Modern Comptrollership

Putting it all Together:
Leading Practices and Testimonials
of Modern Comptrollership

Treasury Board of Canada Secretariat

March 2003

Canada

Table of Contents

Forward

> "...**Modern Comptrollership is about good management focused on results and value for money.**"
>
> *Alex Himelfarb, Clerk of the Privy Council*

Modern Comptrollership is a progressive step in the continuum of management improvement in the federal government to serve the Canadian public better. Canadians expect continuous improvement of management practices, increased focus on results, responsible spending and accountability. Public service managers are expected to make informed and optimum choices for the delivery of the right policies and programs to suit the needs of Canadians. The modern public service manager is faced with this reality every day. Accordingly, it is important to ensure that current and future generations of federal public service managers are equipped with the appropriate skills, competencies and understanding of their roles and responsibilities to function effectively in this environment.

Since becoming a government-wide initiative, Modern Comptrollership has picked up considerable momentum. To date, well over 80 departments and agencies have been exposed to the initiative in some form or another including conducting capacity assessments, establishing project management offices, preparing action plans and undertaking management improvement projects.

The case studies and testimonials presented in this report are the tip of the iceberg. They represent a small sample of the many exciting and constructive initiatives that are underway across the federal government to create management reform and a culture of continuous improvement. I am encouraged by the innovation and commitment demonstrated by the management community to making MC a reality. Our work is far from done but we have planted the seeds of a strong MC culture across government and are making progress toward the ultimate goal of creating a dynamic public service responsive to the evolving needs of Canadians.

I wish to extend my appreciation to the Transportation Safety Board and other contributing departments/agencies for their support in bringing this important project on Modern Comptrollership leading practices and testimonials to fruition.

Executive Summary

This report presents a series of case studies and testimonials that demonstrate successful application of Modern Comptrollership (MC) practices within federal departments and agencies, document the associated benefits and outline the lessons learned. The case studies and testimonials were developed to provide the federal community of managers with practical, real-life examples of how leading practices in MC are being developed and applied. They were drawn from a cross-section of large, medium-sized and small organizations with a broad range of mandates.

MC is a management reform aimed at strengthening the existing capabilities of the federal government community to make better decisions and provide better services to meet the needs of Canadians. MC goes well beyond the financial domain and involves all managers working in partnership to achieve organizational objectives. MC is about ensuring that managers are supported effectively by their organizations in terms of four fundamental pillars: timely, relevant and integrated financial and non-financial information, streamlined yet effective control systems, integrated risk management approaches and tools, and sound ethics and values. The vision of MC is founded on the integration of these four pillars as the basis of decisions at every level of management.

Virtually all of the organizations included in the sample of case studies and testimonials for this study have introduced changes to their business processes and have started to establish the seeds required to form a MC culture. New tools and practices are enabling managers to deal, in an integrated fashion, with a wide range of issues as illustrated below.

> *You are a manager and one of your staff comes to you complaining that a member of the team is not pulling their weight and causing hardships for the other workers. You have confidential information about the problem employee that might explain and justify the behaviour, but cannot share this with the disgruntled team mates. What would you do?*

> *Your department has identified risk-taking as one of the six competencies of its Leadership Profile and recognizes that managers and staff are faced with risky choices on a daily basis. In this context, how do you go about providing managers and staff with the strategies and tools that will help them manage risk responsibly while enabling innovation, learning and growth?*

> *With an annual budget of $12 billion, close to 80% of the government's assets and over 100,000 employees, your department is among Canada's most important institutions. How do you develop and maintain an effective planning and management regime to ensure that Canadians receive value for the money that the Government of Canada invests in your department?*

> *You have identified the requirement to strengthen controls within the organization, and wish to place a practical slant on the improvements so that they are useable and relevant to management on a day-to-day basis. How do you design and implement a tool that will highlight priority areas and enable the design of a practical action plan?*

In most instances, the main catalysts for the adoption of MC practices were responses to business and operational needs driven by either internal or external factors and a recognition that conventional ways of doing business were no longer working. While each organization approached the adoption of specific leading practices in a manner that was most suitable to its own operating environment and culture, the single most common driver of the change process was visible and ongoing senior management support. Other conditions that encouraged MC to thrive and develop include:

- teamwork and a participatory process;
- making new practices and tools real and useful to managers; and
- dedicated resources to champion the cause, develop and introduce new practices, approaches and tools, and convince their colleagues to adopt new practices.

The transition to a culture of MC is a process that is inherently dependent on managerial commitment and support. It is not a particular management style or personal characteristic that makes a given practice a success but rather a global managerial commitment to bringing about improvement and ensuring the success of the organization. Demonstration of tangible benefits and a convincing answer to the question "what's in it for me?" are key to securing management commitment and buy-in. Departments and agencies identified improved decision-making, increased accountability, a more strategic organization and increased efficiency as the top benefits resulting from MC.

Implementing MC has not been without its challenges and certain common lessons learned have been identified by departments and agencies. There is consensus that without solid commitment from the most senior levels of an organization and an effective communication strategy, it would be very difficult, if not impossible, to make a success of MC. Departments and agencies also concurred that the more relevant a given tool is, the easier it is to implement it quickly and effectively. Lastly, not only is the implementation of MC a long-term initiative, it often takes time to realize all expected benefits. Managers consistently noted the importance of remaining focused on the end state and of not expecting immediate results.

While it may not be always happening under the guise of MC, it is evident that management reform and improvement is alive and well in the federal government. Departments and agencies are introducing new ways of doing business and equipping their managers with the appropriate tools to do their jobs better. They see management improvement as the basis of a robust organizational culture that can effectively respond to change and achieve better results for Canadians.

Introduction

Since becoming a government-wide initiative in the Spring of 2001, Modern Comptrollership (MC) has touched virtually every federal department and agency in some form or another. Most departments and agencies were exposed to the initiative through the capacity check assessment which gauged the maturity of their management capacities and identified gaps. Some of these organizations have progressed beyond the assessment stage by developing comprehensive action plans to address assessment results and are implementing modern comptrollership within their organizations.

The significant breadth of the MC initiative makes it challenging to implement. The need to bridge the gap between theoretical concepts so as to make MC practices real and meaningful to the day-to-day work of managers is the biggest implementation hurdle. In its role of providing support to federal departments and agencies in implementing MC, the Modern Comptrollership Office of the Treasury Board Secretariat, in partnership with the Transportation Safety Board (TSB) and other contributing departments/agencies, commissioned a study to help build a knowledge base of what constitutes an applied MC culture and its benefits. To this end, a series of case studies and testimonials were developed to demonstrate successful application of MC practices, document the associated benefits and outline the lessons learned. The case studies and testimonials were developed with the intent of providing managers with a series of practical, real-life examples of modern management practices across government. The project focused on the following four pillars of MC:

- **Integrated financial and non-financial information.** (i.e., both historical and future-oriented) for decision-making. Integration is about bringing together information from multiple sources from both within and outside the organization. Integrated financial information is most useful when it is presented in the context of a department's objectives, mission, programs and activities. Integration of information is also critical for supporting a results-oriented approach to government performance responsibilities.

- **A mature risk management environment.** Traditional risk management focused on minimizing exposure to risk and developing appropriate risk mitigation measures. Under modern comptrollership risk management is defined more broadly as an integral component of good management, embracing opportunity, innovation and responsible risk-taking. Accordingly, risk management must be integrated into planning and decision-making processes to increase the chances of achieving desired results. Managers at all levels will need to take a more proactive and systematic approach to identify, assess and manage risks in the context of achieving organizational objectives.

- **Appropriate control systems based on management needs and risks.** Controls are no longer about following rules but rather about providing signals and mechanisms that enable organizations to achieve targeted results and outcomes. A modern control framework should be based on elements of an organization that when taken together support the achievement of

organizational objectives. These elements include resources, processes, culture, structure and tasks.

- **Promotion of ethical values and practices.** This component of MC encompasses loyalty to the public, excellence in service delivery, honesty, integrity and probity in attitudes, decisions and behaviours. Ethical values and practices need to be internalized by staff and exhibited in the way that the organization conducts its business on a day-to-day basis.

While the project aimed to identify leading practices within each MC pillar and to uncover how managers are using these practices, it also looked at instances where departments and agencies have successfully integrated all or the majority of these pillars into a comprehensive management framework.

The Culture of Modern Comptrollership

Modern comptrollership is a management reform initiative aimed at strengthening the existing capabilities within the federal government community to make better decisions, provide better services, demonstrate results achieved and, ultimately, better meet the needs of Canadians. The vision of MC is based on the integration of four fundamental pillars, consisting of integrated financial and non-financial information, integrated risk management, control systems, and values and ethics, as the basis of decisions at every level of management. MC also leverages leadership, motivated people and accountability as enablers in advancing management practices and bringing about management reform. It extends beyond the financial domain and involves all managers working in partnership to achieve organizational objectives.

Achieving a state of MC is a resource-intensive and long-term undertaking which, in many instances, is competing with other corporate priorities. Virtually all of the organizations included in the sample of case studies and testimonials have introduced changes to their business processes and have started to establish the seeds required to form an MC culture. Specifically:

- Integrated performance information is being addressed through comprehensive planning frameworks that bring information together from a variety of sources, through systems aimed at providing the right information at the right time to support service delivery, decision-making and performance monitoring and reporting, and through strengthened resource management practices;

- Risk management frameworks are being established to ensure that managers are risk attuned and equipped with the appropriate tools to mitigate the key risks that may hinder the achievement of corporate objectives;

- Improvements to existing controls are being undertaken as part of broader initiatives aimed at strengthening accountabilities, exercising better fiscal responsibility, improving resource management, standardizing processes, and, ultimately, facilitating the achievement of results; and

- Ethics and values programs are being used as the foundation for creating a workforce that is equipped to act according to the highest ethical standards and enabling managers and staff to choose the right course of action when faced with ethical dilemmas.

A key ingredient of achieving a MC culture is making management reform real for managers and relevant to their work. The case studies and testimonials include examples of departments and agencies that are on their way to achieving this by going beyond the theoretical and providing managers with practical tools that they can apply to their day-to-day work. Many of these departments and agencies have effectively leveraged teamwork and an inclusive approach to shape the development new practices and approaches.

Moving towards a MC culture also requires managerial and professional capacity development and the acceptance of new responsibilities. In this respect, training is key to success. Several of the departments and agencies participating in this study have designed specific training programs to support the introduction of management reform and/or new business practices and to build the desired competencies.

The end result of achieving a state of modern comptrollership should ultimately include a dynamic public service that is responsive to the needs of Canadians and able to deliver policies and programs more effectively. All of the departments and agencies participating in this study are working towards the realization of this objective.

What are the Conditions that Promote a Culture of Modern Comptrollership?

Common factors leading to the adoption of MC practices by Departments and Agencies

The main catalysts for adopting MC practices were responses to business or operational needs driven by either internal or external factors and the recognition that conventional ways of doing business were no longer an option. Organizations also tended to adopt MC practices as pre-emptive strikes against a changing operating environment caused by, for example, change in organizational status (e.g., becoming an agency), international obligations, increased public/media scrutiny, and changes in the government agenda. The adoption of leading practices also came about in response to a need:

- for better information and tools to support managerial decision-making, strengthen accountability, and support results measurement and reporting;
- to improve program and service delivery;
- to address gaps identified through the Modern Comptrollership capacity assessment and make MC real for application in day-to-day work; and
- to optimize and improve resource utilization.

Common change processes used by Departments and Agencies

While each organization approached the adoption of specific MC leading practices in a manner that was most suitable to its operating environment and culture, the single most common driver of the change process was visible and ongoing senior management support. Senior management support was credited for fueling the change process, giving the initiative(s) a high profile within the department/agency and promoting acceptance and buy-in across the organization. In effect, some departments and agencies recognized that the lack of visible senior management support at the outset of a new initiative hindered progress and created obstacles that were, at times, difficult to overcome.

Many departments and agencies also saw teamwork as an important change enabler. A highly consultative, participatory approach involving as many levels of the organization as possible to ensure that managers and staff felt that they had "skin in the game" was seen as instrumental in securing acceptance and buy-in.

Actively marketing the change initiative, explaining the "why" and demonstrating underlying benefits to managers and staff were also used by some departments/agencies to obtain support and buy-in.

Lastly, almost every department/agency dedicated resources (over above those involved in the MC process) to the development and adoption of specific leading practices. These dedicated resources came both from program delivery areas as well as specialist functions such as those found in corporate services. In most instances, these resources are continuing to work on the practices, refining and improving them on an ongoing basis.

Who are the Managers that use Modern Comptrollership?

The transition to a culture of MC is a process that is inherently dependent on managerial commitment and support. It is not a particular management style or personal characteristic that makes a given practice a success but rather a global managerial commitment to bringing about improvement and ensuring the success of the organization.

Managers are playing the following roles with regard to MC:

- championing or leading specific projects such as the development of a risk management tool, an ethics and values handbook or a training course from the conceptual stage to implementation;
- participating and shaping the development of new practices so that they are relevant and practical within their particular operating environment; and
- operationalizing new practices and approaches, although the extent to which this is occurring is not readily evident based on information obtained from interviewees.

Both specialists (e.g., managers working in Finance, audit and evaluation, corporate services) and program managers are contributing to making MC a reality. The thread that bound managers

consulted for this study was their commitment to making a success of the initiative at hand. Not only have these managers bought into the concept or business case driving the adoption of the initiative, they also believe in the expected benefits and are confident that the initiative will make a tangible difference within the organization.

How are Managers using Modern Comptrollership?

Within most of the departments and agencies featured in this study, managers are using leading MC practices to do their jobs better and, in many instances, adapting to working in a different way. Managers are leveraging leading practices to respond to mounting internal and external challenges in a rapidly evolving operating environment. The following is a summary of how managers are using leading practices within each of the four pillars as well as through the combination of multiple pillars.

Integrated Financial and Non-Financial Information

This is one of the more challenging pillars to implement as the integration of financial and non-financial information can take different forms and involve numerous components of an organization's management framework. Departments and agencies are implementing diverse practices to integrate financial and non-financial information. These practices include integrated planning frameworks, performance measurement and reporting mechanisms, resource forecasting and allocation models, and integration of different sources of management information and systems to better meet the requirements of managers and staff.

The practices in this pillar tend to be horizontal in nature in that they have implications across the organization. They are used by managers to:

- make informed and credible decisions;
- adopt a structured, systematic approach to strategic and operational planning that is linked to performance measurement, risk management, accountability, and reporting;
- improve resource management through access to more accurate, timely and relevant information; and
- demonstrate to Parliament and Canadians, in a factual and defensible manner, results achieved.

> *Within HRDC's Ontario region training decisions are now made based on the integration of financial and non-financial information. By pooling information drawn from the department's financial system and the region's training system, training decisions are based on the perceived value of a particular course, associated cost, and long term/short-term benefits to the staff and organization.*

> *The Defence Planning & Management (DP&M) Framework provides DND with a robust and integrated approach to the business of defence. It is an important enabler for effectively and efficiently balancing resource constraints, military capabilities and desired results. "The DP&M has enabled the department to move away from crisis management and focus on long-term planning to sustain DND and the CF."*

Integrated Risk Management

Leading practices in this pillar focus on the development of integrated frameworks and practical tools for the management of a broad range of business risks. To a large extent, organizations have tailored frameworks and tools to meet business requirements either at the departmental/ agency level or within a specific unit. Managers are using risk management tools to be more risk-attentive and as a means of taking a comprehensive approach to: identifying, analyzing, and mitigating risks; focusing senior management attention on the most critical issues; improving decision making; managing workload more effectively; and improving resource utilization. Leading practices in risk management have introduced discipline and rigor to the process of managing risk.

> *Before the introduction of portfolio risk management at Technology Partnerships Canada (TPC) investment officers used to consider risks associated with potential projects but did not have a formal scale or standard on which to base their assessments. "The risk rating scale focuses officer thinking and ensures that funding decisions are made from a common perspective. The scale provides management a clearer picture of what a given project involves and how funding it may impact the agency."*

> *Health Canada's Decision Making Framework (DMF) for identifying, assessing and managing health risks enabled the Department to respond effectively to the Belgian dioxin incident. Health Canada had to react very quickly to ensure that certain Belgian foods containing a strong contaminant would not be marketed in Canada or exported to international markets by Canadian exporters. "By following the DMF approach we were able to quickly take control of the situation and develop a credible policy position within a very short timeframe."*

Appropriate Controls

The departments and agencies included in our sample approached the establishment of appropriate controls systems in a pragmatic fashion and often in the context of broader, yet related initiatives. Improvements and changes in controls have been embedded in new quality management systems, strengthened financial and resource management practices, and transformation in the role of finance from that of "watchdog" to strategic information provider and advisor. Below are some examples of how managers are leveraging control systems.

> **Natural Resources Canada's Guide to Good Management helps managers identify accountability requirements, control systems, processes and practices associated with delivering good value for the resources entrusted to it.**

> **The Royal Canadian Mounted Police's Financial Management and Control Framework puts managers in the driver's seat in terms of addressing control gaps and creates an environment where success is shared between operational managers and financial specialists.**

> **Canada Customs and Revenue Agency's Quarterly Budgeting and Reporting System enables Headquarters senior managers to exercise better control over budgets delegated to regions and ensure that monies are spent for their intended purposes.**

Values and Ethics

A number of departments and agencies have developed formal ethics and values programs in response to the *Tait Report,* which firmly put values and ethics on the government's agenda. Within departments and agencies that participated in this study, managers exposed to ethics programs are beginning to build ethical questioning into their decision-making. The programs are also helping staff deal with ethical dilemmas and to act in an independent and objective way.

> *Developing and implementing both a values statement and corresponding values and ethics program has been a key tenet in the RCMP's strategy for moving towards community policing. Part of preparing officers for community policing has involved ensuring they have the ability to make the right decisions in potentially difficult situations. The program has been designed in such a way as to pass as much responsibility onto others within the RCMP and to instill the importance of living up to organizational values in each employee.*

Those departments introducing tools are starting to see evidence that managers and staff are actually consulting and using the tools in order to choose the most appropriate course of action.

> *HRDC staff and managers use the checklist provided in the Department's Handbook on Ethics and Values to consider questions such as "Is it illegal?; What is the impact on people?; Is it ethical?" as part of the decision making process. As a result, they are in a better position to justify the rationale behind their decisions. One manager has also used the Handbook to guide a practical discussion with Human Resources staff on the application of democratic values in their dealings with citizens.*

Each department has a slightly different vision of how their values and ethics programs will evolve and how managers will use them in the future. Some see programs becoming institutionalized in the culture; others see it as part of a manager's toolbox – i.e., a decision-making framework to consult and work through. Some departments see their ethics program as an opportunity to shape the organization, and are incorporating it into their recruitment and training practices.

