outcomes, learning which measures are most useful by using the information, and adjusting measurement in the future.

Learning From Others' Experience

20.66 Initiatives in managing for results are common in other jurisdictions. Our 1997 study noted a number of results-oriented initiatives in several jurisdictions, both in Canada and elsewhere. We observed in 1997 that some of these jurisdictions had enacted accountability legislation; since then, more have done so.

20.67 In Alberta and British Columbia, legislation requires both government-wide and ministry preparation of multi-year business/performance plans to be presented to the legislature. It also requires annual reporting of progress made toward achieving the expected results set out in those plans. In Quebec, new legislation focussed on improved public service is highly supportive of managing for results. In order to enhance accountability, the use of multi-year strategic plans and performance agreements is now mandatory for all departments.

20.68 Chapter 19 of this Report, Reporting Performance to Parliament: Progress Too Slow, recommends that in light of the modest progress made in reporting performance to Parliament, it may be time for the government to consider introducing accountability legislation. As we observed in the audit

discussed here, managing for results is still not an integral part of managing departments. There is a clear need to get beyond planning and secure further progress. Although legislation alone will not ensure good reporting or managing for results in departments, it could serve as a signal, as Chapter 19 suggests, that measuring and using performance information is not a passing fad.

20.69 Literature review identifies lessons learned. We conducted an extensive review of the literature to identify lessons learned and trends in other jurisdictions with experience in managing for results. Exhibit 20.7 presents a summary of these lessons, related to promoting favourable conditions for implementation; developing performance measurement systems; and using performance information. A full report can be found at www.oag-bvg.gc.ca.

20.70 We noted many consistencies between the findings of our literature review and findings from our examination work in departments on the lessons learned in implementing managing for results.

Need for Concerted Leadership by Treasury Board Secretariat

20.71 While the Treasury Board Secretariat has actively promoted improved reporting in a number of quite tangible ways (as discussed in Chapter 19), its efforts to encourage managing for results in the day-to-day operations of departments have been less evident.

20.72 A number of Treasury Board initiatives and publications relate to managing for results, including the Modernization of Comptrollership initiative, the President of the Treasury Board's annual report to Parliament on Managing for Results, and the Treasury Boards publication, *Results for Canadians: A Management Framework for the Government of Canada* (see

Appendix C for a description of these and other initiatives). While these provide some recognition of the need to manage for results, discussion in them of specific practices is quite limited. These initiatives originated in different parts of the Secretariat that give different levels of attention to managing for results. It is often not their prime focus.

20.73 Limited evidence that the Secretariat uses information on departmental results. In 1997, we suggested that a significant incentive for

departments to manage for results would be clear evidence that the Treasury Board was indeed using performance information in its deliberations. Our interviews at the Treasury Board Secretariat suggested that while it occasionally uses departmental performance information, it does not use it systematically or routinely in its decision making. Yet this is stated as a “key responsibility” of the Secretariat as a management board: to “compile information sufficient to assess program performance and program integrity across government.”

Promoting Favourable Conditions
<p>Organizational Factors</p> <ul style="list-style-type: none"> • A regime customized to manage for results is critical. • Take time and maintain momentum. • Linking performance measures to the policy or strategic framework is key. • Align management systems to support implementation. • Providing adequate financial and human resources is critical. • Identifying stewardship over performance measurement process is important. • Pilot projects can be useful. <p>Human Factors</p> <ul style="list-style-type: none"> • Developing a performance management culture is critical. • A practical understanding of accountability is needed. • Senior-level leadership and involvement are essential. • Full participation fosters support for implementation. • Training and education are key ingredients of success. • Use existing expertise to support implementation. • Communicate the purpose of the performance measurement system
Developing Performance Measurement Systems
<ul style="list-style-type: none"> • Use a manageable number of indicators. • Clearly define key terms and concepts. • Using the logic chart can be very helpful. • Align performance measures with decision-making authority and accountability. • Credible performance information is essential. • Performance standards and targets are essential for measurement. • Use baseline data to set targets.
Using Performance Information
<ul style="list-style-type: none"> • Demonstrable use of performance information is essential. • Evaluation and performance measurement are complimentary. • Incentives can be used to foster support. • Performance reporting is needed for decision-making. • Review and adjust performance measurement systems.

Exhibit 20.7

**Lessons on Effectively
Implementing Managing for
Results**

Source: Office of the Auditor General, 2000, *Implementing Results-Based Management: Lessons from the Literature.*

The Treasury Board Secretariat has a role to champion managing for results and to support departments in this effort.

Evaluation should be an integral part of program management and a department's strategy for managing for results.

20.74 Treasury Board Secretariat has not identified “results” expected in government’s managing for results. The Secretariat has not set out the results planned for the government in managing for results — specifically, what is expected in departments and by when. In the absence of clear expectations, it may be difficult for the Treasury Board Secretariat to know the kind of support it should be providing and whether departments are making enough progress. The Secretariat has not had a clear plan to focus its activities in this area. Its publication *Results for Canadians* calls for a strong focus on results in managing the Government of Canada. Officials told us that the Secretariat will use this publication as a basis for action plans to meet the government’s commitment to managing for results.

20.75 The Treasury Board Secretariat’s efforts are present, but diffused. To be effective, it needs to concentrate more on defining concrete expectations and practical strategies for managing for results. Otherwise, it is not clear how it will fulfil the role it recently set for itself as a management board to champion managing for results.

20.76 The Treasury Board Secretariat should develop concrete ways to champion managing for results in government and to support departments in this effort. It should actively assemble and communicate practices that have proved successful in dealing with the challenges that departments face.

Evaluation Is a Vital Element

20.77 Evaluation has an important role to play in managing for results. It can provide important information on program performance that is not gathered by ongoing monitoring systems, and can help managers understand why programs are working or are not. Evaluation can assist in the development of the results-based management and accountability

frameworks the Treasury Board now requires, which help managers identify the information they need to collect in order to demonstrate results. We would therefore expect evaluation to be an integral part of program management and part of a department’s strategy for managing for results.

Following up on our 1996 audit

20.78 In 1996 we reported on the state of evaluation in the federal government (1996 Report, Chapter 3). We made several recommendations to the Treasury Board Secretariat and to deputy heads. In the current audit, we followed up on those recommendations and looked at how evaluation is being used in managing for results.

20.79 Revisiting our 1996 recommendations. The wording of our 1996 recommendations reflected the circumstances at that time. Since then, there have been a number of changes in the government’s expenditure management system and in the Secretariat’s reporting to Parliament. We made three recommendations to the Treasury Board Secretariat, based on the following observations.

20.80 We had found that the bulk of evaluation activity was focussed on operational and lower-level issues and concerns, and that significant aspects of government activity were not being evaluated and reported. In our view, evaluation needs to play a strategic role in government as a whole in addition to its role in departments. The government needs the capacity to effectively evaluate interdepartmental and other horizontal issues. We recommended that some direction should be provided to the evaluation functions in departments on overall evaluation priorities so that the government is able to evaluate the important areas, including horizontal issues, of government programming and interest (paragraph 3.74).

20.81 Parliament has frequently expressed an interest in the evaluation capability of government and the Public Accounts Committee has asked to be kept informed about the state of evaluation. We recommended that the Secretariat should report to Parliament on the state of the government's evaluation capacity (paragraph 3.86).

20.82 It was hard to identify what was then called evaluation. The "review" function was diffusing effectiveness measurement, which was central to evaluation. We thought that if review were to be encouraged, it should have appropriate standards that would differ from those used for evaluation. We recommended that quality standards be set out for evaluation and any other related effectiveness measurement activity of government (paragraph 3.106).

