



The Estimates: How They Work & How to Make Them Work for You

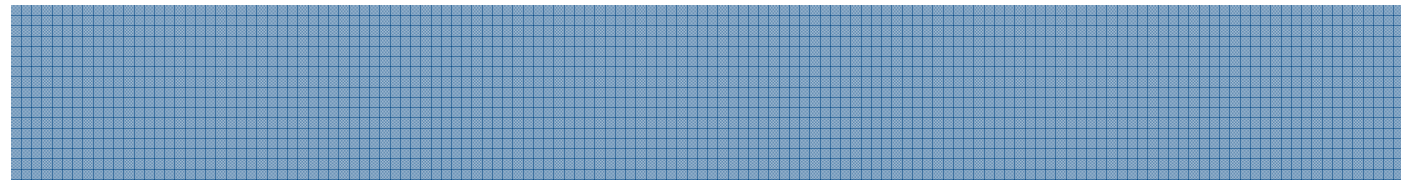
**Presentation to the Standing Committee on
Government Operations and Estimates**

by

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Office of the Auditor General of Canada





Outline

- Who we are and what we do
- How committees can make a difference
- Planned audit of the Expenditure Management System



Who we are

- **Our Vision:** An independent audit office serving Parliament and the well-being of Canadians, widely respected for the quality and impact of our work
- **We promote** accountable government, an ethical and effective public service, good governance, sustainable development, and the protection of Canada's legacy and heritage
- **We do this by** conducting independent audits and studies that provide objective information, advice, and assurance to Parliament, government, and Canadians



Commissioner of the Environment and Sustainable Development

- Established in 1995
- Departments are required to prepare sustainable development strategies (SDS) and action plans
- Commissioner reports annually (this year – in September)
- Reports on implementation of SDS plans and other questions related to the environment and sustainable development
- Environmental petitions



What we do

- **Financial (attest) audits:**
 - *Is the Government keeping proper accounts and records and presenting its financial information fairly?*
 - *Is there compliance with relevant authorities?*
- We deliver our work through -
 - Audit opinions on the Public Accounts of Canada
 - Financial audits of numerous federal organizations, including most Crown Corporations



What we do

- **Performance (value-for-money) audits:**
 - *The “four Es”*
 - *Is there compliance with relevant authorities?*
- We deliver our work through -
 - performance audits of federal government departments and agencies and of most Crown Corporations
 - reports tabled 4 times each year



How we can assist Committees

- Our main relationship is with Standing Committees
 - Public Accounts
 - Government Operations & Estimates
 - Environment and Sustainable Development
 - Senate committees
- For example -
 - when requested, we appear as witnesses before committees in areas where we have done audits
 - we monitor committee interests and concerns so we can provide timely, relevant information, e.g.,
 - provide our report on *Parliamentary Committee Review of the Estimates Documents*
 - rate the quality of DPRs



As witnesses: using our audit work

- Audits do not question the merits of government programs and policies
- Audit results can provide
 - a better understanding of issues, program activities, and results
 - lines of questioning, supported by audit evidence
- Audits and studies examine information reported in Estimates documents



Work of interest to the committee

- Recent work -
 - Internal Audit (November, 2004)
 - Role of Treasury Board Secretariat (March, 2004)
 - Reporting to Parliament (DPRs) (May, 2003)
 - Foundations (April, 2002)
- Upcoming work -
 - February, 2005
 - Foundations
 - Crown Corporations
 - Human Resource Modernization
 - Financial Information
 - Information Technology Security
 - April, 2005
 - Rating DPRs