> *The Defence Ethics Program has become an integral part of the training curriculum for Canadian Forces members, from Recruit and Leadership School onward. It equips new officers and non-commissioned members with key learning skills and practical tools for applying ethical approaches and for making the right choices.*

All Pillars

A number of the leading practices identified in this study relate to multiple pillars (i.e., integrated financial and non-financial information, risk management, appropriate controls, and ethics and values). The practices that address all the pillars tend to be far-reaching and comprehensive and are most often driven by an agenda of continuous improvement.

In some instances, these practices are aimed at addressing the gaps identified through the modern comptrollership capacity assessment through specific projects. In others, they focus on making the application of MC real in the day-to-day work of managers by creating an understanding of what MC is about, familiarizing managers with best practices in the four pillars of MC and encouraging them to adopt improved management practices.

> *Since 2000, HRDC has been delivering a two-day MC course to managers and functional specialists across the country. The need to educate and train managers on the theoretical and practical aspects of MC was initially identified in HRDC's MC capacity assessment. The department also recognized that to ensure the successful implementation of MC, it was critical to engage managers and functional specialists and create a learning environment where they could get answers to questions like "what's in it for me?".*

Some departments and agencies are taking a more macro-approach and striving to improve overall organizational effectiveness and efficiency, especially with regard to service delivery. These organizations are undertaking major changes either through re-engineering exercises or by implementing quality management systems to bring about wholesale changes in business processes and management practices. The expectation is that such major transformations will result in a culture of continuous improvement that supports all the pillars of MC.

> *When the Translation Bureau became a Special Operating Agency (SOA) in 1995, the organization lost its long-standing monopoly as a provider of translation services and had to quickly reposition itself to become an effective player in a highly competitive market. The Bureau realized early on that if it was to be successful over the long-term, the status quo was not option. In order to develop and maintain a competitive edge, it would have to find new ways of meeting client needs more effectively, increasing productivity, reducing costs and rationalizing resources. In short, it had to quickly develop and implement a new business and operating model.*

What are the benefits of Modern Comptrollership?

Many of the benefits realized from introducing leading practices in MC cross pillars. While initiatives considered for this study tended to result in some organization-specific benefits, they also resulted in benefits that fall under one of the following four themes: improved decision-making, increased accountability, a more strategic organization and increased efficiency.

Improved decision-making

Managers involved in initiatives across several MC pillars agreed that the implementation of modern comptrollership is leading to improved capacity to make decisions. Increasingly, managers are finding that either through improved access to information (e.g., resource allocation models) or improved tools (e.g., ethical decision-making models or risk management frameworks) they are able to make better, more defensible decisions.

Specifically, managers are finding that the implementation of tools related to MC is helping them assess the value of various types of information more critically. They are then using this information to allocate resources more effectively; plan in a more defensible, rigorous manner; and make decisions that will stand up to public scrutiny.

> *While there is often no "right" answer to an ethical question, staff that have undergone PWGSC's ethics training and that have been exposed to the department's ethical decision-making model are better able to make independent and objective decisions. Essentially, the program is equipping staff to make decisions that they would be comfortable defending.*

Increased accountability

Clear accountability has been identified as an enabler for moving towards an MC culture. Many of the initiatives identified as leading practices in MC are themselves helping to increase the accountability of managers across organizations. For example, some of the initiatives have resulted in a clarification of roles and responsibilities and of expected results, leading managers and staff alike to have a better understanding of what is expected of them. In most cases, improved accountabilities were made possible in part because information became more transparent and accessible.

> *CCRA's Annual Performance Report has resulted in stronger accountabilities for senior managers through detailed results reporting by business line. It includes a performance report card for each business line demonstrating actual results achieved and year-over-year change in performance .*

More strategic organization

A key theme within MC is the transition of functional specialists (those in traditional support roles – e.g., Finance, HR, IM/IT) from transaction processors to strategic advisors. To varying degrees, managers noted that this transition is starting to happen and that it is having a positive effect on the organization. This change is particularly evident within the Finance functions. Both line managers and functional specialists saw tremendous advantages in Finance becoming less of a watchdog and more of a strategic service provider.

Increased efficiency

Managers identified increased efficiency as a key benefit of MC. Realized efficiencies have taken a variety of forms. Some organizations saw cost savings, others saw reductions in cycle times, while others saw more effective allocation of existing resources. As a result of these efficiencies, organizations are able to do more with less, often resulting in increased attention to core aspects of the business.

> *The introduction of an ISO system within Industry Canada's Certification Engineering Bureau's (CEB) has enabled the Bureau to simplify and streamline key processes such as mail handling, shipping, receiving, cheque processing and record keeping. Together, these process improvements have resulted in significant reductions in turnaround times for the processing of certification services. The Bureau has achieved a turnaround time for certifications of less than 15 business days compared to between 80 and 90 days for its American counterpart.*

Lessons learned

Implementing modern comptrollership has not been without its challenges. As with benefits, certain key themes regarding challenges/lessons learned came through. In some cases, these lessons learned reflect critical success factors; in others, they reflect mistakes made. The most common lessons learned identified by managers consulted for this study are:

Leadership commitment – Departments and agencies agree that without solid commitment from the most senior levels of an organization it would be very difficult, if not impossible, to make a success of modern comptrollership. There is consensus that to achieve any sort of significant culture change it is critical that senior managers champion and support the change, including marketing its benefits at all management levels.

Effective communications – Effective two-way communication is critical to demonstrate senior management commitment to MC and to specific initiatives, explain the "why", keep staff informed of accomplishments, and build sustainable commitment.

Relevance – Tools stemming from MC initiatives must be relevant and must feed a real business need. Depending on the nature of the organization, ensuring relevance may depend on involving staff in the development process, using plain, basic language to communicate the intent of the tool and using real life, not theoretical examples to train staff on how to use the tool. Managers concur that the more relevant a given tool is, the easier it is to implement it quickly and effectively.

Remaining focused and patient – Not only is the implementation of modern comptrollership a long-term initiative, it often takes time to realize all expected benefits. Managers consistently noted the importance of remaining focused on the end state and of not expecting immediate results.

Conclusion

Regardless of the size and mandate of the organization, many departments and agencies are undertaking improvements to their business practices to improve service delivery and demonstrate to Canadians how their tax dollars are being used and what results are being achieved. In the majority of cases, MC in of itself is not the driver of change or management reform. Organizations are introducing new ways of doing business and equipping their managers with the appropriate tools to do their jobs better because they see management improvement as the basis of building a robust and agile organizational culture that can effectively respond to change and achieve better results for Canadians.

Appendix A

Examples of Modern Comptrollership

Integrated Financial and Non-Financial Information

Integrated Risk Management Framework

Appropriate Controls

Values and Ethics

Pillars Combined

Modern Comptrollership Leading Practices
Case Study on Integrated Financial and Non Financial Information

Modern Comptrollership Pillar (s)	Integrated Financial and Non Financial Information
Department/ Agency	Department of National Defence (DND)
Interviewees	Lieutenant Colonel Yan Hidiroglou Austin Campbell Dave MConie
Summary of Leading Practice	

You are a Base commander and are convinced that the quality of physical fitness programs on your base are not up to par. What is your objective data source for making an accurate assessment? Where do you go to obtain examples of leading practices and begin to formulate an action plan?

You have been tasked with addressing the quality of services provided at all bases in Canada. However, responsibility for the provision of these services from quality, timeliness and budgetary perspective rests with the Base Commanding Officer. How do you gain buy in across the department for a project that may highlight serious deficiencies and could be a potential cause for embarrassment?

How do you successfully address these questions knowing there are significant operational differences between bases, that the budget realities facing the department limit the funds available to develop a solution, and that any solution must respect the existing departmental accountability structure?

The department of National Defence has responded by developing the Base Services Index (BSI). The BSI is designed to provide common national standards for key base services ranging from emergency services to water supply and family support. These corporate standards will be used as the benchmarks when evaluating the quality of base services provided on a quarterly basis. In all 29 common service standards have been established, supported by comprehensive tools and guidelines for data collection.

This data gathering capability has been complemented by an integrated web measure and reporting system, designed to graphically display and compare results of individual bases or roll ups of bases. This tool allows at a glance reporting with drill down capability to assist in identifying problem areas and in developing and documenting action plans.

The tool does not provide solutions; rather it is a communication vehicle that will allow all Base Commanding Officers to determine areas of priority, commit to action plans and facilitate knowledge sharing based on comparative data. The tool also provides opportunities for comments on the process, tangible opportunities for improvement, and tracking of planned actions.

A.   Background

The idea for a Base Services Index (BSI) evolved as a result of a number of factors. First and foremost, was pressure from the Standing Committee on National Defence and Veterans Affairs to do more with less. In addition, a Site Services Support project was launched to examine detailed support measures at the bases. The increasing frequency of Alternate Service Delivery initiatives also played a role in the evolution of the project.

The resulting BSI standards are unique in that they were developed with a user focus. While input from various levels was sought, including experts in service provision, the ultimate focus was always on the needs of the users of the service. This approach also carried over to the measurement of actual results against standards, as over 50% of the developed standards involved direct input from Canadian Forces staff. This approach is aligned with the overall strategic priorities of the department, which are:

- Optimizing defence and security capabilities;
- Putting people first;
- Enhancing partnerships;
- Responding to a new security environment; and
- Maximizing management effectiveness.

By defining measures that are user based, enabling the capture of significant client feedback, and by allowing accountable managers to determine how best to address the results, the department has created a winning solution for all.

B.   Description of Leading Practice

The Base Services Index

The BSI is a comprehensive collection of 29 service standards each comprised of more detailed measures and designed to touch on all aspects of the provision of on base services. The standards are grouped into the four pillars with reporting information available by detailed measure, by pillar and by base. The detailed pillars and measures are outlined in the table below.

Pillar	Measures
Community	• Ambulance; Community Recreation Programs; Fire Services; Mess and Hospitality Services; Military Family Services Program; Physical Education Programs; and Police Services.
Personnel Services	• Accommodation; CF Pay and Administrative Services; Food Services; and Pastoral Services.
Realty Services	• Building and Facility Services; Electrical and Alarm Services; Hazardous Waste; Heating Ventilation Air Conditioning (HVAC); Janitorial Service; Non-Hazardous Waste; Realty Asset Management; Roads and Grounds Management; Snow and ice control (SNIC); and Water, Sanitary Sewage and Storm Water.

Pillar	Measures
Support Operations	• Equipment Maintenance Management; Imaging Services; Mail Services; Ranges; Supply Services; Telecommunications and Information Systems; and Training Area Management

Each of the standards is supported by a detailed set of measurements. The data capture exercise is supported by a detailed set of measurement instructions all accessible via the web. Data capture is performed on a quarterly basis.

Reporting Against Standards

The reporting tool designed to report data against standards is available on the department's intra-net site. Icons have been placed on the desktops of all senior managers. The tool presents results in a red, yellow, and green format so that problem areas can be easily highlighted. Data is available at the detailed measurement level, the standard level, the base level or higher corporate wide levels. The drill down capability allows the user to dig deeper and deeper until the problem areas are identified. Trend analysis is also available to better support the implementation of action plans.

Comment areas allow individuals responsible for the provision of the service to provide feedback on the quality of the measure, the manner in which data was collected and any planned remedial action with milestones. Results are not posted for reporting until the individuals accountable for providing the service have signed off on the results.

At the present time, the BSI results are not being rolled into the corporate performance measurement framework for reporting purposes.

C.   The Change Imperative

Who led the effort?

Departmental leadership for this initiative came from two distinct sources:

- **Project Charters –** Two project- related charters were issued by the Vice Chief of the Defence Staff. The first charter empowered the project to develop common service standards. The second charter tasked the project with developing a common mechanism to measure performance against standards. These charters clearly demonstrated senior management's commitment to the initiative while at the same time allowing base Commanding Officers to retain control over the delivery of base operations.

- **Project Team** – The project team was kept deliberately small and given a wide scope to encourage creative thinking within a limited time. This resulted in an approach to developing standards that was output based, not process based.

What challenges were encountered?

There were pockets of initial resistance related to concerns that the BSI initiative would result in detailed directions to bases on how to deliver their services. Given the differences in size and geographic location, there was little corporate appetite for a directives based approach. The two charters that documented the scope of the BSI, as well as the emphasis placed on the project by senior management were critical in easing concerns.

In addition, there were those who were reluctant to roll out the solution until it was thought to be perfect. The approach taken by the project team was one of continuous improvement and the recognition that a product that was 80% complete would still be beneficial to management. The team's willingness to receive constructive feedback and to make improvements to both the measures and the tool was instrumental in obtaining and sustain support for the project. This approach was particularly helpful for areas where standards were perceived too difficult to measure.

D. Impacts/Benefits

Outside of the obvious benefits attached to performance reporting and the implementation of remedial action there have been peripheral benefits as well. These benefits include:

- Increased knowledge sharing - the measurement tool has resulted in more proactive knowledge sharing amongst service delivery organizations across bases. Bases that are scoring below standard can access the results of other bases, determine the leading bases in each area and initiate contact to share ideas and experience.

- Cost savings - the comments field on the data collection template has been an invaluable and unexpected source for suggestions on how results against a given standard might be improved or maintained in a more economical fashion; and

- Adding legitimacy to the corporate priorities - often times shifts in strategic direction are not noticed in a tangible way by rank and file staff. Given the number of measures that solicit direct client feedback, the corporate theme "putting people first" has gained visibility.

E. Lessons Learned

While there have been many lessons learned on this project, several of the highlights include:

- A small, dedicated, hand picked project team can think in more creative and nimble ways than a large, part time project team;
- Openness, transparency and a willingness to share outputs at an early stage gains acceptance and results in constructive feedback;
- Design solutions that are not software dependant and make software the last piece of the puzzle. The framework, standards, and measurement practices need to come first; and
- Use plain, basic language in communication tools to ensure consistency of measurement.

Modern Comptrollership Leading Practices
Case Study on Integrated Financial and Non-Financial Information

Modern Comptrollership Pillar (s)	Integrated Financial and Non-Financial Information
Department/ Agency	Office of the Superintendent of Financial Institutions Canada
Interviewees	Christine Walker, Senior Director, Finance and Informatics Services Branch Michele Bridges, Controller, Finance & Corporate Planning Division
Summary of Leading Practice	

When the Office of the Superintendent of Financial Institutions of Canada (OSFI) committed to implementing FIS and moving into an accrual accounting environment, the organization not only wanted to make the transformation as painless as possible, but also saw it as an opportunity to enact real change by pushing accountability for budgets and financial information down to managers.

Making this change involved re-designing OSFI's entire Finance function. Key elements of the transformation included:

- *Standardizing the coding system:* A standard set of codes allows managers to do their own coding and means that Finance no longer has to reconcile a variety of codes – managers are only able to plan according to approved codes and guidelines are in place to ensure coding is done appropriately. Codes are reflected in all planning and reporting documents, and roll-up into the organization's Generally Accepted Accounting Principles (GAAP) Financial Statements.

- *Introducing rigorous forecasting:* Every six months, managers are required to update their business plans (which are prepared according to the standard coding structure). This exercise allows Finance to see at an organization-wide level were opportunities for redistribution exist.

- *On-line management reports:* Management reports are all on-line (through the Intranet), and are updated by the 15th of each month.

- *Implementing Time Reporting System (TRS):* Once fully implemented, the system will allow employees to code all of their time to specific projects by industry as well as core functions, allowing managers to manage resources as opposed to overall costs.

Combined, these changes place the accountability for managing total budgets onto Responsibility Centre managers and to Sector heads. Finance does not need to get involved in low-level reallocations, allowing it to focus on issues of strategic importance for the organization and to work in partnership with managers.

Managers have responded positively to the new tools, and appreciate having accurate information at their fingertips. The simplification of budgeting and forecasting processes has made the organization as a whole more efficient. The transformation has also increased OSFI's credibility among the institutions it regulates, as it is able to present more accurate information in a timelier manner.

A. Background

Like most federal organizations, the finance function within OSFI was traditionally accountable for all budgets and other financial information. Within this environment, Finance's role was comprised mainly of transaction processing. Few opportunities existed for Finance to work in partnership with or provide strategic advice to managers.

When OSFI committed to implementing FIS and moving into an accrual accounting environment, the organization not only wanted to make the transformation as painless as possible, but also saw it as an opportunity to enact real change by pushing accountability for budgets and financial information down to managers.

What began as a financial transformation became an organizational transformation that has changed the relationship between managers and Finance and has allowed Finance to operate more as a service than an organizational watchdog.

B. Description of Leading Practice

OSFI's financial transformation involved leveraging its FIS implementation to re-design its entire finance function. Key elements of the transformation included:

- *Standardizing the coding system:* A standard set of codes allows managers to do their own coding and means that Finance no longer has to reconcile a variety of codes – managers are only able to plan according to approved - codes, and guidelines are in place to ensure coding is done appropriately. Codes are reflected in all planning and reporting documents, and roll-up into the organization's GAAP Financial Statements.

- *Introducing rigorous forecasting:* Forecasting has also been pushed down to managers. Every six months, managers are required to update their business plans (which are prepared according to the standard coding structure). This exercise allows Finance to see at an organization-wide level where opportunities for redistribution exist. Since managers are responsible for updating their own plans, and all plans roll-up in a logical manner, Finance is able to concentrate on the big picture and does not get lost in the detail trying to pinpoint opportunities.

- *Making all management reports available on-line (Intranet):* Management reports are all on-line, and are updated by the 15th of each month. Reports are prepared at the following levels: Executive Operations Reports, Detailed Transactions Reports and Management Operations Report (by Responsibility Centre, Sector and Group).

- *Implementing Time Reporting System (TRS):* Once fully implemented, the system will allow employees to code all of their time to specific projects by industry as well as core functions, allowing managers to manage resources as opposed to overall costs.

Combined, these changes place the accountability for managing budgets onto Responsibility Centre managers and to Sector Heads. Finance does not need to get involved in low-level reallocations, allowing it to focus on issues of strategic importance for the organization and to work in partnership with managers.

C. The Change Imperative

Catalyst for Change

OSFI recognized that in order to hold managers accountable for results, they also had to be accountable for the resources entrusted to them. Yet, without appropriate tools and information it would be difficult to hold them accountable for results.

Other main catalysts for transforming the Finance function within OSFI were the introduction of accrual accounting and changes within the regulated community. Not only would accrual accounting, with its added requirements, put pressure on limited financial resources, changes within regulated community (e.g., new pension laws) meant the organization would see an increase in billing volumes. Combined, these factors led Finance to conclude that it needed to develop and adopt a new, more efficient approach to delivering services.

Who led the effort?

OSFI's superintendent, a former partner in a private sector accounting firm took ownership of the transformation. He believed it was essential that the organization redesign its management practices so as to be more in line with the private sector.

What challenges were encountered?

As a member of the federal community, OSFI was expected to implement FIS and adopt accrual accounting according to the government's guidelines. Not only did OSFI want to push the implementation further than allowed under these guidelines, the guidelines were continually being updated, making it difficult to keep track of expectations.

OSFI overcame these challenges by respecting the spirit of the government guidelines and adapting them to meet the intended results of the transformation.