20.83 In our view, our 1996 recommendations are still relevant.

Our assessment of progress

20.84 We believe that progress on these recommendations over the past four years has been unsatisfactory. (Appendix D lists the recommendations and summarizes our assessment of progress). Recently, the government has been putting new efforts into evaluation.

20.85 But the Treasury Board Secretariat has not yet set out government-wide priorities for evaluation, as we recommended in 1996.

20.86 Although the first report of the Treasury Board President to Parliament (1995) did include evaluation and review, the focus of that annual report has changed. Parliament has not been informed since 1996 about the relatively weak state of evaluation in government, despite its clear interest in the subject.

20.87 The Secretariat has draft policies proposed for both internal audit and evaluation. The current version makes no reference to review as a separate activity,

which may simplify measurement. The draft evaluation policy contains quality standards that, if promulgated, would satisfy our recommendation for evaluation standards.

Evaluation function has regressed

20.88 A need to rebuild the evaluation function. A recent study by the Secretariat shows that over the past four or five years, the evaluation function in the federal government has regressed. During most of this period, the Secretariat's attention to evaluation was limited. Key study findings include the following:

- Evaluations are still seen by some as a check on management rather than as a tool for management, but this attitude could be changing.
- There is room to develop managers' capacity to carry out evaluations of their programs for the purpose of organizational learning and improved implementation.
- Evaluation frameworks (or results-based management and accountability frameworks), although mandated by policy, have not always been created or, if created, not always implemented.
- Program Review led to a serious undermining of evaluation capacity across the government.

There is a clear need for concerted effort to rebuild the evaluation function.

20.89 There are signs of progress in some areas. In line with our 1996 recommendations, the Treasury Board Secretariat is now identifying ways it can support the evaluation function. In its publication *Results for Canadians*, it made the following commitment:

Working with departments and agencies, the [Secretariat] will develop and implement plans to better position and strengthen the program evaluation and audit functions within the broader effort to implement

There is a clear need for concerted effort to rebuild the evaluation function.

modern comptrollership and results-based management across government.

20.90 Further, Treasury Board Guidelines for the Preparation of Departmental Performance Reports discuss the important role evaluation can play in reporting. In addition, the recently revised Policy on Transfer Payments requires that departments and third parties prepare a results-based management and accountability framework and conduct evaluations of their programs and projects.

20.91 Evaluation in departmental business planning. Two recommendations in our 1996 audit were addressed to deputy ministers: that business plans include evaluation findings and identify priorities for evaluation, and that plans for evaluation be developed as part of the business planning process. While departments are no longer required to submit business plans to the Treasury Board Secretariat, they are still expected to undertake business planning. The five departments we examined have made satisfactory progress in this area.

20.92 We looked at evaluation planning practices in our five case departments. Their practices varied; each produces different types of planning documents containing different types of information. Key business planning documents are developed at the business line level. These documents often set out strategies for measuring performance, including planned evaluations.

20.93 A review of departmental evaluation plans in the five departments revealed that all of them group evaluation activities by business line or by departmental objective. Environment Canada's evaluation plan articulates clearly how evaluations support managers' efforts to achieve planned results and how they help senior managers meet the Department's strategic objectives. All departments said they are continuing to work on integrating departmental

priorities in their evaluation plans, and increasingly they see evaluation as an important component of the department's strategy for meeting its objectives.

20.94 Some recent management interest. In two of the departments, we heard that evaluation has remained stable over the past few years. In the three other departments, evaluation is only now showing signs of revival after a few difficult years: more staff are being hired, and the departments are developing strategies to strengthen the professional capacities of their audit and evaluation personnel. Increasingly, program managers are contacting the evaluation unit for help in developing evaluation frameworks (results-based management and accountability frameworks), as required in Treasury Board approval documents. Heads of evaluation in the five departments noted that program managers are also showing more interest in tools that will help them demonstrate results and support them in decision making.

20.95 One of the Secretariat's conclusions in its study of the evaluation function is that there is a need to renew the mandate of evaluation in the new management regime. This is clearly a task for the Treasury Board Secretariat to undertake.

20.96 The Treasury Board Secretariat should strengthen the evaluation function to ensure that it plays a key role in the government's move to managing for results. The Secretariat should also ensure that the evaluation function has the capacity to address strategic issues, including horizontal issues, that are of concern to government as a whole and to Parliament.

Conclusion

20.97 We set out to identify the extent to which managing for results was being practised in the five selected departments

and 10 programs we examined. We found a few programs that use performance information routinely. We found that other elements of managing for results have shown some progress. They include initiatives to foster a supportive climate, extensive planning activities, and some measurement of performance. But a lot remains to be done before a strategy for managing for results is fully established in government.

20.98 Most departments need to move beyond planning to manage for results. They need to get on with measuring their progress toward at least some of their planned results, and using that information to improve performance. The persistent state of planning in most departments has meant that progress has been limited since we reported on this issue in 1997.

20.99 We appreciate the many challenges that departments encounter in their efforts to manage for results, and we recognize that this process takes time. In our audits and in our review of other jurisdictions that are managing for results, we identified many of these challenges — in particular, the challenge of fostering a climate in the organization that makes it the norm to systematically track a program's performance in order to learn what is working and what is not.

20.100 With sustained effort, departments can make strides toward managing for results. We found in some cases that a focus on results has filtered down to the day-to-day operations, despite impediments such as organizational change. Managing for results in these cases has become part of doing business.

20.101 As we reported in 1997, we found enough experience to draw from in Canada and elsewhere to establish a

framework for managing for results. There is a particular need for departments in the federal government to:

- demonstrate senior management commitment and leadership;
- put in place levers to encourage a focus on results;
- agree on a planning, reporting and accountability framework, key results commitments and planned results;
- develop internal tools and capacity for measuring results;
- use information on results for decision making at all management levels; and
- report performance against stated expectations in a balanced manner.

20.102 The concept of managing for results is now accepted across government. However, there is little practical guidance on managing for results, and the sharing of experience is limited. Departments need more encouragement to move beyond merely planning to manage for results. Champions need to be identified. We found that the leadership and support provided by the Treasury Board Secretariat has been too dispersed to be of enough help to departments in managing for results.

20.103 Evaluation is not playing a large enough role in managing for results. Often, the only way to understand how programs are contributing to outcomes is through a systematic evaluation study. The federal evaluation function has been allowed to atrophy and to focus too often on operational issues rather than measuring how well departments are meeting their key results commitments.

We found some progress in managing for results but a lot remains to be done before managing for results is fully established in government.

Managing Horizontal Issues for Results: Finding Solutions to the Challenges

Introduction

20.104 In the first part of this chapter, we reported on the progress five departments have made toward managing for results, and the progress in 10 of their programs. We found growing attention to results and to particular elements of managing for results, including planning and performance measurement. We concluded that a lot remains to be done before the government is fully managing for results.

20.105 This part of the chapter looks at what the government is doing to support managing for results when several departments are involved in “horizontal” issues that cross departmental boundaries.

Growing Attention to the Management of Horizontal Issues

20.106 The commitments the federal government makes to Canadians are often targeted at broad issue areas. In recent Speeches from the Throne, for example, the government undertook to improve the well-being of rural Canadians, better integrate persons with disabilities into society, co-ordinate with other jurisdictions to address children’s issues, and address broad environmental issues like climate change and ecosystems management. These are horizontal issues — they cut across departmental lines, and they reflect the government’s broad vision for Canada.

20.107 When a policy issue spans departmental mandates, no one department has all the levers, resources and expertise to manage it adequately. Departments must work together toward an overall objective and adopt a common vision for success. They must effectively manage the resources dedicated to the

horizontal issue and consider collectively how to fill gaps in service and eliminate duplication. They must be able to demonstrate accomplishments and learn from their present performance in order to make progress toward the expected results. And the issue may require them to work together with other levels of government, and with partners outside government. When they do all of this, they are managing the horizontal issue for results.