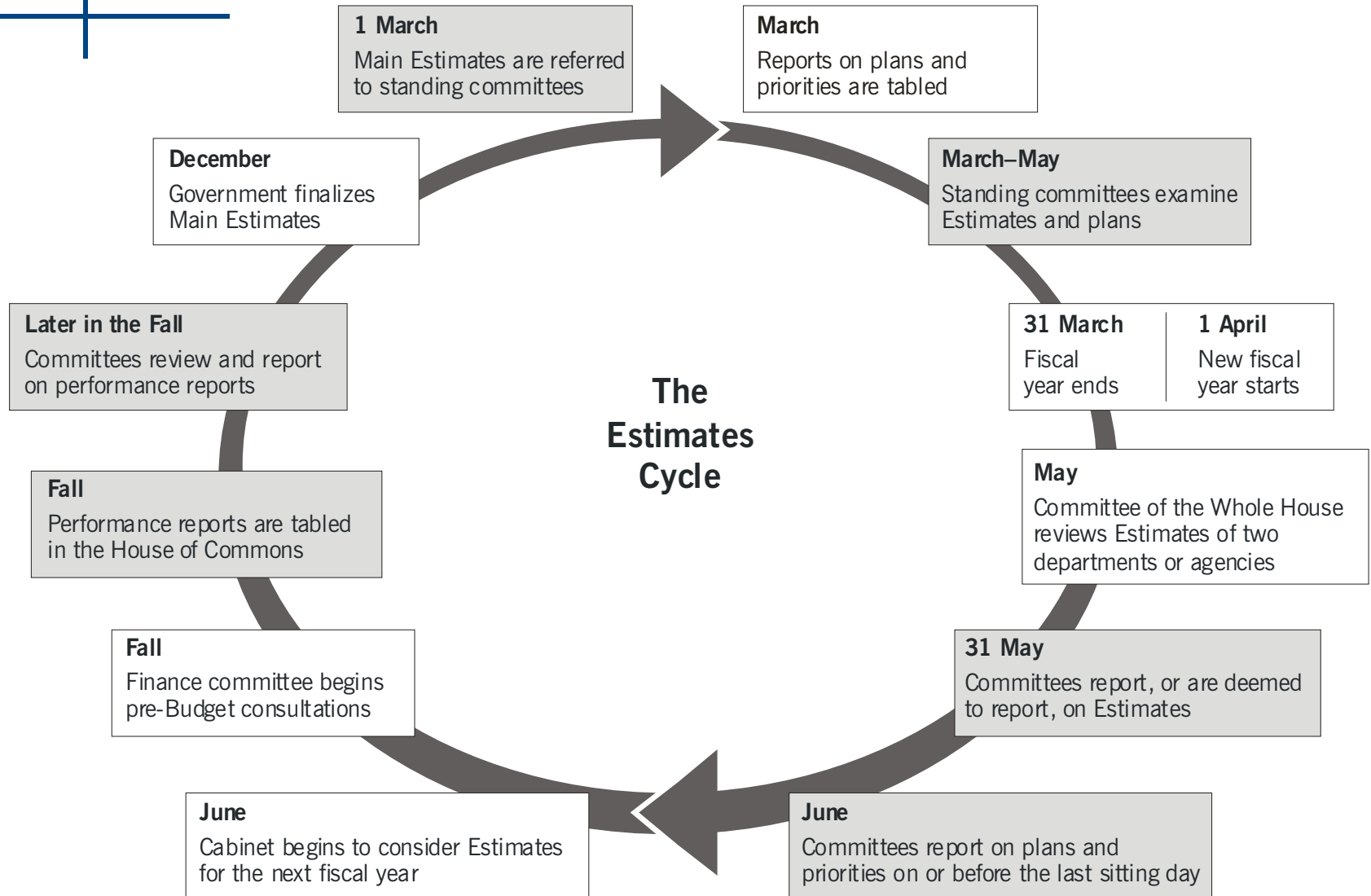


Assisting committee review of the Estimates

- *“Parliamentary Committee Review of the Estimates Documents”*
- assists parliamentarians in reviewing expenditure plans and performance reports
- Issued 1998, 2003 – update March 2005
- Contents
 - Expenditure management system
 - Key participants in Estimates review process
 - Committee review of Estimates documents
 - Questions committees can ask



The Estimates process





Committees can make a difference

Committees can -

- hold pre-hearing planning meetings
- review department's RPP & DPR to identify areas of interest, priority & high-risk
- have questions prepared by committee staff
- focus on selected programs
- target areas of greatest impact
- obtain additional information & expertise



Rating the quality of DPRs

- OAG model for rating the quality of DPRs
 - fairness of presentation of non-financial information
 - 5 criteria
 - 5 levels of achievement (i.e., a learning model)
- DPRs should...
 - provide clear context & strategic outcomes
 - have clear & concrete performance expectations
 - report key results against expectations
 - provide credible & balanced performance information
 - demonstrate the use of performance information
- Quality is disappointing & progress is slow



Questions about the RPP

- Are the **strategic outcomes** the right ones?
 - Do they fit with Government priorities (e.g., Speech from the Throne, Budget)?
- Does the report say which program **activities** will produce the right **outputs** to address the **outcomes**?
- Does the RPP have concrete **targets**?
- What are the costs & are they “reasonable”?
- Do they report on programs shared with other departments (i.e., horizontal results)?



Questions about the DPR

- Has the department delivered the planned results?
 - i.e., Did they do what they said they would do? If not, why not?
- Is there financial information about what programs cost? And were the results worth it?
- Is the program's contribution to the results achieved explained clearly enough?
- Could the program have been managed –
 - *More efficiently?* e.g., with lower costs or with better results for same costs?
 - *More effectively?* e.g., right balance between delivery instruments or use of partners?
 - Are the results *sustainable* over the longer-term?



Questions on report usefulness

- Does the RPP have the right kind and amount of financial and non-financial information for committee review of proposed appropriations?
- Does the latest DPR provide concrete results against commitments made in the relevant RPP?
- Do the reports provide evidence-based information for informed review?
- Has the department responded to previous committee recommendations and suggestions?



Upcoming audit on the Expenditure Management System

- Does the EMS meet today's needs?
- Options for discussion:
 - Links from the Budget to Main Estimates to Supplementary Estimates to Public Accounts
 - Central control function (TBS)
 - Evidence-based decision-making (e.g., program evaluation)



Summary

- We have done a lot of work in areas of your mandate
- We are planning to do more
- Look forward to working with you
- Questions?