D. Impacts/benefits

Managers have responded positively to the new tools, and appreciate having accurate information at their fingertips – "black book systems" have been virtually eliminated. The simplification of budgeting and forecasting processes has made the organization as a whole more efficient – the accuracy of planning and forecasting improved dramatically and Finance no longer needs to reconcile and manually roll-up reports.

The transformation has also increased OSFI's credibility among the institutions it regulates. First, OSFI is required to present its results annually to key associations of regulated institutions (e.g., Canadian Bankers Association, Insurance Bureau of Canada). While previously these presentations tended to occur well into fiscal year, OSFI is now able to present its results early in the year, making the organization more accountable to the institutions it serves. In addition, as a result of adopting GAAP and accrual accounting, OSFI's financial statements are now consistent with those of the industries it regulates, making its financial information more easily and clearly understood by key stakeholders.

E. *Lessons Learned*

A key lesson learned during the transformation was the importance of "sticking to your guns" and keeping sight of the ultimate objective even if achieving it meant working around the system. The project team truly believed in what they were trying to accomplish, and never hesitated to take calculated risks that stood to enhance the overall result.

The project team also benefited from unwavering senior management support, reinforcing the importance of senior management commitment to the success of such a transformation.

Modern Comptrollership Leading Practices
Testimonial on Integrated Financial and Non-Financial Information

Modern Comptrollership Pillar	Integrated Financial and Non-Financial Information
Department/ Agency	**Canada Customs and Revenue Agency (CCRA)**
Interviewee	**Basia Ruta, Director General, Corporate Planning, Governance and Balanced Scorecard Directorate, Finance and Administration Branch**

The Issue

Your organization is a diverse, complex, $3 billion-plus operation employing almost a quarter of the federal Public Service and playing a critical role in promoting the social and economic well-being of the people of Canada. Having arrived at the midway mark in the first five years as an agency, how do you effectively take stock of progress and accomplishments, examine overall performance and ensure that the organization is headed in the right direction? And how do you ensure that your performance story will withstand the scrutiny of the Auditor General and receive a favourable assessment on fairness and reliability ?

The Solution

CCRA's solution to this complex question has been the introduction of *Accountability*- a two volume record of the dollars that the agency has spent and the results it has achieved. The CCRA *Performance Report* for 2001/02 provides an agency-wide overview of program delivery results and detailed summaries of performance for each of the CCRA's five business lines against the objectives set out in the *Corporate Business Plan*. The second volume, *CCRA Financial Statements*, provides financial information for the agency's operations and responsibilities.

The CCRA reports its performance at the agency level and by business line, against two overarching strategic outcomes:

- Compliance- that Canadians comply with tax, trade and border legislation; and

- Innovation – that the CCRA is a leading-edge service organization.

These two strategic outcomes are supported by six intermediate level outcomes that have a clear impact on Canadians. Each of the agency's business lines contributes to one or more of the intermediate outcomes. In addition, to be able to assess performance with respect to the intermediate outcomes, the agency has developed 34 anticipated results that are aligned with the strategic goals and objectives articulated in its 2001/02 to 2003/04 *Corporate Business Plan.*

A unique aspect of the CCRA *Performance Report* is the use of a performance report card system to align anticipated results with expected outcomes by business line, identifying actual results achieved and the indicators used to assess performance. The overall assessment of ratings reflects management's best judgment of performance and the quality of the underlying data. Each anticipated result is rated to show whether the agency's performance met, mostly met or did not meet the target and whether performance has improved, stayed the same or declined in relation to the prior year. The quality of performance information is also rated on the basis of whether the data are considered good, reasonable or weak. This dual rating system uses colour-coded symbols to communicate performance and data quality ratings to the readers of the *Performance Report.*

Another important element of the CCRA *Performance Report* is the rolling Performance Improvement Plan that is used to focus attention on areas where the agency needs to accelerate performance improvements. The agency reports on progress against the prior year's Performance Improvement Plan and updates the Plan annually.

Since it's introduction in 2000/01, *Accountability* has received favourable assessments by the Auditor General of Canada and in 2001/02 the Auditor General concluded that the report "provides a fair and reliable account, in most significant respects, of the Canada Customs and Revenue agency's performance."

How was the practice developed and introduced?

The requirement to prepare an annual report on the performance of the CCRA is both a central agency and a legislative requirement. In 1999, a mock assessment conducted by the Auditor General (AG) on the CCRA's Performance Report from its pre-agency days indicated that it would receive low marks as an annual performance report. *"We realized that we needed a revolution to move the yardstick and could not do it incrementally."* Armed with the AG's assessment, the agency's moved quickly to produce a document that would be:

- useful, to the point, and transparent
- effective in telling a credible, fact-based and balanced story
- bold in identifying areas requiring improvement
- sufficiently robust to receive a favorable assessment from the Auditor General

The agency used the "SWAT" team approach in developing a performance reporting framework. It assembled a dedicated team with the appropriate competencies and headed by the Director General Corporate Planning, Governance and Balanced Scorecard, to "think outside the box", research public and private sector practices on performance reporting, and brainstorm on possible approaches. The team was guided both by the agency's approved Performance Reporting Accountability Structure (PRAS) as well as preliminary work completed on the Balanced Scorecard. Appropriate project management structures were put in place to ensure that the team would meet the compressed timelines – Gannt and PERT charts ensured that milestones were met and deliverables produced on schedule. Through dedication and unwavering commitment, the agency's annual performance reporting framework was developed in a six-month timeframe.

What are the impacts/benefits of the practice?

The CCRA believes that its Performance Report is the mark of a leading-edge service provider. It has received high visibility externally- the 2001/02 Report was featured on the front page of the Ottawa Citizen- and has been recognized as being of high quality by both the Auditor General and Parliamentary Committees. It has withstood the assessment of the Auditor General with regard to the fairness and reliability and received a favorable assessment. Other benefits include:

- demonstration of innovation and leadership amongst the federal government community in telling a meaningful performance story that recognizes both successes and areas where more work is required;

- focus on continuous improvement through the Performance Improvement Plan;

- strengthened accountabilities through detailed reporting by Business Line, including a performance report card for each Business Line; and

- integration of information collected for performance reporting into the agency's Balanced Scorecard to support decision-making.

What challenges did you encounter and how were they overcome?

The biggest challenge encountered was "the huge cultural shift towards coming clean ". "People had to get used to the idea that if you've done something well but cannot support it, you can include it in the report but with the appropriate qualifiers." Managers also had to understand the need to write in a fact-based manner and abandon sweeping statements such as "we had a remarkable year." The agency addressed these issues through close collaboration between the Directorate responsible for the production of the Performance Report and the Business Lines and a robust quality assurance function that challenged the information put forward by the Business Lines. In addition, external levers such as the Auditor General contributed to increased transparency, cleaner, more robust data and balanced disclosure.

Finding staff who can write in a succinct, fact-based fashion that respects the rigor of the process while telling a credible and compelling performance story has also been challenging. "We had to recruit people with right skill sets such as Chartered Accountants who understood the rigor that was required, could interface effectively with AG and, at the same time, write in a way that respected the principles of our framework."

What are the management styles/characteristics that ensured the success of the practice?

The CCRA's approach to performance reporting has been endorsed at the highest levels of the agency (i.e., by the Minister, the Board of Management and the Commissioner). The Commissioner's level of engagement is such that he has challenged the performance ratings presented in draft versions of the performance report.

In addition to strong executive level endorsement, the agency has devoted the resources necessary to ensure the viability of the "machinery" required to support the production of a comprehensive and leading-edge performance report that is continually improved.

Modern Comptrollership Leading Practices
Testimonial on Integrated Financial and Non-Financial Information

Element	Integrated performance information
Department or agency	**Citizenship and Immigration Canada (CIC)**
Participant	**Christian Boissonneault, Assistant Director and Manager of the ISO project** **CIC, Montréal Airports**
Problem	

Immigration Officers' work is complex and requires them to refer to a number of sources of information (including legislation, regulations, manuals and procedures) in making decisions about how to process the cases of clients with whom they deal in person. It is imperative that the information provided to Immigration Officers be accurate and readily available. Until now, this information has been available in binders or on the Intranet. However, that system was too cumbersome, worked too slowly, and involved too much information that was hard to locate and not always up-to-date.

Against this background, how can we provide good client service? How can we ensure that clients' cases are processed in a prompt, equitable and fair manner, in accordance with the legislation, and with a minimum of errors?

Solution

CIC, Montréal Airports, introduced the 2000 version of an ISO 9001 project to standardize its administrative and operating system and provide good client service that would be prompt, efficient, and based on up-to-date information. A decision was made to develop a computer application that would bring together all sources of information in a single working tool.

Having a source of information that is readily available and consistently up-to-date is advantageous from all standpoints. The main purpose of this project was to improve client service (to provide faster service); as well, this computer application will benefit managers (who will save money thanks to a faster, more efficient system) and Immigration Officers (who will have the necessary information at hand). Since the advantages of this project from all standpoints were obvious, support from management was quite simple to obtain; both local and regional managers were fully supportive of the project.

One of the most important aspects of the project is that this computer application consistently provides Immigration Officers with accurate, up-to-date information. The following procedures have been introduced to ensure that all updates are immediately entered into the system:

(1)   all employees are responsible for notifying the Manager of the ISO project and its computer application of any changes that may affect the information contained in the system;

(2)   obtaining the ISO certification means that an external audit is carried out once a year;

(3)   as well, in preparation for the external audit, the person responsible for the system carries out an internal audit of the ISO project.

Because the ISO certification was obtained in May 2002, the first external audit will be carried out in May 2003. The report on this upcoming audit will identify any changes required to make the system even more efficient. As well, since the system was designed to be of benefit to others, the Québec airport is preparing to make use of the same computer application soon.

How was the practice developed and introduced?

Some two years ago, CIC, Montréal Airports, recognized a need to improve the quality of its client service. Immigration Officers constantly had to refer to a number of sources of information (including legislation, regulations, procedures, and local, regional and national circulars) in making decisions. In the past, these sources of information were available in binders or on the Intranet. However, referring to so many working tools was a complex task, to say the least. Making decisions while clients waited took too long, and there was always the risk that eventual decisions would be based on inaccurate information. As well, since it was faster to ask a more experienced co-worker's opinion, there was the risk that decisions would be inconsistent despite similar situations or backgrounds. Furthermore, Immigration Officers received no ongoing training and thus often needed procedural clarification about their roles and responsibilities (who does what, and how).

The solution adopted by CIC, Montréal Airports, was to introduce the 2000 version of an ISO 9001 project to standardize its administrative and operating system. This departmental entity decided to develop a computer application that would bring together all sources of information in a single working tool. To this end, it had to review and analyse all its own activities and all the activities required by the ISO standards. It also took this opportunity to make procedural changes and improvements.

What are the impacts/benefits of the practices?

The purpose of the ISO project was to improve client services, while facilitating Immigration Officers' work and ensuring that their decisions were consistent and based on up-to-date information. As well, since Immigration Officers received no ongoing training, this working tool was to provide procedural clarification about their individual duties, roles and responsibilities.

The computer application introduced is advantageous from all standpoints. First of all, clients have the advantage of prompt service. As well, Immigration Officers have the advantages of ready access to all the information they require and the reassuring knowledge that their decisions are based on up-to-date information. In addition, by providing faster and more error-free service, this system will save money, a point that managers will appreciate. This computer application not only offers all these advantages, but also meets the need for ongoing training by providing immediate clarification about what necessary duties are whose responsibility in a given situation.

Another important aspect of this project is the need to set up procedures to ensure that the information contained in the system remains as up-to-date as possible. In addition to the annual external audit required by ISO certification, the Manager of the project is to carry out an internal audit of the new system. As well, employees are responsible for notifying the Manager of any changes that may affect the information provided by the computer application.

What challenges did you encounter and how were they overcome?

Introducing the ISO project was not without its challenges. Firstly, given unforeseen problems of availability of the Manager of the project, the present Manager was appointed in July 2001 and was expected to introduce the new system by March 2002, a time frame of only nine months to set up a major project. Secondly, the present and previous Managers held differing views of certain aspects of the project. This shift in approach resulted in changes to the plans to implement the project. Lastly, in June 2002, one month after the ISO certification was received, a new *Immigration Act* was passed, requiring that the system be overhauled.

These challenges had a significant effect on workload and on the effort required to introduce the ISO project on schedule.

What are the management styles/characteristics that ensured the success of the practice?

Support from management for the ISO project was undoubtedly important to its success. In fact, if they were to agree to introduce the new system, managers had to believe in the potential advantages of the project. Local and regional managers demonstrated openness to change and were prepared to accept the risks that accompany innovation.

Modern Comptrollership Leading Practices
Testimonial on Integrated Financial and Non-Financial Information

Modern Comptrollership Pillar	Integrated Financial and Non-Financial Information
Department/ Agency	Human Resource Development Canada (HRDC), Ontario Region
Interviewee	Robert Fowlie, Manager, Financial Services Policy & Business Processes
In Consultation with	Shirley Curson-Prue, Manager, Learning and Development Human Resource Services
The Issue	
Your training program is siloed – each branch is providing training that meets its operational needs but that does not necessarily reflect the department's overall priorities and direction. Furthermore, there is no consistency between the number and quality of courses offered in one branch compared to another. *You are also committed to implementing modern comptrollership and are looking for ways to improve your resource management practices, increase stewardship and accountability and demonstrate that you value your staff.* *What do you do?*	
The Solution	
HRDC Ontario Region updated its approach to allocating training resources through its commitment to modern comptrollership principles. The region centralized training decisions in a "Learning Advisory Committee", which is charged with prioritizing and allocating training dollars and with ensuring training courses are aligned with departmental priorities. Not only has the new approach levelled the training playing field, it has also led to improved resource management practices. Training decisions are now made based on the integration of financial and non-financial information. By pooling information drawn from the department's financial system and the region's training system, training decisions are based on the perceived value of a particular course, associated cost, and long term/short-term benefits to the staff and organization.	

How did the practice come about?

HRDC's training resources were traditionally siloed – each branch was responsible for setting its own training schedule. *"No one looked at whether or not the five courses on offer were the right courses given the department's overall priorities."* As a result, training resources tended to be funnelled towards short-term operational training rather than corporate priorities.

As part of its commitment to implementing modern comptrollership, the Ontario Region zeroed in on improving its approach to managing training resources. Regional managers recognized that by breaking down silos it would be possible to manage resources more effectively and equitably. *"Modern comptrollership principles were very much the catalyst for the change. We saw*

adopting a more comprehensive approach to training as a way to improve stewardship, increase accountability, and demonstrate the value we place on our staff."

How was the practice developed and introduced?

The practice came about by updating existing business practices and changing the decision-making process. *"We had to tweak a few things but nothing new had to be developed."*

Introducing the practice involved creating a group, the "Learning Advisory Committee", to oversee the allocation of training dollars and to ensure the alignment of training with strategic and corporate priorities. The Committee, which is comprised of managers and directors representing all branches, reports to the Regional Management Board. It is a decision-making body, and is able to reallocate training dollars within the parameters of the committee mandate, as necessary, to ensure the right courses are offered.

To facilitate the decision-making process, the Committee integrates information taken off the department's corporate (Financial and HR) and the region's training (Learning Advisory System (LAS)) systems. By pooling information from these systems, the Committee is able to take training decisions based on whether or not courses are attended and seen as valuable and on how much offering a given course costs. *"By considering all the variables, we are able to take a strategic approach to allocating training dollars. In fact, this approach is helping us take decisions such as moving towards e-learning."*

Can you provide an example of the application of the practice?

Implementing the practice has changed the mix of training courses offered in the region. While training was traditionally based on operational budgets, now, as priorities change so too does the allocation of training resources. *"The net result is that the region is offering a broader base of training that is in the best interests of the organization."*

What are the impacts/benefits of the practice?

Previously, there was no parity in training budgets across the region – some groups had considerably more money for training than others did. All employees now have access to a similar complement of courses. *"Our new approach has levelled the training playing field."*

The new approach to allocating training resources has also resulted in information about courses being disseminated in a more transparent and consistent way. *"In the past, employees didn't always hear about courses available to them."* The Committee promoted the creation of an on-line calendar of courses that is made available to everyone across the region through the HR Learning site. *"Staff are much more aware of what courses are on offer and consequently are more able to take advantage of learning opportunities."*

What challenges did you encounter and how were they overcome?

Transferring training decisions to a committee involved a major change in the way the region did business. Essentially, it shifted the decision-making structure from one based on individual branch decisions to one based on group consensus.

The region overcame any resistance to the change by undertaking a marketing strategy before launching the committee. The strategy was aimed at all regional managers, explained the rationale for the new approach, and outlined the committee's mandate and objective. *"We were able to overcome resistance very quickly, likely because managers were ready for the change and recognized that it was truly an opportunity for improvement."*

The region also encountered challenges around integrating information. For the revamped process to be a success, the Committee had to be able to look at both financial and non-financial information. Early attempts at integrating this information proved difficult, as the numbers produced in the financial system did not match numbers produced in the training system.

This challenge was overcome by undertaking a rigorous analysis of the numbers produced in each system. The analysis showed that inconsistent coding was one key problem – employees were not always coding travel time and expenses to the appropriate course code. Once employees were advised of the proper way to code their training time and expenses, the integrity of the information improved dramatically.

What are the management styles/characteristics that ensured the success of the practice?

The new approach to allocating training resources was successful largely because it met a business need. "*Our success was almost assured because the climate was right to make this change.*" Employees accepted it as an updated business practice because they were able to see its value as a business tool. *"Compared to what happened in the past, our Learning Advisory Committee facilitates better and more transparent decision making"*.

Modern Comptrollership Leading Practices
Testimonial on Integrated Financial and Non-financial Information

Modern Comptrollership Pillar	**Integrated Financial and Non-Financial Information**
Department/ Agency	**Natural Resources Canada (NRCan)**
Interviewee	**Anne Grebenc, Manager, Financial Systems**

The Issue
Your department is faced with an information system environment that is complex and diverse. Systems are managed independently and in parallel resulting in a lack of integration and redundancy. While their costs are escalating, systems do not easily support integrated management reporting requirements, and consistency and timely availability of information are problems. Moreover, managers are frustrated with the reporting capabilities of existing systems. How do you address this complex problem in a holistic fashion and identify a departmental solution?

The Solution
NRCan's response has been to launch a review aimed at identifying a departmental solution to integrate information from various corporate systems and other sources, provide management with a seamless reporting solution, and generate useful information for decision-making. The review was undertaken through the *Integrated Management Information System Project (IMIP).* The scope of the Project focused on administrative information consisting of the following categories: Finance, Human Resources, Procurement/Contracting, Real Property, Assets, Grants and Contributions, Projects and Performance Measures.
The Corporate Services Sector (CSS) led the IMIP with the assistance of an external consulting firm and an Extended Project Team of sector representatives. The Project was conducted through a highly consultative approach involving interviews and focus groups in order to obtain a comprehensive and accurate snapshot of managers' information needs and the relative importance of those needs.
The results of the IMIP made a compelling case for the conclusion that the status quo is not a sustainable long-term option. The Project revealed that less than half of managers' information needs were being met through existing departmental systems. In response, the Project proposed five levels of information integration ranging from maintaining the status quo (with some quick wins) to implementing a fully integrated Enterprise Resource Planning System.
The department is in the process of exploring the next steps of the IMIP which include developing an implementation strategy for moving towards an integrated management information solution.