20.108 Alberta reports some horizontal results. Starting with the 1998 business planning cycle, the Government of Alberta Business Plan includes a section dedicated to key cross-government initiatives planned or under way in the three-year period covered by the Plan. In this way, Alberta recognizes that many of the pressures and challenges it faces need to be addressed corporately — they extend beyond the boundaries of single ministries. For the past two years, the Alberta Cabinet has singled out four cross-government or horizontal initiatives: two involving societal issues, and two in public administration. It has identified ministries to champion the initiatives, and given them the responsibility to manage and report on it.

20.109 Deputy Ministers’ Task Force. The 1996 federal Deputy Ministers’ Task Force looked at the need for interdepartmental collaboration in the management of horizontal issues, and the challenges this represents. Its report, *Managing Horizontal Policy Issues*, made practical recommendations for improving policy co-ordination within the federal government. It also addressed some of the procedural, structural and cultural implications of managing horizontal issues.

**Issues that cut across
departmental lines
must be managed for
results.**

20.110 In particular, the Task Force pointed to the need for:

- an accountability framework to clarify the respective mandates and contributions of lead and partner departments;
- consultation with stakeholders on cross-cutting issues;
- realistic expectations for timing and outcomes, given the complexities of managing cross-cutting issues;
- adequate resources to allow the lead department to plan, co-ordinate and implement a horizontal initiative; and
- appropriate incentives and rewards for collaboration and teamwork.

20.111 In addition, the Task Force report discussed the importance of evaluation as a means of learning from experience in managing horizontal issues, and the importance of reporting and other forms of communication to share results and success factors across government.

Horizontal Issues Addressed in Our Previous Audits

20.112 The Office of the Auditor General and the Commissioner of the Environment and Sustainable Development have carried out a significant amount of work on the management of horizontal issues. Recent chapters that looked at various partnership arrangements recommended stronger frameworks for accountability and management, and more effort to monitor, evaluate and report results. (See Auditor General's 1999 Report, chapters 5, 6 and 23; and 2000 Report of the Commissioner of the Environment and Sustainable Development, chapters 2, 5, 6, 7 and 8.)

20.113 Particularly germane to this discussion is the Commissioner's 2000 Report, Chapter 6, Working Together in the Federal Government. In six case studies, the audit identified key factors

affecting the success of sustainable development initiatives that span departmental boundaries. The Commissioner's key findings and success factors are shown in Exhibit 20.8. They are consistent with the literature on managing horizontal issues, with the work of the Deputy Ministers' Task Force, and with the findings of this study.

Focus of the study

20.114 The objective of our study was to identify the advantages of and impediments to using performance information and reporting in the management of horizontal issues. We selected case studies to explore how and to what extent horizontal issues are managed to achieve common results, based on the potential they offered for lessons learned. Most are long-standing horizontal issues, are clear government priorities, and have clear objectives.

20.115 The following are the cases we selected for study:

- Family Violence Initiative;
- Government of Canada Disability Agenda; and
- Canadian Rural Partnership.

The Commissioner of the Environment and Sustainable Development found the following key problem areas:

- unclear objectives;
- poorly defined responsibilities;
- unclear accountability;
- weak dispute resolution mechanisms, or none; and
- lack of senior management involvement.

The following critical success factors were identified:

- managing the impacts of participant turnover;
- ensuring that departments have proper incentives to collaborate;
- paying sufficient attention to the results of monitoring and evaluation exercises; and
- impartial secretariat and strong involvement of a central agency.

Exhibit 20.8

Interdepartmental Co-operation – Key Findings and Success Factors

Source: 2000 Report of the Commissioner of the Environment and Sustainable Development, Chapter 6: Working Together in the Federal Government

Appendix E provides background information on these cases.

20.116 We limited our study to collaboration among federal departments on clear government initiatives. We did not address the particular challenges of managing issues in collaboration with other jurisdictions. Other types of collaborative or delegated arrangements have already been the focus of audits in recent reports (in particular, the 1999 Report, chapters 5, 6 and 23). While several of the observations and findings in those chapters can be applied by federal departments in managing horizontal issues for results, here we will discuss in particular the challenge and complexity of co-ordination.

Observations and Recommendations

20.117 Based on our review of the relevant literature and our case study work, we developed a framework for managing horizontal issues (Appendix F). The framework focusses on co-ordination structures suited to achieving the government's objectives for an issue, and on elements critical to measuring and reporting results. The framework has five elements:

- identifying an effective co-ordination structure;
- agreeing on common objectives, results and strategies;
- measuring results to track performance;
- using information to improve performance; and
- effectively reporting performance.

20.118 As the reader will observe, this framework is based on the managing for results framework presented in Exhibit 20.4 in the first part of this chapter.

Effective Co-ordinating Structures Are Needed

Many approaches to co-ordination

20.119 Horizontal issues can be co-ordinated in a number of different ways; how, and how closely, will depend on what the issue requires. For example, co-ordination can be informal, limited to simple communication and networking between managers in different departments. Efforts at co-ordination can also be more formal, if departments recognize a need to link their common objectives and work co-operatively.

20.120 Some circumstances do not warrant strong co-ordination. Many policies and programs require only communication among departments to ensure that their efforts are complementary. Close and structured co-ordination in those cases can overburden the participating departments and be counterproductive to the initiative.

20.121 Our three cases are examples of structured co-ordination, each to a different degree. In structured co-ordination, departments work more in concert toward shared objectives, have shared roles and responsibilities, agree on a decision-making process, and co-operate under a defined government strategy or in view of a long-term public policy objective.

20.122 Closer and more structured co-ordination is an advantage when, for example:

- the issue is a high priority of the government;
- the issue clearly spans the mandates of several departments;
- there is a potential for real gains by integrating policy development;
- strong champions or senior officials endorse the establishment of co-ordinating structures;

A framework for managing horizontal issues focusses on co-ordination structures and on measuring and reporting results.

- the financial commitment is significant; or
- there is strong commitment and clear agreement among participants.

20.123 Identifying a lead department.

If a department is designated to lead the management of a horizontal issue, it has the critical role of ensuring that the issue is managed in a way that will meet the partners' objectives and obligations; it ensures that partners are kept informed, that performance is monitored, and that partners live up to their commitments. It is important that the lead department be recognized as such by all participants and assigned the powers it needs to discharge its responsibilities.

20.124 Each of the horizontal initiatives we selected has a lead department. The rural issue was considered significant enough to warrant the creation in 1996 of the Rural Secretariat in Agriculture and Agri-Food Canada. As the lead, the Department has a mandate to ensure that departments and agencies work closely and effectively with politicians, government officials and rural citizens to address rural problems.

20.125 Dedicated units in Health Canada and Human Resources Development Canada have also been identified to co-ordinate, respectively, the Family Violence Initiative and the Federal Disability Agenda. In addition, the Federal Disability Agenda is supported by

structures including a House of Commons Subcommittee on the Status of Persons with Disabilities, and a variety of management and working groups created to direct or implement the initiative.

20.126 The Family Violence Initiative, whose annual allocation of \$7 million is shared by seven departments, is co-ordinated by a special unit of Health Canada and directed by an interdepartmental working group. It receives input from an evaluation working group and has accountability and reporting frameworks that define relationships among the partners. While it is well structured, we were informed that it receives little senior-level attention in the lead department.

20.127 Exhibit 20.9 shows the key elements of co-ordination, structure and accountability in each case. Appendix E provides background information on each of the three case studies, along with key features of their co-ordination structure.