How did the practice come about?

The IMIP was initiated at the request of the Departmental Management Coordinating Committee (DMCC). The key drivers of the project included:

- the desire to eliminate stand-alone funding requests for systems projects from different sectors/groups within the department;
- the emergence of new information needs through internal (e.g., departmental priorities, long-term capital planning, collaboration with partners) and external initiatives (e.g., modern comptrollership, HR modernization, results-based management and accountability) and the inability of existing systems to readily meet these needs;
- a complex and outdated system environment with escalating costs; and
- lack of integration between existing administrative systems resulting in problems with regard to the consistency and timeliness of information.

How was the practice developed and introduced?

The IMIP was led by the Corporate Services Sector (CSS) with the assistance of an external consulting firm and an Extended Project Team of sector representatives. The Core Team for the project was comprised of a Project Manager, four team members from CSS and three consultants. A " consultative" approach was used to define the department's administrative management information needs. The approach consisted of:

- One-on-one interviews with sector Assistant Deputy Ministers (ADMs) and key sector management representatives;
- Focus sessions with Finance and Human Resource (HR) specialists, RC managers, project managers and administrative officers from headquarters and four regions; and
- Review and validation of findings/results with the Core and Extended Project Teams throughout every stage of the project.

The information obtained through interviews and focus groups was complemented by document review and consolidated into an "Information Model". The Model detailed ten information areas (e.g., financial management, asset management, risk management, Human Resources management, project management, etc) and managers' requirements in each area. The Model was used as a basis of comparison with the current environment and to identify gaps in each information area. Each gap was rated as a critical need, significant need, potential need or no need (i.e, information is currently available). The ratings were analyzed and consolidated to produce a comprehensive snapshot of the department's information gaps in the ten areas identified as critical to managers.

What are the impacts/benefits of the practice?

At the departmental level, the IMIP has been providing the catalyst for the development of an integrated management information vision and a single departmental solution. The IMIP has been dovetailed with a concurrent departmental study on Science and Technology (S&T)

activities at NRCan to broaden the focus beyond administrative information. Similar to IMIP, the S&T study found that the department lacked systematic and comparable information on its S&T activities and recommended the development of an S&T information system. As a result, the department decided to bring the two initiatives together as a means of taking a more holistic approach to determining the administrative and program-related information required to support decision-making.

The IMIP has also been instrumental in breaking down the traditional "organizational " or one dimensional view of information. It has led the department to recognize that, to be optimally useful, information needs to be viewed from a number of different perspectives such as by activity, geography (e.g., province, region, city) and purpose (e.g., goals, priorities, outcomes).

Benefits at the manager and staff level include:

- greater appreciation of the importance of and need for integrated information;
- the realization that separate systems (e.g., for project management) are not required for each Sector and greater willingness to consider common systems for the sake of better horizontal coordination and integration; and
- a more critical assessment of the value of various types of information and the resource investment required to generate the information (i.e, do we really need the information and what is the level of effort required to obtain it?)

What challenges did you encounter and how were they overcome?

Securing senior management buy-in for the IMIP has been an ongoing process. The IMIP is competing with other departmental priorities and currently remains unfunded. A proposal has been prepared for the development of an implementation plan that will enable the department to deliver its integrated management information vision.

What are the management styles/characteristics that ensured the success of the practice?

A critical factor in the success of the IMIP has been the extensive consultation process to identify information needs at every level of the department, ranging from those of ADMs and Directors General (DGs) to project managers and administrative officers. The consultative approach contributed significantly to the credibility of project results. In addition, the project was cast as an exercise in identifying "information" as opposed to "system" requirements. As such, the participants' expectations were carefully managed and they were made aware at the outset of the project that the aim, at this stage, was not to arrive at a systems solution but rather an overall strategy to meet the department's information needs.

Putting it all Together: Leading Practices and Testimonials of Modern Comptrollership

Modern Comptrollership Leading Practices
Testimonial on Integrated Financial and Non-Financial Information

Modern Comptrollership Pillar	**Integrated Financial and Non-Financial Information**
Department/ Agency	**Department of National Defence (DND)**
Interviewees	**Ghislaine Dazé-Bélisle, Defence Planning and Management Manager**

The Issue

With an annual budget of $12 billion , close to 80% of the government's assets and over 100,000 employees, your department is among Canada's most important institutions. How do you develop and maintain an effective planning and management regime to ensure that Canadians receive value for the money that the Government of Canada invests in your department?

The Solution

DND's response has been to develop the Defence Planning and Management (DP&M) Framework as the overarching structure to:

- plan its long, mid-term and short term strategic direction;
- manage the sustaining and change agendas;
- monitor performance and risk management; and
- report to Government through the Report on Plans and Priorities (RPP) and the Departmental Performance Report (DPR).

The DP&M Framework is founded on DND's Capability-Based business model consisting of five Capability Programs with associated tasks and resources and with managerial responsibilities and accountability aligned to maximize defence capability. For example, one of the tasks that Canadians expect the DND/Canadian Forces (CF) to perform is national humanitarian or disaster relief. Through its capability programs, the department ensures that it maintains a set of general military capabilities to contribute to humanitarian or disaster relief activities as necessary.

The DP&M Framework consists of six components:

- **Strategic Visioning** – provides a roadmap (i.e. Strategy 2020), consisting of the overall strategic vision and long term strategic objectives, to steer planning and decision-making to deal with defence challenges that may emerge in the future.
- **Capability-Based Planning (CBP)** – produces the "capability targets" of the DND/CF consistent with the department's strategic vision. CBP also regularly assesses the CF capability gaps as the basis for setting annual corporate priorities.
- **Resource Prioritization**– involves analyzing corporate priorities arising from capability requirements and establishing resource priorities over multiple planning horizons, including the immediate planning cycle.
- **Business Planning**– process by which senior management establishes annual plans and priorities and balances the investment in sustaining ongoing operations and activities with the investment required to modernize the Forces, adapt to change and develop future operational capabilities.
- **In-Year Management**– involves monitoring progress against the Defence Plan, managing the impact of significant issues and new requirements on the Plan and adjusting resources in response to new pressures.
- **Performance Management –** outlines **the** structure and focal areas for measuring performance in DND/CF through which senior management will monitor the achievement of results and report on performance.

How was the practice developed and introduced?

In 1999, a number of external and internal drivers led DND to improve its planning and management approach by launching the Integrated Defence Management Framework (IDMF) project. The objective of the IDMF was to review and validate the linkages between the different Defence Planning and Management components, identify improvements, and implement changes. Treasury Board provided $1M in support of this critical project which had strong linkages to Modern Comptrollership.

A small project team navigated the project through uncharted territory. The project team tapped into the expertise of staff across the DND matrix in the development of the Framework and actively sought lessons learned from other external organizations. The key steps of their approach in developing what became the DP&M Framework included:

- High-level mapping of the "as is" process models to gain an understanding of existing processes;

- Interviews with senior leaders to obtain top down direction. Through these interviews it became clear that the eventual framework needed to reflect transparency, simplicity, a corporate approach and, at the same time, be balanced and integrated. Interviews were also conducted at the staff level and the results of all the interviews were used to define issues, concerns and expectations;

- Building a comprehensive knowledge base by learning from the experiences and approaches of similar organizations in the private and public sectors, including the defence departments of key allies, as well as an extensive review of relevant literature;

- Defining one central concept (i.e, capability-based planning) to underpin all components of framework;

- Developing individual components and integrating based on an established set of principles, the capability-based business model and linkage of all the components into one overall cycle; and

- Providing web applications to assist in Defence planning and management activities and documenting all components of the Framework and related information in a web interface.

The DP&M Framework was rolled-out as components were developed and, to this day, is still evolving. Some components are more advanced than others. The project team made a conscious decision to develop and implement the framework as it progressed as opposed to waiting for the perfect solution.

What are the impacts/benefits of the practice?

The DP&M Framework provides DND with a robust and integrated approach to the business of defence. It is an important enabler for effectively and efficiently balancing resource constraints, military capabilities and desired results. "*The DP&M has enabled the department to move away from crisis management and focus on long-term planning to sustain DND and the CF.*" Other benefits of the DP&M include:

- A more focused business plan (known as the Defence Plan) based on corporate priorities;

- Simplification of the business process and reduction in the planning cycle from 24 months to 12 months;

- Reports that are more data rich, linked to targets and aligned with internal direction;

- Improved resource management through allocation of any additional funding to corporate priorities as defined in the Defence Plan;

- Increased internal and external accountability through linkage of the Defence Plan to the RPP, DPR and management performance accords; and

- Better appreciation on the part of managers and staff of how all the pieces of the planning cycle link together and significantly reduced a tendency to bypass the planning process.

What challenges did you encounter and how were they overcome?

Change management was the most significant hurdle that the IDMF team had to address. Because the IDMF initiative followed on the heels of a major re-engineering exercise, there was little appetite for additional change and managers and staff did not readily embrace it. The hands-on support and strong endorsement of the Deputy Minister (DM) were instrumental in getting people on side. In addition, the IDMF team relied on persuasion and negotiation in enlisting staff participation and support.

What are the management styles/characteristics that ensured the success of the practice?

The IDMF was a very challenging project which required leadership on the part of senior management coupled with audacity, hard-work and perseverance on the part of the project team. "*One of the most important success factors was the ability to step back and see the big picture-without an holistic approach, integration becomes impossible.*" The initiative also required a tremendous amount of brainstorming, the ability to think outside the box, and deal effectively with ambiguity. It is necessary to "a*ccept that you are experimenting with new concepts, recognizing that failure in one area requires a different approach and a willingness to take risks.*

Modern Comptrollership Leading Practices
Testimonial on Integrated Financial and Non-Financial Information

Modern Comptrollership Pillar	Integrated Financial and Non-Financial Information
Department/ Agency	Patented Medicine Prices Review Board (PMPRB)
Interviewees	Robert Sauvé, Director, Corporate Services Pauline Lahey, Chief Planning Services

The Issue

Your organization's mandate is to contribute to Canadian health care by ensuring that the prices of patented medicines charged by manufacturers are not excessive. With a staff complement of less than 34 FTEs and an annual budget of $4 million, how do you ensure that limited resources are focused on priority issues that will ensure the achievement of the organization's mandate?

The Solution

One of the ways in which the PMPRB has responded to this challenge has been by developing an integrated strategic and operational planning process. The process begins with the PMPRB's strategic planning exercise consisting of five steps:

- **Where we are now** – this step consists of taking stock of the PMPRB's accomplishments by reviewing the past year to identify significant events – both positive and not so positive- and the functional objectives that will carry over to the new year.

- **Shaping the future** – to plan successfully, the PMPRB conducts an environmental scan to identify the major issues that could impact on its success over the next three to five years. This step includes a SWOT (strengths, weaknesses, opportunities, threats) analysis to identify the strengths of the PMPRB and weaknesses that the organization needs to overcome to capitalize on opportunities and minimize threats.

- **Developing the plan** – the development of the strategic plan occurs in the context of the opportunities and threats identified in the environmental scan. The focus is on reviewing the validity of current strategic objectives, identifying new strategic objectives, if necessary and developing the functional objectives that will help attain the strategic objectives.

- **Research agenda** – the research agenda sets out issues identified either by stakeholders or the PMPRB which require further research and analysis. It is a tool to facilitate the establishment of priorities taking into account the views of stakeholders. The current year research agenda is reviewed as part of the planning process and updated based on topics in the strategic plan requiring additional research and analysis. The research agenda is included as an Annex to the Strategic Plan.

- **Reality check and priority setting** – this step consists of examining the results of the "shaping the future" exercise to ensure that the draft Strategic Plan includes all the issues identified as requiring action. In addition, the strategic and functional objectives are reviewed to assess whether they are SMART – i.e., Specific, Measurable, Attainable with available resources, Realistic and allotted a reasonable Timeframe.

The Operational Plan flows from the results of the strategic planning process. The Operational Plan includes the strategic objectives, functional objectives which serve as a stepping stone toward the achievement of strategic objectives, key deliverables, target dates for each key deliverable and responsibility centre (RC). The Operational Plan is a flexible document reviewed monthly by the PMPRB Management Committee and adjusted, as required, for changes in priorities. The plan is also presented to the Executive Committee three times a year and made available to all staff electronically.

How did the practice come about?

Integrated strategic and operational planning was introduced in 1995 as a result of a desire on the part of PMPRB to adopt a more structured planning process. Previous to the introduction of the integrated process, the PMPRB had an informal planning approach which consisted of a review of high level issues and the development of detailed Project Registers to document the planned activities.

How was the practice developed and introduced?

Initially, the PMPRB engaged a consultant to facilitate its planning process and help in developing a strategic plan. The PMPRB built on the work of the consultant, going through several iterations, to refine and update its planning approach and practices. The Operational Plan now includes all the activities of the PMPRB including its mandated activities. The concept of functional objectives was introduced as a building block toward the achievement of the broader strategic objectives.

In 1997, the decision was made to replace the Project Registers, which had served as planning tools, with the Operational Plan. The Operational Plan cascades from the strategic objectives, captures the PMPRB's activities at a more detailed level, and enables all staff members to see how they contribute to the overall organizational mandate. It also enables monitoring and tracking of progress towards the achievement objectives on a regular basis.

The PMPRB typically engages in a two-day, off-site planning session on an annual basis. With the help of a professional facilitator, the PMPRB's Directors systematically review the strategic and functional objectives and revise them, as required, to reflect changes in the operating environment.

Can you provide an example of the application of the practice?

The table on the following page provides an excerpt from an Operational Plan for the PMPRB's second strategic objective. Organized by strategic objective and the associated functional objectives, the Plan indicates responsibilities, activities/projects, key deliverables, target dates and status. Similar plans exist for each of the other four strategic objectives.

Strategic objective # 2			TO CONTRIBUTE TO INFORMED DECISIONS AND POLICY MAKING WITH RESPECT TO PHARMACEUTICALS IN CANADA BY REPORTING ON PRICE AND R&D TRENDS AND CONDUCTING COMPARATIVE ANALYSES.			
Functional Objective	**RC**	**Activity/Project**	**Key Deliverables**		**Target Date**	**Status**
2.1	P&EA	To report on trends in manufacturers' prices of all medicines in Canada	A comprehensive report on trends in manufacturers' prices and volume of patented drug products sold to be included in the 2001 Annual Report.	Management Committee	Apr 23/02	Complete
				Executive Committee	May 7/02	Complete
			A comprehensive report on trends in manufacturers' prices of all drugs patented and non-patented sold in Canada to be included in the 2001 Annual Report.	Management Committee	Apr 23/02	Complete
				Executive Committee	May 7/02	Complete
			A comprehensive report on the comparison of Canadian patented drug prices to international prices to be included in the 2001 Annual Report.	Management Committee	Apr 23/02	Complete
				Executive Committee	May 7/02	Complete

What are the impacts/benefits of the practice?

The benefits of the PMPRB's planning process are evident at various levels of the organization. At the Executive Committee level, the Strategic and Operational Plan are used to keep the Committee apprised of workload, provide status updates and facilitate decisions when choosing between competing priorities.

At the employee level, the Operational Plan has been instrumental in demonstrating how each and every staff member contributes to the PMPRB's mandate. It has increased each Branch's knowledge of what is happening outside of their immediate area and facilitated the coordination of horizontal projects. The Operational Plan, which is tied to Directors' performance agreements, has also strengthened accountabilities. This year, the Management Committee has added a new requirement to provide a formal explanation to the Management Committee when a target date in the Operational Plan has changed three times.

Externally, the Research Agenda, a component of the Strategic Plan, provides key stakeholders with information on the work of the PMPRB. Quarterly updates of the Agenda, through the PMPRB's web-site, give stakeholders the opportunity to provide input and feedback.

What challenges did you encounter and how were they overcome?

Initially, the new planning practices were seen as a "make work project" and managers were especially uncomfortable with committing to target dates in the Operational Plan. However, the PMPRB did not waver in its resolve to change its planning process. Over time, managers and staff started to appreciate the

benefits of the Operational Plan in terms of reflecting everyone's contributions, increasing transparency and enabling better decision-making and priority setting.

What are the management styles/characteristics that ensured the success of the practice?

A critical factor in the success of the integrated planning practices has been the strong support of the PMPRB's Senior Management team which has openly supported the adoption of new planning practices, promoted their benefits, and participated in the planning sessions.

Modern Comptrollership Leading Practices
Testimonial on Integrated Financial and Non-Financial Information

Modern Comptrollership Pillar	Integrated Financial and Non-Financial Information
Department/ Agency	Veterans Affairs Canada (VAC)
Interviewee	David Reid, A/Director Business Planning Veterans Services Branch

The Issue

The workload in your Branch is outstripping available resources and impacting the ability of staff to provide services of the highest quality. You realize that you are facing a crisis situation but do not have a robust and defensible basis for making a case for additional resources. What do you do?

The Solution

In response to this question, the Veteran Services Branch within VAC decided it needed to develop a better understanding of workload and its implications so as to allocate resources on a more informed basis. Accordingly, it launched two major studies – one study focused on health services, the other on pension services – as the basis for developing resource allocation models that could be used for longer-term planning and forecasting.

The studies, which involved consultation with key groups of employees responsible for delivering services, resulted in the identification of key workload indicators for each group. These workload indicators drive resource allocation models that allow the branch to conduct workload analyses to determine how best to distribute funds.

As a result of these studies, the Branch was able to build a defensible business case that resulted in additional resources being provided to the Branch's A-base to respond to what was recognized as a legitimate resource shortfall. The models, however, were more than simply a means to fill a gap. The workload indicators are now being used as major planning metrics, which are helping the Branch forecast resource requirements on a more sustainable basis.

VAC is now in the process of building similar models for other groups within the organization. Once complete, these models will greatly enhance the department's ability to forecast and plan over the longer-term.

How did the practice come about?

In the spring 2000, the Veterans Services Branch (VSB) realized it was in a serious resource crunch. While resourcing was an issue across the Branch, the issue was particularly acute in the health care and pension operations areas. There was a perception across the country that workload was outstripping available resources and impacting the ability of staff to provide services of the highest quality. In response, the Branch decided to undertake an initiative geared towards developing a greater understanding of workload and its implications as a means of determining a more solid basis for allocating resources.

How was the practice developed and introduced?

VSB launched the initiative with two studies – one study focused on health services, the other on pension services. The studies, which involved consultation with key groups of employees responsible for delivering services, resulted in the identification of key workload indicators for each group. These workload indicators drive resource allocation models that allow the branch to conduct workload analyses to determine how to distribute funds.

As a result of these studies, the branch was able to build a business case that resulted in additional resources being provided to the Branch's A-base to respond to what was recognized as a legitimate resource shortfall. The models, however, were more than simply a means to fill a gap. Their workload indicators are now being used as major planning metrics, which are helping the Branch forecast on a more sustainable basis.

VSB is now in the process of building similar models for other groups within the organization. Once complete, these models will greatly enhance the department's ability to forecast and plan over the longer-term.

Can you provide an example of the application of the practice?

Having the model allows the Branch to predict where the most serious pressures will be and how they will affect both workload and service delivery. The department is in the process of planning how to deal with this increase within available resources. *"The ultimate goal is to stave off a crisis, but at least having a model means we should be able to manage workload more consistently than in the past."*

What are the impacts/benefits of the practice?

The ability to forecast more accurately has brought predictability to the annual business planning process. The Branch is now able to forecast workload down to the district office level, which is helping ensure that the right people are doing the right things. Furthermore, district offices are able to do their own forecasting, and are using the models for planning purposes. *"Managers are taking a more standardized approach to decision-making and resource management."*

The models have also resulted in resources being allocated in a more defensible manner. By providing a baseline for what is required, they have taken much of the guesswork out of the resource allocation process. *"Before the models were in place, there was no standard approach to determining resource requirements in these areas." "While the models do not guarantee that everyone will get everything they want, at least they ensure that resources are allocated in the most equitable way possible for everyone."*

What challenges did you encounter and how were they overcome?

At first, there was some resistance to the initiative in the field, as there was a perception that building resource allocation models was a resource grab from headquarters that would result in the field losing money. Indeed, this was entirely possible given the purpose of the models.

Project staff overcame this challenge by giving as many field staff as possible an opportunity to participate in the process of building the models. By working closely with the field, they were able to foster comfort with both the process and the ultimate objective.

What are the management styles/characteristics that ensured the success of the practice?

This initiative has proved successful for a variety of reasons. First of all, it responded to an existing concern among staff. Staff identified workload as an issue in the 1999 Public Service survey, and tended to respond positively to the department's actions to address some of their issues. Second, the initiative took a participatory approach. *"Everyone who wanted to be involved had the chance to participate."* As a result, employee commitment and buy-in to the project tended to increase, particularly as employees realized how directly project results stood to impact them. Finally, the fact that the initiative was largely about improving accountability also contributed to its success. Once staff understood that resource models would lead to a more equitable process for allocating funds and that senior management supported the approach, it was less difficult to generate buy-in.

Modern Comptrollership Leading Practices
Case Study on Risk Management

Modern Comptrollership Pillar (s)	Risk Management
Department/ Agency	Canadian Space Agency (CSA)
Interviewees	Jacques Bruneau, Director, Corporate Management Serge Garon, A/Director Program Management
Summary of Leading Practice	

Your Agency is responsible for managing a multi-million dollar space program that has high visibility both on the domestic and international fronts. You are involved in complex, highly technical and time-sensitive projects, often with international partners. You must respect commitments and deadlines in order to maintain credibility in the international arena. You must also demonstrate effective risk management to central agencies as part of responsible fiscal management of the agency's A-base. How do you develop and promote a risk culture that results in effective management of risks at the project, program and corporate levels?

The CSA's response has been to develop a tailored-made risk management framework aimed at minimizing the probability and impacts of unexpected and adverse program developments. The framework focuses on the identification and assessment of risks from the programmatic, performance, cost and schedule perspectives and the development of effective mitigation strategies. It also ensures that identified risks, for existing programs and projects, are fully funded within approved Reference Levels, before launching new initiatives.

The risk management framework is an integral part of the CSA's overall management framework. Project and Program risks are consolidated and rolled-up at the agency level into a Five Year Risk Assessment and Commitment Control Plan. The process results in trade-offs between projects based on risk assessment and self-imposed frozen funds by Service Line to cover program risks over five years.

As part of its Modern Comptrollership Action Plan, the CSA will be providing risk management training to its managers and staff in order to further develop capacities in this area and develop a culture where managers make program and project decisions with risk management in mind.

A. Background

The Canadian Space Program is comprised of a complex portfolio of projects dedicated to the advancement of scientific knowledge, the development of space technology systems and applications, and the creation of an internationally competitive space industry. The nature of the Space Program exposes the agency to exceptional technical and programmatic risks that may impact on program schedules and costs, system performance and in-orbit operations. These risks are implicit in the long-term nature of space programs, international dimensions, the uniqueness of space hardware to be developed, the stringent quality control requirements and the use of advanced technologies. Moreover, many of the agency's activities require agility in responding to new opportunities and changing conditions.

In 1999, the CSA received Cabinet approval for a new space program based upon an A-base funding of $300M per year. Previously, CSA did not have a stable A-base and was funded on a project basis. With the change in its funding base, the CSA revised its risk management practices to make them consistent with its new budget environment.

B. Description of Leading Practice

The CSA has developed a tailored-made risk management framework aimed at minimizing the probability and impacts of unexpected and adverse program developments. The risk management framework is an integral part of the CSA's overall management framework. It focuses on the identification and accurate assessment of risks from a programmatic, performance, cost and schedule perspective and the development of effective mitigation strategies. It also ensures that identified risks, for existing programs and projects, are fully funded within approved Reference Levels, before launching new initiatives.

The risk framework was developed in the context of the agency's broader project management framework and involved consideration of both private and public sector practices. "*We looked at project management practices in other federal government departments, our industry partners and international space agencies, and consulted with recognized experts in the field*". After careful consideration, the agency chose the Project Management Institute's (PMI) approach consisting of nine elements, one of which is risk management. The key components of the CSA's risk management framework are as follows:

Risk Identification and Assessment: Risk identification and management start at the project level where an initial risk assessment is completed by each project manager and documented through the Project Approval Document (PAD). The focus is on the identification of possible future occurrences that could have an impact on cost, schedule, performance or safety of a program. Identified risks are classified as either low, medium or high. A more detailed assessment is performed on medium and high risks to estimate the risk occurrence probabilities and impacts in quantitative terms.

Although tools and templates are provided to individual managers to facilitate the identification of risks, the agency is encouraging managers to take a "broad picture" approach and exercise judgment in developing and maintaining the project risk profile.

The Risk Response: Risks identified at the project level are starting to be rolled up into risk plans at the Service Line Level (the agency is organized along seven distinct Service Lines such as Space Science, Earth and Environment, Satellite Communications and Comptrollership Awareness). These plans include abatement measures to reduce the likelihood of a risk occurring and mitigation measures to reduce consequences should risks materialize. A consolidated version of the risk response plan is prepared each year in September in preparation of the Annual Reference Level Update (ARLU).

Risk Funding: the agency has instituted a process for deciding how program cost increases would be funded should identified risks occur. Possible sources of funding are:

- available funding within the concerned program;
- uncommitted funds in the Service Line envelope affected by the risk;
- the Contingency Reserve; and
- uncommitted funds in other Service Line envelopes.

Once a source of funding is identified, the required funds are frozen within the Five Year Risk Assessment and Commitment Control Plan and are therefore not available for spending. Under the leadership of the Corporate Management Directorate and in collaboration with Service Line coordinators and program managers, the Plan is continuously updated so as to better support decision making . The Plan is also formally reviewed by PRAB and approved by the President and CSA Executive Committee at key dates of the financial cycle:

- Work Planning (April)
- ARLU Submission (September)

Risk Tracking and Control: Project risks are managed on an ongoing basis throughout the life of the project. This involves not only monitoring at the level of each work package manager but also periodic meetings of the project manager with the key stakeholders of a given project (known as Level 2 meetings) to update the risk assessment and decide whether frozen funds need to be accessed to cover off a particular risk or funds released because a risk has been eliminated. In addition to the "Level 2 meetings", the Consolidated Risk Assessment Board (CRAB) – a committee composed of the Director General of a given core function and applicable project and risk managers– convenes periodically to debate the risk situation of each project and decide on the appropriate course of action. The CRAB elevates significant risk issues to the Program Review Advisory Board (PRAB) for consideration and approval of the release or re-allocation of frozen funds.

To assist program and project managers in the management of risks, the CSA has established a centre of expertise within the Space Systems Sector. The centre of expertise facilitates the definition of risks, promotes a common risk language, clarifies roles and responsibilities, designs

cost effective measures to abate and mitigate risks, organizes workshops and training sessions on risk management and prepares guidelines to assist program managers in accurately assessing and managing risks.

The agency captures all risk information, along with periodic updates, in the Risk Information and Assessment System (RIAS). The RIAS links project/program information with financial information and feeds the agency's Five Year Risk Assessment and Commitment Control Plan. "*The finance people can tap into the RIAS at their leisure to know where we are at any point in time and access the information in a way that is consistent with their approach*".

C.   The Change Imperative

The Catalyst for Change

The need for a risk management framework was driven from two perspectives. First, participation in international initiatives such as the International Space Station Project required that the CSA be able to plug into the NASA risk management system. Second, a condition of the A-base funding granted to the agency in 1999 was the development of an effective risk management framework that would enable the identification of risks across projects, consolidation of risks at the corporate level, and the earmarking of funds to address identified risks, should they materialize.

Who led the effort?

The effort was initially led by the agency's Space Systems group with the support of the incumbent President and the Senior Financial Officer (SFO). At the time, the Space Systems Group was the only organization within the CSA that had the credentials and expertise to develop a risk management framework.

What challenges were encountered?

Perhaps the single greatest challenge has been developing a risk culture within the agency and convincing managers of the value of the risk processes that have been implemented. Managers find the additional paperwork associated with documentation of risks and the approval processes cumbersome, especially for small projects. In addition, because the agency's risk approach requires that certain projects and funds be frozen until such time that identified risks have been covered off, tensions are created as trade-offs are made between competing projects.

The agency is also working on developing a common understanding of risks. It has encountered situations where debates have occurred over "*what is a risk*"?. For instance, should potential cost increases resulting from collective bargaining agreements be treated as a risk or a normal cost of doing business?

The agency is working at addressing these challenges through marketing and training aimed at convincing managers of the value of the process. It is also developing case studies on actual

projects in order to showcase lessons learned and demonstrate the benefits of risk processes in tangible terms.

D.   Impacts/Benefits

The impacts of the risk management framework are diverse and multi-faceted. At the agency level, it has provided a consistent approach to risk management and brought all managers on to the same page in terms of working towards the success of the organization. It has enabled the agency to approach its business in a more structured and organized manner. "*It has led us to consider that perhaps we should be taking on 20 projects instead of 50 to have a better chance of succeeding*". It has also ensured that surprises are minimized and that the President can make informed decisions.

At the executive level, the process has strengthened accountabilities. Workplans, which are required to address program risks, are part of the Management Agreements signed by Directors General and the President at the beginning of each Fiscal Year.

For project managers, the framework promotes the consideration of not just cost or financial risks but also "softer" risks such as political risk and performance risk. It also provides a useful vehicle for articulating risks that could impact on the delivery of a project and enables project managers to achieve a "comfort level" in terms of what could be achieved given the available resources. To some extent, it prevents the building of unnecessary contingencies into project budgets.

Project managers have used the framework to effectively identify financial risks such as those arising from contactors using funds more quickly than scheduled as well as technical risks. The framework has also been effective in the identification of risks that cannot be addressed within the project or program, and need to be elevated to the corporate level and in, some cases, to the government level. By the same token, there have also been instances where "frozen funds" have been released back into the organization based on re-assessment of risks.

Externally, the use of leading risk management practices has helped raise the profile of the agency with client groups.

E.   Integration with Other Pillars of Modern Comptrollership

The risk management framework is a major element of the CSA's strategic and operational planning as well as control processes. A key component of the agency's long-term strategic planning process is the Five Year Risk Assessment and Commitment Control Plan which is constantly monitored but formally updated and approved bi-annually, based on identified risks and sources of funds to cover the risks. The Operational planning process involves the integration of annual risk assessment and funding plans with workplans.

The Risk Management Framework also contributes to stronger controls. For example, at the project level, risks are addressed in the "Project Approval Document" (PAD) governing the

definition and approval of all projects of more than $1 million. The agency is also working towards the integration of internal audit and its risk management processes.

F.   Lessons Learned

A key lesson learned is the importance of involving senior management up-front and securing visible commitment and support. The mandate of the project should be clearly endorsed by senior management and communicated to the rest of the organization in order to pave the way for the project team. Other lessons learned include:

- **In-house development**: Due to shortage of resources, CSA hired external consultants to help with the development of its project and risk management approaches and policies . While the consultants had the right level of expertise and good intentions, the end products lacked the "right flavour " and there was lack of ownership by users.

- **Consultation**: Although an Implementation Review Group was involved in the review of the draft processes and policies, the agency believes that it would have been more beneficial to have engaged the Group in the up-front development of needs statements and broad guidelines. In addition, more extensive consultation with key user groups would have been beneficial in terms defining needs and promoting buy-in.

- **Scalable Processes**: While the agency's risk management processes are robust and considered to be leading-edge, they are more suited to multi-million dollar major Crown Projects. Managers find the processes cumbersome and "overkill" for smaller projects. Based on feedback from project managers, CSA has realized that processes need to be "scalable" and aligned with the task at hand.

G.   References

- Integrated PAMF Documentation System (IPDS), Risk Management Framework

Modern Comptrollership Leading Practices
Case Study on Risk Management

Modern Comptrollership Pillar (s)	**Risk Management**
Department/ Agency	**Department of Indian Affairs and Northern Development (DIAND)**
Interviewees	**Marie St-Pierre Larose, Director Strategic Planning and Resolution, Litigation Management and Resolution Branch (LMRB)** **Danielle Carriere-Paris, Senior Policy Advisor (LMRB)**
Summary of Leading Practice	
DIAND, in conjunction with the Department of Justice (DOJ), manages the fourth highest volume of litigation within the federal government, consisting of over 600 cases of First Nation litigation. The litigation is complex, diverse and can involve high-profile, controversial issues as well as significant contingent liability. *Under these circumstances, how do you prevent litigation from happening in the first place? And if it does happen, how do you manage and resolve it so as to minimize the legal and business ramifications both for the department and the Government of Canada?*	

DIAND has found that the answer to these questions lies in a more proactive approach to litigation management. The department has developed and implemented a comprehensive Litigation Risk Management Framework to enable it to become more "risk-smart".

The Framework was developed within the context of a broader litigation management re-engineering initiative undertaken jointly by DIAND and DOJ. It consists of a number of practical tools to support both new and seasoned managers and staff in managing legal and business risk more effectively and, where possible, proactively preventing litigation. "*The framework exists to help, not to hinder us*". As a result, it is continually reviewed, refined and improved based on lessons learned and changes in the environment.

A.   Background

On behalf of the Government of Canada, responsibility for the management and conduct of First Nations Litigation rests with the department of Indian Affairs and Northern Development (DIAND) and the department of Justice (DOJ). In recent years, aboriginal law has experienced great expansion. In addition, there has been an increase in the quantity and complexity of cases. In about 95 percent of the cases, Canada is the defendant. The plaintiffs frame the allegations, choose the courts as the forum for resolution, and drive the process.

Cases often involve legal issues that are complex and which can have wide-ranging and significant policy and resource implications. In addition, the contingent liability associated with DIAND litigation may involve significant amounts of money and has important implications for government debt management.

Faced with a fast-growing caseload and the risks associated with a maturing caseload, DIAND, in conjunction with DOJ, undertook a re-engineering initiative to better manage, process and track the DIAND litigation inventory. One of the key recommendations resulting from this initiative was adopting a culture of resolution through the strategic management of risks. The transition to a culture of resolution has become a cornerstone of DIAND's approach to litigation management. It implies preventing litigation through the scanning, examination and mitigation of legal and business risks, where appropriate. It also requires the identification of remedial opportunities and updating of policy approaches.

B.   Description of Leading Practice

In order to operationalize its vision for effective litigation management, DIAND developed a litigation risk management framework aimed at:

- Providing operational staff (e.g., portfolio managers, project managers, and researchers) with the tools required to manage litigation in a more strategic fashion and arrive at an appropriate solution such as an out of court settlement, court judgment or administrative solution; and

- Developing a better understanding of the causes of litigation and working towards prevention of litigation through policy or program delivery decisions.

The framework provides support for dealing more effectively with a growing inventory of cases and making linkages between DIAND and DOJ as well as with program sectors within DIAND. *"The framework exists to help, not to hinder us."* It is essentially viewed as a "work in progress" and, as such, continually reviewed, refined and improved based on lessons learned and changes in the environment.

The basis of the Framework is a team approach whereby DIAND's Litigation Management and Resolution Branch (LMRB), DOJ, DIAND regions and program sectors work together in the

search for an effective solution to litigation that minimizes legal and business risks. The key elements of the risk management framework include:

- **Strategic Case Intake**: ensures the active management of cases through a preliminary review within about three days of a statement of claim being served. It involves an assessment of the nature of the case (e.g., routine, high risk, etc.), association of the case with a specific litigation Portfolio, and assignment to the appropriate DIAND and DOJ staff.

- **Early Case Assessment**: allows DIAND and DOJ to take a proactive approach early in the litigation process by beginning to understand the implications of the case on DIAND/government policies and practices, investing in strategic research early in the litigation life cycle, and achieving resolution more expediently.

- **Recurrent Case Assessment**: involves the periodic review of cases to ensure that they are on the proper track for resolution and new factual, legal or policy developments have been considered.

- **Contingent Liability Reporting:** consists of a joint DIAND/DOJ effort to report on DIAND-related claims against the Crown based on an assessment of legal risks. It ensures use of a consistent methodology in the quantification and reporting of the level of potential liability for the highest risk cases.

- **Litigation Committee:** directs and instructs DOJ with respect to significant cases to ensure that DIAND's strategic objectives are met in the conduct of the litigation.

- **Risk Assessment Committee (RAC):** identifies settlement candidate cases for which risk assessments are required; examines risk assessment requirements, reporting mechanisms and related products, including tools, training, criteria, etc.; and makes recommendations to senior management.

In addition, the department has an Advisory Committee on Management of Risk (ACMoR) which provides broad-based experience, feedback and guidance on the management of business risks across the department. LMRB is an active member of this Committee.

In order to operationalize the litigation risk management framework, DIAND LMRB has developed a number of practical tools including a "Desk Book" that provides detailed steps on the application of each element of the framework.

C.   The Change Imperative

A combination of factors led to the adoption of a more proactive approach to litigation risk management. These factors included:

- the introduction of the new Federal Court rules aimed at accelerating the progression of cases through the legal process;

- dramatic increase in DIAND's caseload;

- significant contingent liability implications, especially as the caseload matures; and

- use of the court process, by plaintiffs, as a means of expediting their grievances.

Who led the effort?

The development of the Litigation Risk Management Framework was part of the litigation management re-engineering initiatives championed by the Senior Assistant Deputy Minister (ADM) for Policy and Strategic Direction within DIAND and the Director General of the Litigation Management and Resolution Branch. The Senior ADM was instrumental in ensuring linkages with policy development, planning and decision-making.

What challenges were encountered?