20.128 Co-ordination takes time and effort. One of the issues raised consistently by all lead departments in our case studies was the time and effort it takes to co-ordinate effectively. For example, they must build consensus, persuade partner departments to adopt certain positions, ensure that decisions are carried out, communicate with stakeholder groups, and ensure that timelines are respected. Yet lead departments often have very little authority to back up their

The lead department has a critical role of ensuring that objectives and obligations are met.

Significant time and effort are needed to co-ordinate effectively.

Key Elements	Family Violence Initiative	Federal Disability Agenda	Canadian Rural Partnership
Co-ordination, management structures	Co-ordinated and integrated	Co-ordinated and integrated	Co-ordinated and integrated
Senior leadership	Minimal	Strong	Strong
Accountability frameworks	Formal	Informal	None
Reporting frameworks	Formal	Being developed	Being developed

Exhibit 20.9

**Key Elements:
Co-ordination, Structure and
Accountability**

Where there is senior leadership, horizontal issues are more focussed, better resourced and more effective at meeting commitments.

Partners indicated that having dedicated resources for management and co-ordination is helpful.

responsibilities. While formal agreements endorsed by senior officials in partner departments are valuable, they are not enough.

20.129 Lead departments particularly singled out the time and effort needed for reporting. The lead department must, for example, ensure that data from many different sources are collected and collated; obtain partners' agreement on reporting requirements; and engage partners in ongoing discussions about the focus, content, format, and readership of the report.

20.130 Officials involved in the Canadian Rural Partnership and the Family Violence Initiative acknowledge that their first reporting experience was a challenge. In both cases, it took much longer than expected to negotiate the content of what was simply a report of activities, not results. Experience with these initial reports suggests that later, reporting on results will be an even greater challenge for management.

20.131 Our review of the literature and our discussions with departments participating in horizontal initiatives indicate that having dedicated resources is a big help in managing and co-ordinating. The Canadian Rural Partnership and the Family Violence Initiative benefited from Treasury Board funding earmarked for co-ordination. By comparison, the recent federal Budget did not include funds to co-ordinate the Federal Disability Agenda, requiring the Department to reallocate funds internally in 2000–2001 to allow the Office for Disability Issues to carry out this responsibility. Without resources, it is difficult for a lead department to meet the full slate of commitments identified at the start of an initiative. However, dedicating resources to co-ordination does not guarantee success; indeed, it needs to be complemented by senior management commitment and clear engagement of all partner departments.

Senior Support and Effective Tools for Issue Management

Senior leadership is key

20.132 Our case studies clearly demonstrate that support from senior levels of departments and clear political support are decisive factors in the successful management of horizontal issues. Senior officials who have a role in championing an issue work to ensure that all necessary support is available, including financial support. Horizontal issues that benefit from senior leadership are more focussed, better resourced, and more effective at meeting the government's commitments. The absence of such support from leaders leaves participants drained of energy and losing interest in the issue.

20.133 Leadership is needed in both the lead department and other participating departments. It is particularly important in cases that have no signed agreement among partners or a formal framework that clearly outlines the responsibilities of all parties. Even where such formal documents do exist, champions can do much to ensure that participants contribute to the initiative as expected and are held accountable for results.

20.134 There are many ways to show senior leadership. For example, senior departmental officials who champion the Canadian Rural Partnership ensured that resources were available for co-ordination, engaged senior officials of partner departments in contributing information for the first annual report, and maintained open lines of communication with the co-ordination unit so that they could be kept informed of progress in the initiative.

20.135 Leadership in the Federal Disability Agenda can be seen in the establishment of the House of Commons Subcommittee on the Status of Persons with Disabilities. A June 1999 report of the Subcommittee, *Reflecting Interdependence: Disability, Parliament,*

Government and the Community, recommended that the government take real action to support persons with disabilities. It suggested, for example, that the government integrate a disability “lens” into all policy and program decisions, and that it report comprehensively on outcomes, results commitments and performance of federal activities in the area of disability. The Subcommittee’s continued attention can keep the issue on the government’s agenda for action.

20.136 Challenges in the absence of leadership. For some horizontal issues, the general absence of senior management leadership is difficult to overcome. Now in its third phase, the Family Violence Initiative has seen its funding from Treasury Board cut back significantly, with a corresponding decline of senior management attention to the initiative in many of the partner departments. The lead department has redirected funds for co-ordination obtained from the Treasury Board to other areas in the department, and has not provided the support needed for the initiative to keep up with its reporting schedule. The long history of ground-level co-operation and dedication of individual officers in the lead and the partner departments cannot make up for the absence of senior management leadership.

Formal frameworks are useful documents

20.137 Frameworks needed to set out common objectives. The more ambitious the objectives of the horizontal initiative, the greater is the need for clarity of partners’ roles and responsibilities in managing, co-ordinating and reporting. Whether in a formal accountability framework document or a letter of agreement, all participants need to set out their understanding of the common objectives and state, in some detail, how and what they will contribute toward those objectives.

20.138 Such documents are particularly important when different partners give an issue different priority. In some cases, this occurs because some partner departments get Treasury Board funding for their part in horizontal programs and activities while others fund their part from their departmental budgets. The non-funded departments, for example, may resist having their internal activities subject to horizontal management. Moreover, non-funded departments do not have the formal obligations for reporting that are set out in Treasury Board funding agreements, and in a horizontal arrangement their reporting obligations are not clear.

20.139 Departments in our case studies noted the importance of having senior officials sign agreements so they are aware of the commitments their departments have made. While agreements among partners do not guarantee success, they are useful in clarifying accountabilities and expectations.

20.140 Among our case studies, only the Family Violence Initiative had developed formal accountability and reporting frameworks. During our study, partners in the Federal Disability Agenda and the Canadian Rural Partnership were developing detailed reporting frameworks but neither had a formal accountability framework. When an initiative requires more of departments than simple reporting of activities, or requires that partners alter programs to avoid duplication or to fill gaps, coming to an agreement on the roles and responsibilities of each will be important.

Finding effective levers and incentives

20.141 Levers and incentives are needed to support co-operation among partners and to overcome pressures on each to focus solely on its own vertical reporting and accounting requirements. A wider range of levers is available both to lead and to partner departments when there are

When the objectives are ambitious, it is important to clarify the partners’ roles and responsibilities.

Levers and incentives are needed to support co-operation among partners.

formal structures and agreements. Departments can use communication, transparency, performance appraisals, rewarding teamwork and support for horizontal issues through, for example, promotion or recognition. By working in tandem with central agencies, departments can make more effective use of the visibility given to a horizontal issue, the resources allocated and various human resource management tools.

20.142 However, departmental officials we interviewed for our case studies noted the apparent lack of levers and incentives they could use to promote good management of horizontal issues. Central agencies have a role to play in developing and promoting such tools, if managing horizontal issues is a government priority.

Challenges in Reporting

20.143 Limited evidence of reporting or use of performance information.

Canadians and parliamentarians want information on the overall accomplishments of these horizontal initiatives, collective information that reports on more than the individual activities of the departments involved in an initiative.

20.144 Our cases have not yet reported collective results. At the time of our study, two had produced reports, but both were reports on the activities of individual partner departments. Departments involved in horizontal initiatives note that developing and using common performance measures is a challenging task, and reporting on collective performance cannot be expected in the first years of an initiative. Reporting on results requires adequate planning, and departments involved in our case initiatives are working now to produce reports on results in the future.

20.145 Conflicting priorities. We found that to a large extent, the challenge in reporting on collective outcomes lies in the tensions between vertical

accountability structures in departments and horizontal commitments and co-ordination. Current reporting tools and processes — like reports on plans and priorities, departmental performance reports, and internal reporting documents such as business or strategic plans — are designed to collect information on the performance of departmental programs and services. They are used to support the department's ability to demonstrate its accomplishments. If one partner department in an initiative produces information that is incompatible with what other partners produce, or if it would require significant resources to collect performance information as a special activity, then gathering the data and producing a report on collective results will likely be problematic.