Accomplishing change, whether self-imposed or otherwise, is a lengthy and challenging exercise. An ongoing challenge in instituting change is obtaining buy-in. In addition, day-to-day pressures and workload often compete with the need to step back and to look beyond the transactional in order to take a strategic approach to risk management. These challenges have been and are continuing to be addressed in a number of different ways:

- Processes have been developed through consultation with managers and staff and information sessions have been provided to existing staff to introduce new processes;

- The Litigation Management Risk Framework is considered to be a "work in progress"; it is presented to managers and staff as an evolving tool that is continually revisited and improved based on their input and lessons learned. Changes are made to the Desk Book on an ongoing basis;

- Changes to processes/practices are discussed at various management fora to facilitate buy-in and sustain it;

- While detailed processes have been developed, managers and staff are encouraged to provide feedback to ensure processes are adapted/adjusted to meet their needs;

- Informal orientation sessions are provided to new employees and they are walked through the Desk Book; and

- A "train the trainers program" is in place. In-house training will be provided on the elements of the framework starting in February 2003.

D.   Impacts/Benefits

The Litigation Risk Management Framework provides structure and consistency in the management of litigation. At the organizational level, the Framework has enabled the department

to become more risk-attentive, expanded legal literacy and strengthened accountabilities. It has raised the profile of litigation management as a corporate responsibility that extends beyond LMRB into DIAND programs and regions. The experiences and lessons learned at the LMRB level have been shared with the department's Advisory Committee on Management of Risk (ACMoR) to adopt a more systematic and integrated approach to risk management at the departmental level.

The Litigation Risk Management Framework has also been instrumental in helping to shape the relationship and expectations between DIAND and DOJ and ensuring a more consistent approach to various activities (e.g., determining the level of contingent liability). The joint implementation of the Framework with DOJ has resulted in dialogue around roles and responsibilities and the way in which the two departments work together.

Additional benefits have occurred at the management and staff levels. LMRB has experienced significant staff turnover and practical tools, such as the Desk Book, have proven useful in getting new staff up to speed quickly. These practical tools have also provided effective avenues for veteran LRMB staff and managers for dealing with a growing case inventory, which has at times been overwhelming. The Framework has also facilitated the interface between LRMB and DOJ staff through more a more disciplined and coherent approach to doing business.

E. *Integration with Other Pillars of Modern Comptrollership*

DIAND has recognized the importance of integrating its Legal Risk Management Framework with a broader Litigation Management Framework that includes Financial Management (Appropriate Controls) and Performance Management along with a number of other elements. The department is working diligently towards achieving integration with other related initiatives.

F. *Lessons Learned*

The primary lesson learned in the development of the Framework was the importance of developing a business case and communication plan at the start of any change initiative to ensure buy-in and to sustain it. A communication plan earlier in the change process would have been helpful in articulating the initiative, its objectives, and benefits.

The initiative could have also benefited from a structured education/training approach at the outset. The Framework was introduced through informal information sessions and day-to-day practice without a formal training program.

Finally, the approach of implementing the Litigation Risk Management Framework through an iterative process that involves continuous improvement has been critical for getting users on side and has expedited implementation. Waiting for the perfect solution before implementing the Framework, rather than proceeding with an approach based on continuous feedback, could have potentially reduced the credibility of the initiative and jeopardized buy-in.

G.   References

- Presentation entitled "Litigation Risk Management at DIAND".

Modern Comptrollership Leading Practices
Testimonial on Risk Management

Modern Comptrollership Pillar	**Risk Management**
Department/ Agency	**Health Canada (HC)**
Interviewee	**Deborah Frankel-Howard, Director, Branch Issues Risk Management Division, Health Products and Food Branch**

The Issue

The assessment and management of health risks form the basis of the majority of your department's activities and decisions. You operate in an environment where clients and the public require a high level of rigour and an evidence-based process to support your work and decisions. How do you ensure that there is a clear, consistent and robust approach that is applied across the spectrum of health protection issues?

The Solution

Health Canada's solution has been to develop a Decision Making Framework (DMF) for identifying, assessing and managing health risks. The DMF provides a logical, systematic way of thinking, working and problem-solving. The main strengths of this proven framework lie in its ability to strategically bridge the work of scientists and policy analysts, build confidence in the decision-making process through evidence-based information and robust analysis, and advance stagnating issues. The DMF also includes the involvement of interested and affected parties such as partners, the public, and various other stakeholders throughout the process.

The DMF consists of a series of inter-related steps grouped into three phases:

- **Issue identification** – this phase consists of determining the nature of the issue and clarifying its context in order to inform and focus the next two phases. The context of an issue is normally defined with respect to a specific health or safety concern and includes consideration of its relationship to other issues and important contextual factors that will have to be taken into account in the analysis. This phase includes both content related tasks such as collecting sufficient information to come to a common understanding of the nature of the risk, putting the risk into an appropriate context, identifying risk management goals as well as process-related tasks such as allocation of resources, establishment of risk assessment and risk management teams, identification of roles, responsibilities and accountabilities, and establishing the documentation process.

- **Risk assessment –** this phase involves assessing known and potential health risks that may result from exposure to a hazardous agent, product, condition or practice. Where appropriate (e.g., therapeutic agent), it also involves assessing the health benefits of the agent and examination of risks versus benefits. Where possible, both risk and benefit assessments are conducted in a multi-disciplinary fashion taking into account all available and scientifically credible information.

- **Risk management –** this phase involves the identification and analysis of options, selection and implementation of a strategy to address the risk(s) of concern and monitoring and evaluation of results.

How did the practice come about?

The introduction of the DMF was precipitated by a number of changes in society, science, and technology. Specifically, the *Krever Commission Inquiry on the Blood System in Canada (1997)* provided a detailed criticism of decision-making regarding the management of Canada's blood supply. Concurrently, decision-makers were faced with a number of important new challenges in health risk management such as rapidly advancing health related technologies, changes in government organization, roles and responsibilities, and a rapidly expanding and diverse information and knowledge base. The need to effectively deal with these new challenges coupled with the increased scrutiny of government decisions and actions, led Health Canada to modernize it risk assessment and management approach.

How was the practice developed and introduced?

The DMF was developed and introduced as part of Health Canada's fundamental review of its health protection operations. The effort, known in the department, as "Health Protection Branch (HPB) Transition" was aimed at helping Health Canada and its partners better manage risks to the health of Canadians. The underlying intent of the DMF is to provide a common, general basis for risk management decision-making throughout the department.

A Risk Management Framework Project Team within Health Canada provided direction, coordination, technical expertise and assistance with the project. Various working groups also provided program-related input and developed guidance and other documents. These guidance documents were made available to individual programs to help them develop procedures tailored to their specific needs.

While intended as a departmental framework and endorsed at the executive level, the adoption and application of the DMF has been left to the discretion of individual branches. Branches such as Healthy Environment and Consumer Safety, Population and Public Health, and Health Products and Food have developed specific tools and processes based on the DMF to meet their working needs internally and on horizontal issues that cut across mandates.

Can you provide an example of the application of the practice?

The Health Products and Food Branch (HPFB) has created a "centre of expertise" within the Branch to implement the DMF. Situated within the Branch Assistant Deputy Minister's (ADM's) Office, the unit provides leadership in DMF implementation, training, and consultation services with application to practical issues.

In the case of the Belgian dioxin incident, the former HPB had to react very quickly to ensure that certain Belgian foods containing a strong contaminant would not be marketed in Canada or exported to international markets by Canadian exporters. The DMF was applied to conduct a structured and robust policy analysis that would support the decision-making process. "*By following the DMF approach we were able to quickly take control of the situation and develop a credible policy position within a very short timeframe. The approach also enabled us to reach*

consensus with other government departments and come to an agreement with the private sector".

What are the impacts/benefits of the practice?

HC has found the DMF to be a powerful and flexible tool with proven benefits. " *Issues do not advance if people are not comfortable enough to make decisions; through the DMF implementation we provide them with a credible basis for decision-making."* Examples of benefits of the DMF include:

- A consistent, systematic, comprehensive, coordinated Branch and department-wide approach to support decision-making;
- A broad perspective on issues that considers a variety of scientific and other information including social, cultural, environmental, legal, political and other impacts as well as the perspectives of interested and affected parties;
- Clarity on the role of science aimed at ensuring that scientists focus on scientific advice as opposed to policy related factors (e.g., stakeholder positions, economic impacts, liabilities, etc.);
- Improved transparency through clear and rigorous documentation of all activities, considerations, assumptions, and decisions;
- Clear accountabilities through delineation of roles, responsibilities, expectations and commitments; and
- Teamwork and collaboration to leverage knowledge and expertise on a horizontal basis, promote consistency of decisions, reduce duplication of effort and identify gaps in science and policy.

What challenges did you encounter and how were they overcome?

The DMF was introduced in an informal fashion with little fanfare. Even within the HPFB, it has not been universally embraced by all parts of the Branch. However, the active promotion of the DMF within HPFB, and its successful application to situations such as the Belgian dioxin incident, have gone far in convincing managers of the valued-added of the Framework.

What are the management styles/characteristics that ensured the success of the practice?

"Creation of a unit within the HPFB ADM's office has given us the clout required to promote the DMF and implement it". "Our approach has been not to tell people what to do but to show them that the DMF works and help them to get the experience to apply it on their own". In addition, HPFB adopted a very practical approach to DMF implementation that de-emphasized the conceptual and theoretical aspects and made it real for people.

Modern Comptrollership Leading Practices
Testimonial on Risk Management

Modern Comptrollership Pillar	**Risk Management**
Department/ Agency	**Department of Indian Affairs and Northern Development (DIAND)**
Interviewee	**André Picard, Risk Management Advisor, Departmental Audit and Evaluation Branch**

The Issue

Your department has identified risk-taking as one of the six competencies of its Leadership Profile and recognizes that managers and staff are faced with risky choices on a daily basis. In this context, how do you go about providing managers and staff with the strategies and tools that will help them manage risk responsibly while enabling innovation, learning and growth?

The Solution

DIAND's response has been to develop an Integrated Management of Risk Framework. The Framework:

- Provides a consistent and systematic approach to risk management;
- Contributes to an environment where managers and staff can be innovative, approach risks responsibly and apply due diligence in protecting the public interest and maintaining public trust; and
- Establishes a set of risk management practices that are relevant to the department's specific circumstances and mandate.

The elements of the Framework include a corporate risk profile that is updated and approved annually, integration of risk concepts and tools with other management practices, risk communication strategies, risk management learning strategies and functional support for integrated management of risk.

The Framework also includes a policy component outlining the objectives of risk management, operating principles, and roles and responsibilities for all levels of managers and staff. It puts the onus on all employees to stay informed on risk issues related to their operations, consider risk as part of every major business decision, monitor risk indicators and take prompt action to manage risks in accordance with direction on risk tolerance.

Lastly, the Framework provides an overview of the department's risk management process and a risk scorecard toolkit to enable managers and staff to identify, assess and manage risks in a systematic fashion. The toolkit includes various worksheets to document identified risks, a risk matrix to assess the level of risk (in terms of damage and liability, operational effects, and loss of reputation), a risk scorecard to capture the likelihood and impacts of each risk, and a risk response strategies worksheet .

The departmental Audit and Evaluation Branch has updated the existing risk management toolkit and will be rolling out a new version that includes a practical example of how to go about doing a risk assessment.

How did the practice come about?

The introduction of an integrated risk management framework came about as a result of:

- The recognition that risk management is a good management practice that offers the opportunity to modify or reduce a risk before it affects programs and projects;
- Senior management direction based on the results of an audit in the Ontario region which identified risk management as a best practice;
- The departmental Leadership Profile which includes risk management as one of six competencies; and
- Treasury Board initiatives such as modern comptrollership and the Integrated Risk Management Framework issued in April 2001.

How was the practice developed and introduced?

In designing its risk management framework, DIAND started with a vision that consisted of making the department a risk aware organization that routinely incorporates risk management into its decision process. In 1996, in response to a request from the Deputy Minister (DM), the Audit and Evaluation Branch developed a discussion paper on risk management followed by a set of operating principles/objectives and a workplan. The Operating Principles for Management of Risk established a process and defined the key risk areas, roles and definitions. Based on this work, the Learning and Leadership Directorate of DIAND published a brochure - *"Responsible Risk-Taking for Innovation and Results"*- which was distributed to all staff. The brochure contains a message from the DM and associate DM as to why the department should engage in effective risk management, defines "what is a risk", outlines the benefits of risk management, and describes the department's risk management process and tools.

Can you provide an example of the application of the practice?

Every sector and region within the department is expected to comment on risk for their respective areas as part of the annual business planning process and in briefing notes.

Different regions and sectors across the department have also used the risk management process and the tool kit to conduct risk assessments of a wide range of projects. For instance, the Nunavut region conducted a risk assessment of its port and road building project and produced a comprehensive report which will enable management of the medium and high risks over the course of the project.

Certain sectors within the department have used the risk management framework to tailor tools to suit their specific circumstances. One such example is Land and Trust Services which has developed its own risk tools to better manage leases.

What are the impacts/benefits of the practice?

The department's risk management framework and its application are still evolving and there have been no formal attempts to measure benefits. However, expected benefits include:

Improved decision-making based on a consistent approach across all of DIAND's sectors and regions;

- Improved probability of achieving the department's key objectives and commitments;
- Achievement of optimum balance between innovation and responsible risk taking;
- Greater credibility with partners based on clear evidence that all options and impacts have been responsibly assessed and planned for; and
- Transparency and openness that enhance stakeholder (e.g., public, ministers) understanding of the factors considered in reaching decisions and confidence in the department's processes.

What challenges did you encounter and how were they overcome?

One of the major challenges in promoting the adoption and application of the risk management process has been the workload issue. Risk management is generally not viewed as a priority given existing workload and deadlines and many staff question whether risk management is time well spent. The Audit and Evaluation Branch has been working diligently to overcome this issue by encouraging people to use the process and tools and experience the benefits first-hand. The Branch has been providing support in the implementation of risk management that ranges from a 90 minute introductory session to a full day course covering both theory and practical examples.

A further challenge has been concerns over Access to Information. Given the ongoing media scrutiny of government activities, managers and staff are somewhat reluctant to document risks for fear of creating unfavorable headlines in the press. The Audit and Evaluation Branch has been urging managers to work with communications experts in headquarters and regions to ensure that risks are documented using appropriate language.

What are the management styles/characteristics that ensured the success of the practice?

Senior management support and visible endorsement have been key in raising the profile of risk management in the department. The support and training provided by the Audit and Evaluation Branch, DIAND's Advisory Committee on the Management of Risk (ACMoR) and the Communications Branch have also contributed to the adoption and application of the practice.

Modern Comptrollership Leading Practices
Testimonial on Risk Management

Modern Comptrollership Pillar	Risk Management
Department/ Agency	Technology Partnerships Canada (TPC)
Interviewee	Ram Narayan, Risk Manager, Economic and Business Case Analysis Directorate
The Issue	
Your operating structure is inherently risky. You are under intense pressure to explain the value you add to Canadians. What do you do?	
The Solution	

Technology Partnerships Canada (TPC) is responding to this challenge by introducing a portfolio risk management system. Portfolio risk management involves techniques used to analyze, and if need be, steer an investment portfolio in the right direction. Under portfolio risk management, once an organization determines its risk appetite, it then develops policies and guidelines, and tools and techniques, to ensure appropriate decisions are taken and to provide due diligence to support these decisions.

TPC is still in the early stages of introducing portfolio risk management. After conducting a high-level needs analysis, the agency has thus far:

- Developed a roadmap that charts a vision for operationalizing risk management

- Developed and implemented a risk rating scale (and an accompanying detailed guidelines) to assess and monitor risks throughout the life cycle of the project

- Formed a Risk Management Committee to provide a governance structure and to exercise an oversight role over the portfolio

Next steps involve developing a corporate risk policy that will clarify TPC's appetite for risk and completing a data warehousing project that will improve the quality of information available to feed the risk management system.

How did the practice come about?

As a mandate driven technology fund, Technology Partnerships Canada (TPC) has the ability to fund projects which are outside the risk appetite of the capital markets at the time when the project is introduced to TPC. While there is always a risk that a venture capital financed project will fail to deliver expected returns, this repayment risk is magnified within the TPC context. *"At TPC we are aware that some of the projects we fund will never fully repay TPC's investment. Our mandate is not only to make money; it is also to spur innovation, support technology development to create jobs, achieve sustainable development etc."*

As the fund came under increasing pressure to defend and account for its return on investment and as integrated risk management become a priority across government, senior management

within Industry Canada decided that TPC needed to develop and implement a systematic approach to managing inherent risk within the fund. *"In-line with industry best practices, TBS guidelines, the Modern Comptrollership initiative, Industry Canada's attributes of a well run contribution program and to enhance public accountability for government funds, we needed to adopt portfolio risk management."*

How was the practice developed and introduced?

TPC recognizes that implementing portfolio risk management is a long-term project. *"Our initiative is still in its infancy."* Nevertheless, the organization has taken important steps towards making portfolio risk management an integral component of its management structure.

TPC's portfolio risk management system currently consists of a roadmap, or framework, that charts its vision for operationalizing risk management. Policies and procedures, many of which are still under development, flow from the framework; tool and techniques, again, many of which are still under development, flow from the policies and procedures.

The system's governance structure consists of a Risk Management Committee. This committee, which is comprised of TPC's Executive Director and senior management team, meets quarterly, or as needed, to discharge oversight over key decisions related to TPC's portfolio. *"The committee is a way to keep the senior management team involved in the project and ensures they are engaged in its evolving direction."*

Next steps involve developing a corporate risk policy that will clarify TPC's acceptable risk levels and completing a data warehousing project that will improve the quality of information available to feed the risk management system.

Can you provide an example of the application of the practice?

Before the introduction of portfolio risk management, investment officers used to consider risks associated with potential projects but did not have a formal scale or standard on which to base their assessments.

A risk rating scale and associated guidelines, the first tool developed as part of TPC's portfolio risk management system, provides a clearly defined methodology for officers to follow while assessing the viability of a project. Before a project is funded, associated risks are rated against a clear set of parameters. Officers are also able to use the scale to monitor and review changes in the status of risks as circumstances change. These risk assessments are updated every year based on Annual Information Updates from all client companies.

"The risk rating scale focuses officer thinking and ensures that funding decisions are made from a common perspective. The scale provides management a clearer picture of what a given project involves and how funding it may impact the agency."

What are the impacts/benefits of the practice?

The risk rating scale is allowing TPC to enter into projects with its eyes wide open. It is taking out the element of surprise and is allowing management to speak intelligently about expected results. Once fully implemented, portfolio risk management will help TPC manage its biggest risk – repayment. Not only will solid risk management practices allow the organization to discuss the value of its investment portfolio, these practices will allow them to ensure that the portfolio is steered in the right direction for fuelling further growth and investments in innovation. *"Our goal is portfolio optimization – ensuring the best possible returns within our mandate."*

What challenges did you encounter and how were they overcome?

TPC finds it challenging to recruit and retain individuals with the expertise (e.g., investment bankers) to finance deals. In addition, the organization has faced some resistance from its staff regarding the value added of risk management. The twin pressures of these challenges have led TPC to invest heavily in continual staff training. All levels of staff, including senior management, received training on the risk rating scale. *"Not only does this approach ensure a high a degree of understanding, it also builds commitment to the value of new tools across the organization."*

What are the management styles/characteristics that ensured the success of the practice?

Senior management at Industry Canada and TPC's Executive Director are extremely committed to portfolio risk management. The Executive Director, in particular, has worked to build the commitment of other managers within the organization. *"Without the Executive Director's support and commitment, there is no guarantee that this initiative would have worked as well as it has so far."*

Throughout the development and now implementation of the portfolio risk management, TPC has shown a willingness to act quickly to solve problems. *"Our immediate response to finding deficiencies has been to develop an action plan."* Such swift and decisive action has helped keep the project moving forward.

Putting it all Together: Leading Practices and Testimonials of Modern Comptrollership

Modern Comptrollership Leading Practices
Testimonial on Risk Management

Modern Comptrollership Pillar	Risk Management
Department/ Agency	Treasury Board Secretariat
Interviewee	Kurt Saunders, Senior Analyst, Treasury Board Secretariat

The Issue

Each week, Treasury Board (TB) Ministers are inundated with 50 to 90 submissions from a variety of departments and agencies. Regardless of their length, TB submissions make for dense reading -- they frequently deal with complex issues and are highly detailed. Faced with the sheer volume of material, even the most focused reader can be overwhelmed by information overload after dealing with only a few submissions. The risks of overlooking something important can be substantial. Indeed, while some submissions deal with routine matters that require only cursory review and approval, others may involve critical issues that demand significant analysis and attention to detail.

Under these circumstances, how do you effectively screen high numbers of complex submissions to ensure Ministerial attention is appropriately allocated to those that represent the highest risk?

The Solution

Treasury Board Secretariat (TBS) found that an answer to this dilemma was to develop a simplified system for evaluating and categorizing TB submissions based on a risk management approach, one that helps both new and seasoned analysts by quantifying their thinking. The approach is founded on a template – basically a checklist of considerations – which captures on one page the potential existence of risk as it relates to four categories:

- Financial risk – refers to scale and financial management. Proposals that require a substantial amount of funding, whether in absolute terms or in relation to the sponsoring department's A-base, involve an increasing amount of risk.

- Organizational risk – refers to the sponsor's demonstrated capacity to administer, manage, deliver, monitor, ensure proper audit and evaluation of, and resolve disputes surrounding departmental programs.

- Issue history (Parliamentary, media and/or public interest) – encompasses the public profile and past problems associated with the issue or related proposals. Is this an issue that has high potential to become contentious or create public controversy? Will the media raise this for greater public scrutiny?

- Administrative/policy complexity and compliance – includes both TBS policy concerns such as exemptions and technical complexity as well as cross-cutting linkages to high profile Security or Innovation agendas, regional impacts or FTE considerations.

Within these four categories, submissions are evaluated and assigned a total numerical risk rating ranging between 0 (low risk) and 8 (high risk). Using the template simplifies the initial review and analysis of the submission regardless of how familiar analysts are with the details in question. It provides a comprehensive list of issues to consider and enables analysts to quickly identify areas that may require further attention. For Ministers, this approach flags those submissions that require more intensive consideration while allowing lower risk ones to be processed in a more routine fashion.

The pilot phase of the initiative will continue through to the end of December, at which time it will be assessed in terms of its efficiency and effectiveness for both analysts and Ministers. Following the pilot phase, adjustments will be made to the risk categories and evaluation and rating schemes as required.

How did the practice come about?

Treasury Board Ministers have an extraordinary volume of materials to review and process; they receive on average between 50 to 90 TB submissions each week, ranging from 10 to 1400 pages. These documents may deal with routine issues but just as easily address highly complex policy matters with budgetary implications that require focus and attention to detail. Ministers rely on TB analysts to provide a degree of prioritization to be able to differentiate between the submissions and focus their attention on the higher risk cases. With a relatively high turnover among TB analysts (average tenure is 14 months), consideration was given to a system that allowed even inexperienced analysts to assess and rate the risks associated with TB submissions in a standardized way. A proposal was made to develop a simplified system of assigning a risk rating to each submission which allows an analyst – regardless of tenure or experience – to easily identify and quantify those elements representing higher levels of risk and flag them for Ministerial attention.

How was the practice developed and introduced?

The practice was developed under the leadership of the Assistant Secretary, Economic, Sector who proposed piloting this approach in the Fall. A project team met informally with groups of TB analysts to obtain their ideas for developing a realistic risk template. The template is essentially a compendium of criteria drawn from individual analysts during the course of their work.

All analysts were asked to apply the template and assign a risk rating to the TB submissions for the first sitting of the Treasury Board in September 2002. It was during this meeting that Ministers were briefed on the application of the risk template. The project team also briefed experts working in the different TBS policy centers so that they would be familiar with the application of the template to TB submissions and how it might affect their work.

Can you provide an example of the application of the practice?

Before a TB submission goes forward to Ministers, the responsible analyst must present it to the appropriate program sector Assistant Secretary, (i.e., Economic, Social or Government Operations Sector) for review and challenge. The challenge process is rigorous and often results in unexpected or seemingly off-beat questions as well as a long list of follow-up items. Application of the risk template prepares analysts to effectively anticipate these types of questions because it forces them to look beyond the fine print and take a broader perspective of the issues.

What are the impacts/benefits of the practice?

It is difficult to prejudge how Ministers will find the practice but it is expected to make it easier to process a much larger number of submissions. Because Ministers will see the scope and depth of analysis that underlies a risk rating for each submission, they can confidently focus their attention on the critical issues. Similarly, analysts may find that use of the risk template reduces

their workload and stress levels by providing a systematic approach for reviewing all submissions, both ensuring that all key issues are identified and addressed, and allowing them to quickly hone in on the areas and issues requiring extra attention.

The risk template is also very useful for new analysts. By providing a structured approach that enables them to deal with the broad range of TB submissions, it may lessen their learning curve considerably and allow them to quickly get up to speed in a demanding environment.

What challenges did you encounter and how were they overcome?

Analysts were initially resistant to this change because they were concerned that applying the risk template would create significantly more work for them. The success of the template therefore depended, to a great extent, on marketing its benefits to the affected analysts – to prove that providing structure and guidance to the process is intended to make their jobs easier. The project team met with all the analysts not only to encourage them to try it and see for themselves but also to get their feedback and ideas for changes, and to discuss the rating system. The team engaged the analysts actively and made them partners in the development of the risk template. The result was an end product that actually facilitated their work.

What are the management styles/characteristics that ensured the success of the practice?

The single greatest key to success was that the risk template was developed and introduced in a collegial way. The analysts themselves were given a significant role in making it work, providing additional impetus and energy to the project.

Modern Comptrollership Leading Practices
Case Study on Appropriate Controls

Modern Comptrollership Pillar (s)	Controls
Department/ Agency	**Royal Canadian Mounted Police**
Interviewee	**Mr. Marty Muldoon – Director, Modern Comptrollership**
Summary of Leading Practice	

You have identified the requirement to strengthen controls within the organization, and wish to place a practical slant on the improvements so that they are useable and relevant to management on a day- to- day basis. How do you design and implement a tool that will:

- *Address the requirements of Modern Comptrollership and the Office of the Auditor General's Financial Management Capability Model;*

- *Increase the value added by the finance function while leaving decision making in the hands of the appropriate managers; and*

- *Highlight priority areas and design a practical action plan.*

The RCMP has responded to this challenge by developing a Financial Management Control Framework that defines control requirements, provides managers and staff with a better understanding of controls in the context of day-to -day management and identifies control gaps that need to be addressed in relation to risks.

The financial management and control framework provides a vision and direction for financial management and control in the context of the RCMP and builds on best practices recommended by central agencies and professional bodies. Accordingly, the Framework identifies WHAT needs to be in place, WHO should be responsible, HOW things should work and WHY the framework should be consistently applied across the organization. While the Framework is multi-dimensional and includes components such as strategy, structure, financial management processes, technology, people and information, the key thrust is on financial management processes and supporting structures.

A.   Background

The idea of developing a Financial Management and Control Framework (FMCF) was driven to a large extent by the RCMP's pending modern comptrollership capacity check and a requirement to adhere to the Office of the Auditor General's (OAG) Financial Management Capability Model. Given the degree of change required by the RCMP to improve practices in this area, a multi-faceted tool was needed that would assist in meeting the practical needs of the department by:

- providing a communication mechanism to illustrate control requirements;
- showing the linkages between Finance as well as Strategy, Structure, People, Technology, and Information, and enabling better definition of accountabilities;
- serving as a project management tool to focus implementation activities;
- establishing a baseline against which to measure progress;
- providing a framework for audit and evaluation to guide the assessment of financial management and control; and
- making available a reference guide for best practices.

In order to develop the Framework, numerous sources of best practice data were consulted, including the CICA's Criteria of Control Model, the Canadian Comprehensive Auditing Foundation's Effectiveness of Reporting and Auditing Model, Modern Comptrollership Office documentation and the OAG's Financial Management Capability Model. The development of the Framework also relied heavily on information gathered through interviews with RCMP managers.

B.   Description of Leading Practice

The Financial Management Control Framework comes in two versions. A generic version suitable for use by other departments and an RCMP specific version, which is approximately 70 pages in length and was developed for the RCMP by a consulting firm.

At a high level, the Framework document outlines the design principles (control objectives), the business model (responsibilities) and the business risks (risk of not applying the model). While the overall Framework is founded on financial management processes, it is also linked to a number of other components, making it truly integrated. The following table illustrates the components of the Framework along with the themes associated each component.

Component	Key Themes/Subject matter areas
Strategy	Leadership commitment, mission, vision and objectives, planning and resource allocation, and financial management
Structure	Expectations, accountabilities, authorities, reporting relationships and roles and responsibilities
Financial Management Processes	Financial planning, budgeting and forecasting, budget control, stewardship of resources, accounting and reporting, and auditing
Information	Information needs and reporting requirements, management of information, strategic information, financial and operating information, and client satisfaction
People	Human resources management, performance agreements, codes of ethics, work environment, core competencies, knowledge and skills, and training and support
Technology	Management of technologies, development/acquisition of systems, security of systems and data integrity, performance systems and contingency planning

For each of the components identified above, the Framework provides:

- detailed control objectives by theme/subject matter area
- a current state/gap assessment against the objectives;
- a risk assessment of not addressing the gaps; and
- an approach for addressing the gaps, including an assignment of responsibility.

Risk considerations are introduced through the classification of existing practices and corresponding gaps as high, medium or low, which aids in identifying the priority areas for implementation. Implementation of the full Financial Management Control Framework is addressed through the following proposed schedule with three groupings:

- Short term – less than six months
- Medium term – six months to two years
- Long term – greater than two years.

C.   The Change Imperative

Who led the effort?

The development of the Framework was originally led out of the Modern Comptrollership office with strong support from senior financial management right up to the Deputy Commissioner, Corporate Management & Comptrollership. The exercise was fundamental to improving accountability and moving to an environment where success is shared by functional specialists and operational managers. The RCMP's Finance Branch is now responsible for the implementation of the FMCF.

As implementation of improvements to address the identified gaps in the Framework continues, the Senior Executive Committee is updated on progress. The framework serves as a baseline against which progress can be measured.

What challenges were encountered?

Two related challenges needed to be overcome in order for the Framework to have the intended effect. First, a major cultural shift was required in the area of accountability. Specifically, this shift involved reshaping the role of the departmental Finance function from being a decisions maker in all aspects of budget management towards being a decision support organization. It also required Finance to transform its role into one of client service provider.

Secondly, once operational managers were asked to be primary decision makers, they began to question the accuracy and the reliability of the financial information in the corporate system.

Both of these challenges are being overcome through increased visibility and presence of financial staff which strengthens the working relationship between Finance and its operational clients. This increased presence re-enforces the clients' understanding of the products and services provided by Finance and enables Finance staff to increase their knowledge of their clients' business.

D.   Impacts/Benefits

The Financial Management and Control Framework document has been critical in improving and establishing controls. It has also been used as an accountability tool for strengthening and transforming the role of Finance. Specifically, it has enabled the departmental Finance function to transition to more of an advisory role and reshape the expectation that Finance staff should bear responsibility for all budget related decisions.

Other benefits resulting from the development of the Framework include:

- Raising the profile of financial controls and associated risks by providing a comprehensive guide for users;

- An improvement in accountability as everyone now knows "who should be doing what";

- An effective shift in the role played by Finance to that of strategic information and service provider; and

- A clear assessment of where the RCMP should be focussing its efforts to achieve improvements.

E.   Lessons Learned

The key lessons learned to date in the design and roll out of the Financial Management Control Framework are:

- To achieve any sort of significant culture change it is critical that senior management champion and aggressively support the change, including the active tracking and reporting of progress at the executive level. What gets measured, gets done!

- In transitioning to a client service role, it is imperative that a deep understanding of the client's business be obtained by the client service provider and that steps be taken to prove the accuracy and value of corporate tools used by clients in decision making.

G. References

- Financial Management and Control Framework, Final Report (April 2001).

**Modern Comptrollership Leading Practices
Testimonial on Appropriate Controls**

MC Pillar	Appropriate Controls
Department/ Agency	**Canada Customs and Revenue Agency (CCRA)**
Interviewee	**Tim Philps, Assistant Director, Finance – Pacific Region**
The Issue	

How do you revamp a traditional budgeting and reporting process so as to better respond to the needs of senior managers, enhance decision-making and accountability, strengthen resource management, and increase transparency?

The Solution

When Canada Customs and Revenue moved from a government department to federal agency status, its managers realized they had a once-in-a-professional-lifetime opportunity to address processes that could be improved and re-invent them. How they could maximize their money management and fiscal responsibility was among the first things they examined.

Among other initiatives, the agency established a Quarterly Budgeting and Reporting (QBR) System that enables more effective resource management and decision-making, greater transparency, and stronger risk management. Under QBR, Functional Branches at headquarters report quarterly on the financial status of the national programs for which they are responsible. Regions submit quarterly financial reports to HQ along with an explanation of all significant variances, by functional area. The Regions and HQ Functional Branches are expected to work together to resolve any budgetary issues generated through the QBR process.

QBR and "functionalization" (alignment of cost centres with functional business lines such as Assessment and Collections, Customs, Appeals, etc.) have significantly changed the budgeting, projection and reporting process in the Pacific Region. Despite the challenges of implementing such a major initiative, the Pacific Region was able to experience the benefits in just a short timeframe.

Note to Reader: Please refer to the Case Study on Strategic Resource Management Practices at the CCRA for an in-depth description of QBR.

How did the practice come about?

QBR, along with the "functionalization" of budgets, was a Headquarters driven-initiative to respond to the CCRA Board of Management's request for financial information on a quarterly basis. It was very much of a top-down initiative and there was no discretion in terms of its implementation. QBR is one of the many initiatives that are part of the CCRA's transition to an agency.

How was the practice developed and introduced?

While the practice as well as the associated policies and guidelines were developed at Headquarters (HQ), they had to be adapted to reflect the regional realities and context. " *We could not give the Headquarter QBR manual to regional managers; their eyes would glaze over. So what we did was to extract material out of the HQ manual to develop our own processes as*

well as a training program that reflected our regional culture and structure. We also appointed an experienced finance officer as the QBR coordinator/expert for the Region. He trained the financial analysts in offices across the Region. The financial analysts then assisted program managers with the hands-on application of QBR".

Can you provide an example of the application of the practice?

QBR has resulted in better financial information that has helped foster decisions for optimal resource utilization. For example, the initial QBR projection in the Pacific Region identified a shortfall in the Revenue Collections area in one of its tax offices. At this point, it was also determined that a tax centre in the Region was in a situation of lapsing funds. After discussions with the Assistant Directors from the two offices and the Program Advisor, funds were transferred from the tax centre to the tax office, which enabled the latter to continue an important project.

What are the impacts/benefits of the practice?

Despite the challenges of implementing such a major initiative, the Pacific Region was able to experience the benefits in just a short timeframe. One of the key benefits of the QBR is that it supports increased accountability by shifting financial management responsibilities from the regional Finance and Administration function to individual program managers. *"Finance and Administration staff are there to provide support and advice but accountability for the numbers rests with program managers. They have to ensure the integrity of the numbers they put forward so there is more attention being paid to detail for things such as projections."*

QBR has also resulted in increased transparency and made it more difficult to divert funding from one function to another. *"For example, Compliance monies cannot be used to buy computers for Client Services as everyone can see where monies are being spent."* Headquarters Functions have a better snapshot of the resource investments and can ask informed questions. Moreover, QBR has provided more credibility for the historical arguments regarding under-funding in specific areas. For example, Assessment & Collections (A&C) has always had major shortages in the Region but it was a struggle to explain to the HQ branch which particular functions had the problems and why. With QBR, the Region was able to highlight and explain the underfunding issues with A&C and the amounts submitted in the business cases were consistent with the shortfalls that were reflected in the Regional projections. *"QBR has introduced common practices and ensures that everyone plays by the same rules. There is no longer smoke in mirrors as the numbers are there to support arguments around resource shortfalls."* Other benefits of the QBR include:

- Improved communication and liaising among Program Advisors, Regional Finance and the Functions. It is now critical for Program Advisors and Regional Finance to interact and communicate with each other in order to breakdown budget allocations and submit variance explanations to the HQ branches.

- The distribution of budgets from HQ branches to the Region earlier in the fiscal year rather than later when managers can do very little with the additional funding.

From a client service perspective, because QBR ensures more effective management of resources throughout the year, there is less chance of encountering a situation where services have to be curtailed due to funding pressures.

What challenges did you face while introducing the practice and how were they overcome?

The lack of regional guidelines and training program were the two main challenges, especially because QBR had to be rolled out so quickly. These were overcome through the appointment of a QBR coordinator/expert within the regional headquarters to develop the guidelines and training program. " *We realized that involving too many people was not going to work. Having one person responsible for these key activities was a very good move because it focused our efforts and enabled decisions to be made more quickly*".

What are the management styles/characteristics that ensured the success of the practice?

The Pacific Region did not encounter any significant resistance when it introduced QBR. The regional Finance and Administration Directorate had already laid the groundwork through a relentless communication campaign on changes in financial management practices driven by initiatives such as Modern comptrollership. Numerous presentations had been delivered to program managers prior to QBR on various financial management change initiatives, discussing impacts and benefits and articulating the role of individual managers in the process. "*The time to promote a cultural shift towards more responsible management is not when introducing the new process or right after; you need to set the stage well in advance and entice managers to ask for new processes to support their roles.*"

Modern Comptrollership Leading Practices
Case Study on Values and Ethics

Modern Comptrollership Pillar (s)	Values and Ethics
Department/ Agency	Health Canada
Interviewees	Patricia Jaton, Director, Centre for Workplace Ethics Pierre Lecours, Project Manager, Values and Ethics
Summary of Leading Practice	

Ensuring the presence of sound values and ethics in the workplace is an ongoing part of good governance and management practices in organizations. This is not a new concept and there is already a strong foundation in terms of values and ethics in both the Public Service and Health Canada. However, how do you ensure that values and ethics are continually nourished and sustained as highly complex issues constantly emerge and demands and pressures change?