20.146 Another difficulty is getting partners to agree on appropriate and measurable indicators of performance. In some cases, it requires that partner departments overcome their resistance to detailed management frameworks and outline specific indicators, measures, and responsibilities for data collection and the collation of performance data. Of our cases, only the Family Violence Initiative has developed a reporting framework that outlines roles and responsibilities in the collection of data for measures that all partners have agreed to. And yet it has not measured performance as planned and, at the time this study was conducted, it had submitted only one annual report to the Treasury Board Secretariat, for 1997–98.

20.147 A need to plan for reporting. In collective reporting, it is important to ensure that plans and expectations for reporting, and specifically the roles and responsibilities this entails, are commensurate with the powers and resources of the partners and the level of funding for the initiative. Reporting plans need to consider that some departments must collect information from parties outside the federal government: many horizontal initiatives involve societal

Reports need to focus on overall accomplishments of horizontal initiatives rather than individual activities of departments involved.

issues that fall under other jurisdictions or require the participation of parties outside the public sector.

20.148 Costs not known. In Chapter 19 of this Report, we noted that information on the cost of achieving results was generally not available in departments. In horizontal issues, the challenge of obtaining cost information is exacerbated by the number of departments involved and the different funding arrangements in place. A particular difficulty is knowing what part of the budget of non-funded programs contributes to the results expected in the horizontal initiative. For example, a prenatal nutrition program meets the needs of Canadians generally and, at the same time, those of segments of the population (such as rural Canadians and children). The costs of programs delivered to rural Canadians, particularly the costs that do not specifically target them, are hard to determine. Knowing (and managing) the costs of achieving horizontal results is difficult, but not impossible. Only in the Family Violence Initiative was there any information on the program dollars involved in the horizontal issue.

Lessons Must Be Learned and Shared

20.149 Insufficient use of lessons. Our cases suggest that more effort could be made to use lessons from previous generations of an initiative. While partners may refer to results of past evaluations of the initiative, this information is not used routinely. In one initiative we examined, the turnover rate and the state of the collective memory were such that a new participant was unaware for some time that the initiative had existed for several years.

20.150 Lead departments in the cases we examined are taking some positive steps to learn from each other's experience. For example, the Office for Disability Issues recently invited the lead department for the Canadian Rural Partnership to share its lessons learned in reporting on a horizontal issue. The need to learn from past experience and the experience of others is also clear in other horizontal initiatives, including federal government commitments to green its operations, elements of which were recently audited by the Commissioner of the Environment and Sustainable Development. That case is described in Exhibit 20.10.

Chapter 2 of the 2000 Report of the Commissioner of the Environment and Sustainable Development assessed departmental progress in implementing environmental performance measurement for government operations. The Commissioner reported that at the time the audit was conducted, there was fragmented leadership with no organization given the responsibility, or seeing itself as the lead, for establishing a consistent consolidated and coherent federal approach to reporting on the greening of government operations.

In its response, the Privy Council Office agreed with the recommendation that an action plan and an accountability framework be developed as a way to achieve more uniform reporting of progress. It indicated that steps would be taken to ensure that appropriate departments play a leadership role.

In early 2000, assistant deputy ministers in three departments agreed to act as co-champions to co-ordinate sustainable development in government operations, namely Natural Resources Canada, Environment Canada and Public Works and Government Services Canada. Since then, the co-champions have developed a strategy to facilitate a co-ordinated approach to the sustainability of federal operations. They are working at the interdepartmental level to implement the use of common performance measures and to identify opportunities and impediments to achieving progress in the greening of collective operations. They have recognized that developing a federal approach is a challenge that requires balancing competing priorities, measuring performance and reporting to provide a government-wide perspective, and maximizing interdepartmental co-ordination of efforts to achieve results.

Exhibit 20.10

Applying Lessons in Co-ordinating Greening Government Operations

Some challenges and solutions identified

20.151 Exhibit 20.11 summarizes some of the main challenges and solutions we identified in our review of the literature and in our case studies, organized according to the broad headings in our framework for managing horizontal issues (see Appendix F). While this is by no means a listing of all the challenges encountered by lead and partner departments, it does suggest what

managing horizontal issues for results can entail.

A Stronger Role for Treasury Board Secretariat

The role of the Treasury Board Secretariat needs to be better defined

20.152 Horizontal issues are an important area that requires concerted, strategic attention by the Treasury Board Secretariat. The Secretariat has been

Exhibit 20.11

Managing Horizontal Issues for Results: Challenges and Suggested Solutions

1. Identifying an effective co-ordination structure

- **Partners may start out with differing commitments and priorities.** Commitments, and shared understanding of roles and responsibilities, can be set out in an accountability framework.
- **Co-ordination takes time.** Resource requirements, time and effort needed for co-ordination can be built into initiatives from the start to reflect the challenges or complexities involved.
- **Using effective levers and incentives.** Levers can include visible support, funding, administrative instruments and human resource tools (such as recognition and mobility).

2. Agreeing on common objectives, results and strategies

- **Shared objectives but departmental accountability.** A balance is needed in the context of decentralized accountabilities through a detailed management framework.
- **Territorial protection versus co-operation.** A champion can motivate participating departments to focus on horizontal results rather than their own separate interests.
- **Balancing objectives and resources.** Early discussions between the partners and with the Treasury Board Secretariat can ensure that objectives are commensurate with resources available or provided, and with the political reality.

3. Measuring results to track performance

- **Challenges when partnering funded with non-funded departments.** It is helpful if commitments by all partners to measure and report on performance are clarified up front in a framework agreement, and supported by senior-level leadership.
- **Vertical and horizontal information needs.** Early discussions between the partners and within participating departments can ensure that both vertical and horizontal reporting requirements are addressed.
- **Attribution preoccupies participants in horizontal initiatives.** Evaluation subcommittees have a role to play in establishing results-based management and accountability frameworks, explaining how the contributions of various partners can be accounted for and developing approaches to measurement.
- **Reporting requirements need to be reasonable.** Partner departments and the Treasury Board Secretariat can work together to ensure that reporting requirements are balanced with resources and objectives.

4. Using information to improve performance

- **Data from too many sources are hard to collate.** It is sometimes best to start by measuring a small number of indicators focussed on high-level results, and build from there.
- **Limited use of lessons, evaluations and monitoring.** Responsibilities for using performance information in planning and implementation must be clearly outlined.

5. Effectively reporting performance

- **Negotiating the reporting framework takes time.** Agreement on reporting poses a challenge in a time-limited initiative. Central agencies can ensure that timeframes are considered and can help partners reach consensus.

proactive in identifying programs that could be managed horizontally. It has made presentations and developed draft guidelines on reporting and accountability frameworks for managing horizontal issues, and on its Web site it has shared information on collective and societal results and indicators. The Secretariat has also supported individual initiatives. Lead departments in horizontal initiatives have indicated that they value its contribution.

20.153 The Treasury Board Secretariat requires that submissions for funding of horizontal initiatives contain a commitment to performance reporting and evaluation. However, not all horizontal initiatives receive funding through the submission process. And, as already noted, not all departments receive funding for their part of the horizontal initiative. For those that do not, there are no central requirements to report collectively or to participate in collective evaluations. It is important for the Secretariat to ensure that horizontal issues are managed and co-ordinated adequately and resourced in a way that facilitates evaluation and full reporting when funded and non-funded departments are partners in a horizontal initiative.

20.154 We have observed that the role played by the Treasury Board Secretariat in the management of horizontal (interdepartmental) issues is piecemeal and differs from one initiative to the next, apparently independent of the characteristics of the initiative. The Treasury Board Secretariat does not have a strategic approach for dealing with the fact that a growing number of issues are addressed horizontally.

20.155 In view of the many challenges to horizontal initiatives that we have discussed in this chapter, we support the recommendations in the Deputy Ministers' Task Force report, *Managing Horizontal Policy Issues*, and in several reports of the Commissioner for the Environment and

Sustainable Development. These include recommendations that central agencies:

- clarify expected outcomes and accountabilities of the partners involved, and
- provide advice on the co-ordination and management of horizontal issues.

20.156 We also agree with the Commissioner's recommendation that the Treasury Board Secretariat prepare a "best practices" guide for interdepartmental co-ordination, with input from those who have worked on horizontal issues.

20.157 Stronger central leadership is needed if the government wants to continue to promote horizontal issues as a priority and to focus increasingly on horizontal policy development, implementation and accountability.

20.158 **The Treasury Board Secretariat should play a stronger leadership role to ensure that where appropriate, horizontal issues are managed for results. This includes ensuring that resources are available for the co-ordination and management of horizontal issues that are government priorities, and ensuring that external reporting takes place.**

20.159 **The Treasury Board Secretariat should play a stronger role in communicating good practices and lessons learned in managing horizontal issues for results.**

Conclusion

20.160 Our case studies indicate that there are many challenges in managing horizontal issues for results. Partners in horizontal initiatives can co-ordinate sufficiently to identify collective objectives, to share information, to develop frameworks for accountability and to report on activities. However, it is more difficult for them to manage tasks that require them to compromise or realign their own programs. Managing for

Horizontal issues require concerted, strategic attention by the Treasury Board Secretariat.

Government is still at the start of its move toward reporting and using performance information in managing horizontal issues for results.

results is difficult without sufficient resources; funds and human resources are needed to co-ordinate the efforts of partners and to implement reporting frameworks that can show Canadians and parliamentarians what has been accomplished by a horizontal initiative.

20.161 Government is still at the start of its move toward reporting and using performance information in managing horizontal issues for results. The Treasury Board Secretariat in particular has a role to play in supporting the effective use of levers and incentives by departments involved in horizontal initiatives, and in creating the conditions that favour more effective management of horizontal issues.

***Government's response:** While agreeing with the emphasis the government has placed on managing for results, the Auditor General concludes that the fundamental shift in perspective from process-oriented or results-oriented management has not yet occurred generally across the public service. The chapter highlights the need to strengthen measurement of results, in particular the evaluation function. In addition, the audit notes the particular challenges in managing horizontal issues and recommends a stronger role for the*

Treasury Board Secretariat in supporting departments in this regard.

With the tabling of Results for Canadians: A Management Framework for the Government of Canada in Parliament in March 2000, the government now has a framework to move forward in this area. As the government implements this framework, departments and agencies will need to improve their measurement of results and costs and use this information to deliver better results for Canadians. To ensure that these expected improvements take place, the Treasury Board Secretariat continues to monitor implementation and upgrade its plans to exercise appropriate leadership and support to departments and agencies in this endeavour. It also has made internal managerial changes to promote the effective implementation of this management framework.

The government recognizes that managing horizontal issues, including those involving other jurisdictions, is a challenge for departments. The Treasury Board Secretariat will continue to actively track major collaborative initiatives and ensure that lessons-learned are shared. It is also examining how to exercise the best possible leadership and support in responding to these new challenges.



About the Audit

Objectives

The objectives were to:

- examine the extent to which selected departments were managing for results, including their use of information on performance to manage programs;
- identify lessons learned in implementing managing for results;
- assess the leadership the Treasury Board Secretariat has provided to support managing for results throughout government; and
- in selected cases, to identify the advantages of and impediments to the use of performance information and reporting in the management of horizontal issues.

Scope

We examined five large departments — Agriculture and Agri-Food Canada, Correctional Service Canada, Environment Canada, Industry Canada, and Natural Resources Canada. In each department, we asked senior officials and/or corporate staff to help identify areas where the use of performance information could be expected. We selected and then examined a total of 10 programs/business lines to determine to what extent performance information is actually used and to what extent other elements of managing for results are in place. We also asked the departments to identify the lessons they learned in implementing their regimes for managing for results.

In addition, we followed up on the findings and recommendations of our 1996 Report, Chapter 3, Federal Program Evaluation. We examined the same departments selected for examination in our current audit. We looked at how these departments are planning for evaluations and using the information they provide on performance to manage for results.

For our study discussed in the second part of this chapter, we used three cases to explore good practices in managing horizontal issues for results and reporting results. Our selection of the case studies was based on the potential they offered for lessons learned, given that they are long-standing horizontal initiatives, are clear government priorities, and have clear objectives.

Criteria

To assess use made in selected departments of information on performance to manage programs and reporting on them:

- *In selected departments*, we expected to see at the corporate (or department-wide) level appropriate use of information on performance to improve program operations and design, to update planned results and budgets, and to report program performance at the corporate level.

- *In selected programs/business lines*, we expected to see appropriate use of information on performance to improve program operations and design, and to update planned results. At a minimum, we expected to see elements of managing for results in the programs and business lines we examined. These elements include fostering an organizational climate that encourages managing for results; measuring performance; and planning a strategic framework that demonstrates agreement on areas of key results, performance measures, and performance expectations.

In assessing the leadership provided by the Treasury Board Secretariat to support managing for results throughout government, we expected to find that the Secretariat:

- provides appropriate and consistent direction, guidance and feedback to departments on their efforts at managing for results;
- gathers and disseminates best practices and lessons learned;
- uses departmental results and performance information; and
- encourages departments and agencies to institute managing for results in a reasonable time frame.

In examining the management of horizontal issues for results, we reviewed the applicability of the framework we had developed for managing for results and looked for lessons identified in our cases. As this component of our work was a study, we did not set out specific criteria against which the cases were assessed.

Approach

We interviewed senior managers in the five selected departments and in the Treasury Board Secretariat (TBS), visited several field operations, and gathered relevant documents. We reviewed the literature in other jurisdictions on managing for results.

In our examination of the leadership role played by the Treasury Board Secretariat, we interviewed TBS officials, examined relevant documents and interviewed departmental officials for their perceptions of the Secretariat's leadership.

In our study of managing for results in selected horizontal initiatives, we interviewed departmental participants, including officials in lead departments. We had discussions with officials of the Treasury Board Secretariat, collected relevant documentation, and reviewed literature on horizontal issue management.

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Appendix A

Background Descriptions of Programs Audited

Programs	Description	Planned Federal Funding 2000–01
Agriculture and Agri-Food Canada		
Prairie Farm Rehabilitation Administration	The Prairie Farm Rehabilitation Administration (PFRA) is a branch of Agriculture and Agri-Food Canada that operates exclusively in Western Canada. The PRFA was established in 1935 in response to widespread drought, farm abandonment, and land degradation. Its mandate is to work with Prairie people to build a viable agricultural industry and to support a sound rural economy, a healthy environment, and high quality of life. PFRA is responsible for initiatives directed at conserving and improving the management of soil, air, water, and biodiversity/habitat. In this capacity, a variety of PFRA activities directly correspond to the Department's objectives associated with resource care and rural growth.	\$40.3 million 693 full-time-equivalent staff
Net Income Stabilization Account	As a fundamental part of Agriculture and Agri-Food Canada's farm safety net framework, the Net Income Stabilization Account (NISA) aims to help producers achieve long-term farm income stability. NISA is a voluntary program, co-ordinated between individual producers, the Government of Canada, and participating provinces to provide financial assistance for maintaining and strengthening Canada's agricultural industry. NISA allows individual producers to make annual deposits to their NISA accounts and receive matching contributions from the federal and provincial governments. In lower-income years, producers can make withdrawals from the funds they have accumulated.	\$212,600 (federal contributions)
Correctional Service Canada		
Reintegration of Offenders	The Reintegration business line involves providing programs and services that promote the safe and effective reintegration of offenders. Its objective is to actively encourage and assist offenders in becoming law-abiding citizens. To achieve this, the Service has established a range of services and programs, both in institutions and community settings, including case management, education, substance abuse, living skills, family violence and employment, and providing offenders with culturally and gender-appropriate programming.	\$452.6 million 4,487 full-time equivalents
Aboriginal Reintegration	Within the Reintegration business line, the Service has recently established an Aboriginal Reintegration Program in response to the expected result, "the significant increase in the safe, timely and successful reintegration of Aboriginal offenders." Activities include developing and implementing culturally appropriate programming, research, and data management for the Aboriginal offender population.	Not available
Environment Canada		
Nature	In the Nature business line, the Department acts to conserve biological diversity in healthy ecosystems, and discharges federal responsibilities for managing wildlife, fresh water, and wetland resources. It also develops the science and technology policies and practices used throughout the Department. Long-term results associated with this business line are conservation of biological diversity; understanding and reduction of human impacts on the health of ecosystems; and conservation and restoration of priority ecosystems.	\$165.5 million 928 full-time equivalents

Managing Departments for Results
and Managing Horizontal Issues for Results

Programs	Description	Planned Federal Funding 2000-01
Environment Canada		
Canadian Wildlife Service	The Canadian Wildlife Service (CWS), part of Environment Canada's Nature business line, handles wildlife matters that are the responsibility of the federal government. These include protection and management of migratory birds, nationally significant habitat and endangered species, as well as work on other wildlife issues of national and international importance. In addition, CWS does research in many fields of wildlife biology. Research on the socioeconomic importance of wildlife, pioneered by CWS, is now done by another part of Environment Canada.	Not available
Industry Canada		
Trade	The Trade strategic objective supports Industry Canada's view that increasing Canada's share of global trade will contribute significantly to the creation of a dynamic economy, enhanced productivity, employment, income growth, and Canada's overall prosperity. The Trade objective sets out to contribute to the achievement of four desired results: maintain and improve secure market access; establish a more co-ordinated and cohesive approach to international trade development; increase export capability and preparedness; and enhance international market development.	Not available
Connectedness	Through the Connectedness strategic objective, Industry Canada aims to make Canada the most connected country in the world. Program activities contribute to four key results: having Canadians connected to each other and to the world in a way that is affordable and accessible; creation of a world-leading environment for electronic commerce; maximizing of Canadian digital content and applications on-line; and availability of key federal government information and services on-line.	Not available
Natural Resources Canada		
Canada's Model Forest Program	Canada's Model Forest Program was established by the Department's Canadian Forest Service, which is the primary funder of the program and a partner in each of the 11 model forests in Canada. The program is committed to accelerating sustainable development in the practice of forestry. Through the model forests, different interests join together as partners to develop innovative approaches to sustainable forest management by combining their views, knowledge and expertise.	\$96 million for 1997 to 2002 (Phase 2)
Aeronautical and Technical Services	The Aeronautical and Technical Services (ATS) unit within the Department's Earth Sciences Sector contributes to the result commitment, "the safety and security of Canadians." ATS aims to be Canada's leading supplier of aeronautical charts, to excel at fulfilling the Government of Canada's cartographic imaging and printing needs, and to quickly produce the maps needed in national emergencies. Its specific objective is to supply aeronautical charts and publications to meet the needs of the aviation industry and help ensure the safety and efficiency of aviation in Canada.	\$3.3 million

Appendix B

Follow-up on Our 1997 Cases

Cases	Key Findings in 1997	Follow-up Findings
<p>The North American Waterfowl Management Plan (Environment Canada)</p> <p>An international (U.S./Canada/Mexico) waterfowl and wetlands conservation program, implemented through joint ventures involving national and provincial/state governments, non-governmental organizations and the private sector.</p>	<ul style="list-style-type: none"> • Results measured to improve performance. • Organizational strengths focussed on use of internal and external levers. 	<ul style="list-style-type: none"> • Clear and measurable targets are established for waterfowl population and habitat. • Performance expectations for habitat conserved and results achieved are reported annually. • Management structure promotes communication and ensures commitment from all partners. • Updates, informed by evaluation studies, continue to keep the Plan responsive and relevant.
<p>Investigation and Control (Human Resources Development Canada)</p> <p>Prevents, detects, and deters fraud and abuse of the employment insurance program.</p>	<ul style="list-style-type: none"> • Supporting incentives for organizational climate established. • Key performance indicator used for performance measurement and program adjustment. 	<ul style="list-style-type: none"> • Performance agreements include performance expectations and are used in the assessment of managerial performance. • Consistent measurement and reporting against the key performance indicator – total savings – identified in 1997. • Resources allocated based on the results achieved.
<p>Canada Centre for Mineral and Energy Technology (Natural Resources Canada)</p> <p>Conducts and sponsors research for the economical, safe, and environmentally responsible recovery and use of mineral, metal, and energy resources.</p>	<ul style="list-style-type: none"> • Organizational focus on outcomes. • Supporting incentives for organizational climate established. 	<ul style="list-style-type: none"> • Significant improvements in business planning; three-year business plans incorporate a results chain. • Leadership to manage for results pushed down to program management level. • Performance agreements set performance expectations and are directly linked to business plans.
<p>Travellers Program (Canada Customs and Revenue Agency)</p> <p>Processes and controls the entry of persons and their baggage into Canada through legal ports of entry.</p>	<ul style="list-style-type: none"> • Key indicators used to improve program results. • Supporting incentives for organizational climate established. 	<ul style="list-style-type: none"> • Stints – a performance measurement (sampling) system – are still being used to measure program performance. • Performance information is used to make program adjustments such as reallocation of staff among ports. • Performance agreements for senior managers specify program delivery targets.

Appendix C

Initiatives Supporting Managing for Results

Government Initiative	Implications for Managing for Results
Modernization of Comptrollership pilot project	Modernization of Comptrollership aims to integrate into a coherent whole, recent government management practices and priorities for change. The initiative is intended to produce performance information linked with relevant financial information for sound resource management and effective decision making to achieve results. Performance information will reflect business planning, risk management, costing, budgeting, evaluations, accounting, and non-financial and financial performance reports.
Treasury Board President's annual report to Parliament on <i>Managing for Results</i>	A description of the President's annual report to Parliament on <i>Managing for Results</i> is provided in Chapter 19. Treasury Board has used this document to insist on the importance of a focus on results, and sets out actions the government plans to take to promote capacity in departments, managing for results in horizontal issues, and improved reporting.
Improved Reporting to Parliament Project	The government launched the first phase of its Improved Reporting to Parliament Project (IRPP) in 1995. The intent of the project was to provide Parliament with better information on the federal government's plans and performance with a focus on results. On a pilot basis, and with the agreement of Parliament, Part III of the Main Estimates was split into two documents: the fall <i>Departmental Performance Reports</i> and the spring <i>Reports on Plans and Priorities</i> . The government is moving into the second phase of IRPP to enhance the involvement of parliamentarians in the reporting of performance information to Parliament.
Financial Information Strategy	The Financial Information Strategy (FIS) seeks to fundamentally change the way in which the government manages its financial information. The vision for FIS is to enhance the government's decision making and improve organizational performance through the strategic use of financial information. The Strategy was approved by Treasury Board in 1995, and is expected to be fully implemented by 1 April 2001.
Results for Canadians (March 2000)	The document sets out a framework for government management and an agenda for change that focusses on the achievement of results. Commitments are made to manage for results: all departments must be focussed on the achievement of results, and on reporting them in simple and understandable ways. The government will continue its movement toward a results-based approach that can distinguish program strengths and weaknesses, and provide guidance on what does and does not work.
Practical Guidelines to Preparing Treasury Board Submissions (May 2000)	This document provides practical advice on what to include in Treasury Board submissions. In support of managing for results, submissions are expected to outline outcomes, state how the initiative will be monitored and evaluated, include an performance and accountability framework, or a commitment to developing one at a later date. The framework reflects a full managing for results cycle, including performance measurement, reporting, and evaluation.

Appendix D

Status of Our 1996 Recommendations on Federal Evaluation

Recommendations	Comments
Treasury Board Secretariat should:	
Ensure that there is a clear statement of specific government evaluation priorities. It should monitor departmental business plans for gaps and omissions with respect to government priorities, and should take steps to deal with gaps and omissions (paragraph 3.74).	Unsatisfactory progress. The Secretariat has not stated the government's priorities for evaluation. It sets out evaluation requirements in selected areas.
Ensure that its report to Parliament credibly represents the performance of review and includes specific measures on [the state of] evaluation. The report should include the government's evaluation priorities and progress in addressing them (3.86).	Recommendation rejected. The President's annual report to Parliament does not report on the state of evaluation. It has evolved to a broader scope, focussing on reporting and managing for results.
Make clear the quality standards to be applied for different types of effectiveness measurement and analysis (3.106).	Unsatisfactory progress. The Secretariat has not set out quality standards for evaluation and review. A proposed new Treasury Board evaluation policy does set out standards, and clarifies evaluation and review.
Deputy heads should:	
Ensure that departmental business plans include evaluation findings and identify priorities for evaluation (3.64).	Satisfactory progress*. Departmental business plans are no longer required by the Secretariat, but planning exercises occur for business lines. Planning documents often include performance measurement strategies and reflect evaluation plans.
Ensure that plans for evaluation are developed as part of their business planning (3.96).	Satisfactory progress*. Plans for evaluation are organized by business line. Departments are working to further integrate departmental priorities in their evaluation plans.

Key:

Fully addressed – The original audit finding has been fully addressed and no further action is needed. Our Office will not follow up further.

Satisfactory progress – Reasonable progress has been made in addressing the original finding, but some additional action is required. Our Office will do further follow-up work.

Unsatisfactory progress – Reasonable progress has not been made in addressing the original finding and considerable further action is required. Our Office will do further follow-up work.

* Based on an examination of the five departments.

Source: Report of the Auditor General of Canada, Chapter 3, Evaluation in the Federal Government, 1996

Appendix E

Horizontal Issues – Three Case Studies

Features	Family Violence Initiative	Federal Disability Agenda	Canadian Rural Partnership
Lead department	Health Canada	Human Resources Development Canada	Agriculture and Agri-Food Canada
Start and end dates	1997–98 to 2001–02 The initiative is now in its third phase.	1999–2000 (no end date) This is the second formal initiative, following the National Strategy for the Integration of Persons with Disabilities.	1998–99 to 2002–03 A Secretary of State (Rural Development) was appointed in 1999.
Number of participants	12	23	29
Federal contribution	\$35 million over five years for seven departments. Five other departments address family violence issues through their existing programs and activities.	Some elements of the Federal Disability Agenda receive support: \$ 75 million a year Opportunities Fund and tax assistance (HRDC) \$11.5 million over three years for the Health and Activity Limitation Survey (Statistics Canada). Other departments and agencies address disability issues through their existing programs and activities.	\$20 million over four years for the Canadian Rural Partnership, which includes co-ordination activities and a grants and contributions program. Other departments and agencies address rural issues through their existing programs and activities.
Co-ordination mechanism	Family Violence Prevention Unit	Office for Disability Issues	Rural Secretariat
Agreements and framework documents	Accountability framework Reporting framework (both are Treasury Board requirements) Three-Year Strategic Plan	Accountability framework (informal). Reporting framework (being developed).	Interdepartmental strategic action plan (being developed). Interdepartmental performance measurement framework (being developed).
Structures used for co-ordination	Interdepartmental Working Group Evaluation Working Group	House of Commons Subcommittee on the Status of Persons with Disabilities. Assistant Deputy Ministers' steering committee. Interdepartmental working group. Various working groups (evaluation, Aboriginal issues).	Interdepartmental working group. Rural teams in all provinces and territories.

Appendix F

Framework for Managing Horizontal Issues

Effectively managing a horizontal issue involving a number of departments to achieve specific results requires the following:

1. Identifying an effective co-ordination structure

Effective co-ordination is essential to managing horizontal issues and requires:

- **Establishing roles and responsibilities.** Agree on the roles and responsibilities of departments involved and who will take the lead.
- **Developing an appropriate level of co-ordination.** Define in a framework document the management and governance structure, and put in place the co-ordination structure as appropriate
- **Promoting co-ordination through levers and incentives.** Structures and frameworks are not enough. A range of levers and incentives should be available, including visible political support, funding, and human resource tools.

2. Agreeing on common objectives, results and strategies

Reasonable agreement is needed among the participants on the overall objectives, what more specifically will be accomplished over what time frame, and what and how departments will contribute. This involves:

- **Defining common objectives.** Determine the objectives that will guide departmental actions and provide a basis for a common vision of success.
- **Agreeing on performance expectations for the initiative.** Agree on specific results and a set of performance expectations for the horizontal issue that are realistic and challenging, taking into consideration the priority of the issue area and the co-ordination structure in place.
- **Defining performance indicators for the initiative.** Agree on a manageable set of qualitative or quantitative performance indicators. These indicators should be relevant for each department as well as for collective action.
- **Agreeing on how departments will contribute.** Articulate strategies and performance expectations for departments that are commensurate with the resources available and with political/jurisdictional reality.

3. Measuring results to track performance

Managing the horizontal issue for results requires:

- **Measuring performance.** Practices exist for departments involved to collect, assess and report on performance and costs, using the indicators identified and agreed on.
- **Evaluating programs.** Practices exist for evaluating the relevant components of the horizontal initiative in the different organizations.
- **Reviewing and updating indicators and measures.** Based on experience gained, changing circumstances, and experience gained in other horizontal issues, make periodic changes and improvements to indicators, expectations and measurement approaches.

4. Using information to improve performance

Realizing the benefits of managing for results requires:

- **Using performance information.** The performance information gathered and assessed is used to improve management of, and performance in, the horizontal issue, such as adjusting the co-ordination mechanism or the activities undertaken.
- **Identifying good practices.** Based on what works and what does not, identify and use lessons and good practices to improve performance.

5. Effectively reporting performance

Reporting among the departments involved and to other stakeholders requires:

- **Defining a reporting regime.** Define a reporting regime and a communication strategy that reflect the level of priority given to the horizontal issue, and its size, including the resources it has available. The regime and strategy should also meet departmental, horizontal and stakeholder information needs.
- **Describing the context and strategies used.** State clearly in reporting documents the rationale and objectives of the collective effort, its major strategies, and its related external context.

Managing Departments for Results
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- **Stating meaningful performance expectations.** Clear and concrete key performance expectations focussed on outcomes.
- **Reporting performance accomplishments against expectations.** Key accomplishments are related to expectations and attributable to individual or collective efforts.
- **Demonstrating the capacity to learn and adapt.** The report demonstrates the ability of the collective effort to learn from past performance and adapt to external changes.
- **Reporting on the fairness and reliability of the performance information.** Report performance information that is fair and reliable.