Health Canada's approach was to create and fund a *Centre for Workplace Ethics* within its Audit and Accountability Bureau to lead the department's responsibilities with respect to values and ethics across Health Canada.

The Centre's first major initiative was to develop a "values and ethics" strategy for the department. In the first phase of this strategy, they benchmarked existing practices, consulted senior managers and undertook an extensive Dialogue on values and ethics that included almost 10% of departmental staff. This collaborative and inclusive approach allowed employees from across the country to identify and describe in a meaningful manner HC's core values, discuss ways to integrate these values into the culture and activities of the department, exchange leading practices, talk about the ethical issues they face in their day-to-day work, outline the support they would require, and discuss ways to measure progress. The departmental-wide dialogue also raised awareness of the importance of considering values and ethics as a front-of-mind issue, not as an add-on.

The second phase of the strategy aims at following through on the results of the Dialogue. The Centre recently developed an Overall Multi-Year Action Plan that includes several recommendations. The Action Plan was approved by the Departmental Executive Committee in August 2002 and recommendations are now being implemented (e.g., learning initiatives, support tools, communications activities, etc.).

Ultimately, the Centre is striving for values and ethics to become a systematic and integral part of the culture, activities and decision-making process at Health Canada.

A.   *Background*

In November 2000, Health Canada announced that it was creating the Audit and Accountability Bureau (AAB), reporting to the Deputy Ministers' office, to strengthen departmental capabilities in both internal audit as well as values and ethics. Internal audit had previously been part of Corporate Services and Health Canada had no focal point for workplace values and ethics.

By March 2001, Health Canada had established a Centre for Workplace Ethics within AAB to develop and implement a "values and ethics" strategy for the department. After extensive research on values and ethics as well as consultations with senior managers, the Centre was mandated by the Departmental Executive Committee (DEC) to conduct an extensive dialogue with employees on values and ethics across the country, as the first phase of the strategy. The Centre is now implementing the second phase of the strategy which follows through on the results of the Dialogue and aims at integrating HC's core values in the fabric of the organization.

The Centre's ultimate goal is for values and ethics to become a systematic and integral part of the culture, activities and decision-making process at Health Canada as opposed to being an add-on.

B.   Description of the Leading Practice

Health Canada's Centre for Workplace Ethics adopted an ambitious timetable to develop a "values and ethics" strategy that would be meaningful to all staff.

Using the results of extensive research and consultations as a foundation, the Centre undertook a corporate-wide dialogue with staff as a means of identifying and describing HC's core values, finding ways to integrate these values in the activities and culture of the department, understanding ethical dilemmas and issues across HC, and identifying the support employees require and ways to measure progress. This dialogue took place through 51, one-day sessions that included 720 staff, almost 10% of the department. Participants expressed several expectations with respect to HC's core values. They believed that these values ought to:

- reflect the social and scientific mandate of the department, and inspire public confidence;
- appeal to employees as intelligent adults who aspire to do good work and are capable of sound judgment;
- be inspiring, fresh, and realistic, yet challenging and stimulating;
- have a bite;
- reflect what they said and be embedded in relationships and practices;
- be connected and work together; and
- encourage further reflection and dialogue in order to keep up with changes in science and society.

In response to these expectations, the Centre developed an innovative model to capture a perspective that moved from a focus on self (individual good – Taking Pride in What we Do), to an emphasis on the organization (organizational good – Building a Workplace Community) and

then to a conception of the public good (Caring for the People of Canada). In each of these three categories, there are statements that highlight concrete behaviours.

Based on the findings of the Dialogue, the Centre also developed a Report presenting the results of this process as well as an Overall Multi-Year Action Plan to follow-through on the results of the Dialogue. These documents were shared with all employees.

The Overall Multi-Year Action Plan is collaborative in nature. It includes four priorities: 1) Communicating HC's core values and the results of the Dialogue; 2) Integrating HC's core values; 3) Assessing progress and measuring performance; 4) Continuing the Dialogue and renewing HC's core values. Recommendations are now being implemented across the department.

Since the Action Plan was approved, the Centre has designed and delivered two workshops – Ethics 101 and Managing with Values and Ethics – geared towards taking employees to another level in understanding associated issues. The Centre is planning to offer these workshops across the country in the next year. In addition, the Centre has conducted "intact team interventions" based on Health Canada's core values and what these values mean for a specific team.

Ultimately, the dialogue did more than help Health Canada define and describe its core values. It also yielded concrete ideas for integrating these values into the department's activities, raised awareness about values and ethics. It also provided employees with a forum to talk openly about relevant ethical issues and the support/tools they require to better address these issues and integrate HC's core values.

C.   The Change Imperative

Catalyst for Change

Health Canada decided to consciously integrate values and ethics into its culture as a pre-emptive strike against emerging, complex issues (scientific and others) which its employees would increasing be expected to deal with and which may pose ethical dilemmas. The department wanted to ensure its employees had the tools and support to deal with potential challenges and opportunities associated with these issues.

Who led the effort?

The main champions within the department have been, and still are, the members of the Departmental Executive Committee led by the Deputy Minister. Values and ethics has been a top priority since 2000, and the Deputy has worked to ensure that other members of the senior management team are equally committed to and engaged in moving the initiative forward.

What challenges were encountered?

Many staff feel overwhelmed by their day-to-day responsibilities and are often sceptical about the relevance and longevity of new initiatives, which may represent more work. Furthermore, values and ethics is just one of a number of departmental priorities. Because these attitudes could adversely affect the success of the initiative, the Centre strove to make values and ethics relevant by framing them as an integral part of existing activities and decision-making. Doing this involved developing materials applicable to real-life situations while keeping the approach grounded in sound theoretical models. Using actual examples of applicability ensured that staff understood how to relate values and ethics to good judgment and sound work practices.

Furthermore, the following challenges and opportunities to integrate HC's core values were identified by Dialogue participants themselves: Understanding ethics; Linking ethics with practice; Sharing leadership; Seeing ourselves as we are, Speaking truthfully; Sending the right messages; Developing a capacity to play a role; Embracing necessary change; Giving ethics a bite; Following-through; and Renewing our values and ethics.

D.   Impacts/Benefits

Health Canada's values and ethics project is still at an early stage. However, participants in the Dialogue process have said that they gained a better appreciation for the relevance and importance of values and ethics both for themselves and the department, shared best practices, learned about similarity of values and issues that both employees and managers are facing, and are supportive of the Centre's effort to continue to discuss values and ethics. Heightened awareness has also led a number of individuals to approach the Centre to design and conduct team interventions, develop case studies, discuss issues of interest/concern, borrow materials to use when talking to their employees about the issues and to begin integrating values and ethics into activities.

E.   Lessons Learned

The Centre learned quickly that the strategy's ultimate success hinged largely on both the commitment of the senior management team and the engagement of employees at all levels. Other lessons learned include:

- Collaborating with internal groups working on similar areas (e.g., Modern Comptrollership, the Workplace Health and Human Resources Modernization initiative, etc.) reduces duplication and captures departmental synergies.

- Building program credibility by seeking appropriate expertise, either by hiring and working with experts or through learning.

- Leveraging external networks as a valuable resource of information on what other organizations are doing and a forum to share best practices and tools.

- Engaging employees at all levels involves going out in the "field", being visible, communicating using various means, and using relevant language and real-life recognizable examples so that values and ethics become real.

- Being willing to listen, innovate, customize so as to respond to needs in a relevant and meaningful way.

- Introducing the initiative in an engaging and positive way.

- Allocation of adequate resources to create and sustain a Values and Ethics strategy.

- Developing a comprehensive communications plan.

- Giving ethics a bite through linkage to an accountability framework.

The Centre also learned the value of involving as many people as possible in the process. By giving so many employees an opportunity to participate in the definition of HC's core values, the Centre believes it developed a stronger commitment to and interest in the subject than would otherwise have been possible. Employees responded positively to the opportunity to discuss ethical issues openly, provided direction to shape the departmental culture, and are keen to be involved throughout the implementation process. These factors should facilitate the next steps of integrating the newly developed core values into the department's culture.

F.   References

- "Implementation Strategies for Ethics Programs Department: Health Canada". Treasury Board Document.

- *Shaping our Organizational Culture: Report presenting the results of Health Canada's Dialogue on Values and Ethics*

- Health Canada's Dialogue on Values and Ethics, *Overall Multi-Year Action Plan*

- Centre for Workplace Ethics, *Key Findings of the Dialogue on Values and Ethics & Overall Multi-Year Action Plan*

Modern Comptrollership Leading Practices
Case Study on Values and Ethics

Modern Comptrollership Pillar (s)	Values and Ethics
Department/ Agency	Human Resources Development Canada (HRDC)
Interviewees	Mary Laidlaw, Director Operations, Executive Group Programs and Services
Summary of Leading Practice	

You're a manager and one of your staff comes to you complaining that a member of the team is not pulling their weight and causing hardships for the other workers. You have confidential information about the problem employee that might explain and justify the behaviour, but cannot share this with the disgruntled team mates. What would you do?

For public servants, ethics must be guided by standards and principles of right conduct that reflect departmental values, regardless of personal beliefs or opinions. *How can a government department or agency help its employees make the right choices when faced with ethical dilemmas?*

HRDC's response has been to develop a *Handbook on Values and Ethics* that describes the department's collective view on values and ethics and provides guidelines to enable managers and staff to make values-based decisions. The handbook is a user-friendly and accessible reference that defines the core values and commitments of the department and maps out the ethical decision-making process using a step-by-step approach. It outlines not only the role of management in providing support for values-based decision making, but where to go for additional advice and help. A checklist for making value-based decisions provides employees with a realistic tool for immediate application whenever they are in doubt.

To complement the *Handbook*, HRDC has also developed a Values and Ethics website that along with electronic reference materials and tools, shows employees – using real-life examples of ethical workplace problems – how to approach such dilemmas when searching for the "right" solutions.

Neither the handbook nor the website provides all the answers. Neither define more rules and regulations. Instead, employees are provided with a checklist of questions they can ask themselves to make the judgments that allow them to take appropriate actions when faced with an ethical quandary.

A.   Background

The HRDC *Handbook on Values and Ethics* and complementary *Values And Ethics Website* have been developed as part the department's values and ethics framework. The Handbook is available in printed format as well as through the department's external web-site at: http://www.hrdc-drhc.gc.ca/dept/mission/handbook.shtml. The website on Values and Ethics is internal to the department and available to all staff through the HRDC Intranet.

Both the *Handbook* and the *Website* evolved from the existing management practices and corporate culture already in place in HRDC. They were developed in response to an identified need to give managers and staff actual tools they could use in their day-to-day behaviours, actions and decisions in order to ensure the department's core values and ethics were at the base of all activities. A cross section of departmental managers and staff participated in the development of both the *Handbook* and *Website*. The result is a reflection of the collective views of managers and staff on values and ethics as they are applied to workplace situations at HRDC. Both the *Handbook* and *Website* look at real life workplace problems both large and small – because ethical dilemmas occur at every level of operations and affect all employees.

What would YOU do?

Your mother forgot to submit her renewal application for the Guaranteed Income Supplement. You're an Information Clerk in Income Security Programs and know the application won't meet the deadline if it goes through regular mail, but you could send it by internal mail and ask that the processing of the form be accelerated. What would you do?

You're the new administrative assistant responsible for ordering office supplies and you find that there is a run on pens and note pads that coincides suspiciously with Back-to-School sales. Just before Christmas, scotch tape and red and green markers disappear faster than they can be stocked. You know that taking supplies home for personal use is contrary to regulations, but you are reluctant to make an issue of it when your coworkers are also your friends. What would you do?

Where do you draw the line? Or do you draw a line at all? Should regulations always be strictly enforced, without regard to personal circumstances? What is the right thing to do? These aren't questions that can be answered in cut-and-dried, one-size-fits-all policy directives. That is why the *Handbook* and the *Website* show employees how to start thinking in a responsible way. For each ethical dilemma they offer as an example, the *Website* suggests **Factors to consider** and **Options for solution** that cover a number of different approaches – any of which may be applied in an appropriate way to address the issues raised.

A key challenge is to combine both values-based and rules-based approaches in making judgments, recognizing that no single approach can cover every eventuality in the workplace. Accordingly, the *Handbook* and *Website* are aimed at ensuring that work behaviour at HRDC is

guided not only by the values articulated by the department, by statutes, collective agreements, and Treasury Board policies and directives – but by fairness and respect for people.

B.   Description of Leading Practices

Handbook on Values and Ethics

The HRDC *Handbook on Values and Ethics* is a concise, user-friendly, 22-page document written in plain language which presents values and ethics as a framework for decision-making. It articulates the corporate expectation that all levels of employees will adhere to this framework. The contents of the *Handbook* include:

- A message from senior management as to why values and ethics are important
- A brief description of "What are Values and Ethics?"
- A discussion on the relevance of Values and Ethics in the context of HRDC (e.g., why are we concerned about values and ethics?, how do Values and Ethics support HRDC's mission?)"
- HRDC's mission and vision
- Core values and value commitments in HRDC
- Values-based versus rules-based decisions
- The role of managers in translating the departmental values into action
- Where to go for help/support
- A values and ethics checklist to help managers and staff make the right decision when faced with an ethical dilemma

The Handbook has deliberately been designed as a reference tool to help employees make the appropriate decisions and take action, especially in the absence of clear cut rules and regulations.

Values and Ethics Website

The *Values and Ethics Website* provides an additional web-enabled reference for HRDC managers and staff and includes valuable tools for operationalizing the concepts contained in the *Handbook on Values and Ethics*. In addition to the same content contained in the *Handbook,* the website covers:

- **The Ethical Decision-Making Process**: A step-by-step approach for ethical decision-making that addresses "How do we think through an ethical issue?" "What factors should we consider?" "What should we do?"

- **Guidance on Issues of Concern**: Guidance is provided on common dilemmas facing public servants such as Collecting Air Miles/Bonus Points for Government travel; Confidentiality of information; Gifts and Hospitality; Preferential Treatment, and more. Links are provided to relevant sites where policies, directives and guidelines can be viewed in detail, and HRDC value statements and commitments are also covered.

- **Case studies**: A series of hypothetical case studies provide examples of how common workplace dilemmas can be resolved in an ethical way. The case studies are very effective in stimulating discussion among managers and staff on a variety of ethical issues, using real-life situations to increase understanding of the resources available to support effective values-based decision-making and enable more effective teamwork. The case studies are based on issues and concerns identified by HRDC staff during focus groups and cover topics as diverse as work relationships, conflict of interest, political activities, and harassment and discrimination-free environment. The case studies don't provide definitive answers but point out applicable legislation and policies that need to be considered when searching for a solution.

- **Questions and answers**: Provide answers to basic questions such as "What are HRDC's core values?", "Are values and ethics something new?", "Why are we concerned about values and ethics?", etc.

C.   The Change Imperative

The HRDC *Handbook on Values and Ethics* and accompanying website were both initiatives which responded to the Report of the Task Force on Public Service Values and Ethics (the Tait Report). The HRDC senior management team took on the challenge to examine the values and ethics in their organization and develop a common understanding of the meaning of values at both the organizational and individual levels.

Who led the effort?

Corporate champions for these initiative existed at a variety of levels throughout HRDC – which contributed to the success of making core values "real" to the department. A series of Assistant Deputy Ministers from both the program and corporate services areas led the effort and a National Working Group was formed with representatives from across the department as well as affected unions. A project team of dedicated resources was tasked with delivering the project and talking to management teams about a variety of different issues and concerns related to codes of conduct and values and ethics. *"In one instance a manager said OK, you have 15 minutes to talk about ethics and values and two hours later we were still talking. I don't think he realized how important it was to people."*

What challenges were encountered?

Initially, there were two distinct camps in the department: those who wanted to administer values and ethics through the application of clear rules/regulations and those who felt that employees should be empowered to make decisions. The project team successfully found ways to accommodate both groups. *" For those people who want rules, the website refers them to the right sources, but there is also the recognition that sometimes the rules do not exist."*

One of the biggest challenges that the project team encountered was to make words such as "democratic values" or "professional values" real to employees. People tend to think of values as

respect, honesty, openness, and so forth. The project team had to balance the commitment of senior management to the Tait values with the feedback that they were getting from within the organization. Some managers and staff were cynical that their input would not be taken into consideration in something as fundamental as establishing the values and ethics of the department. In response, the project team worked diligently to ensure that every comment, question or complaint was reflected in some form in the final product. This approach helped to convince people that the project team was open, honest and willing to take their input into consideration. The cynicism that "nobody would listen" was quickly abandoned when employees could see HRDC was prepared to walk-the-talk.

D.   Impacts/Benefits

The development of the *Handbook* and *Website* was a dramatic catalyst to start more managers and staff at HRDC talking about values and ethics in a day-to-day context. As one indication of this interest, the website has had over 60,000 hits since its launch.

The *Website*'s links to shortcuts for accessing other useful sites (e.g., travel policy or directive) and the *Handbook's* ethics checklist make finding an answer to an ethical dilemma easy enough to ensure values-based principles are applied in all activities.

HRDC staff and managers use the checklist provided in the *Handbook* to consider questions such as "Is it illegal?; What is the impact on people?; Is it ethical?" as part of the decision making process. As a result, they are in a better position to justify the rationale behind their decisions. One manager has also used the *Handbook* to guide a practical discussion with Human Resources staff on the application of democratic values in their dealings with citizens and the Minister.

E.   Lessons Learned

One of the key lessons learned from this initiative is that it is imperative to conduct a baseline survey at the time the project is launched in order to be able to subsequently gauge the impact of the tools and how they are applied. A survey was conducted at the time the *Handbook on Values and Ethics* was released which showed that awareness of ethics and values was on the rise. However, the results were not entirely meaningful since there was no baseline survey against which to compare. Other lessons learned during the initiative include:

- Adopting a low-key approach prevents the perception that this is the "flavour of the month" among management, and reduces the potential for staff cynicism.

- Being open, transparent and conciliatory is key to building consensus where there are competing views or interests.

- Encouraging staff and managers to maintain a continuous dialogue on values and ethics reinforces the corporate commitment. "*The key to values and ethics is personal commitment; cannot teach values and ethics- have to believe them.*"

- Incorporating values and ethics into various departmental training programs, not as a stand-alone topic but as part of decision-making criteria ensures these principles are applied consistently.

F.   References

- Handbook on Values and Ethics in HRDC
- HRDC Values and Ethics website (provided on CD)

Modern Comptrollership Leading Practices
Case Study on Values and Ethics

Modern Comptrollership Pillar (s)	Values and Ethics
Department/ Agency	Department National Defence / Canadian Forces
Interviewees	Colonel K.A. Strain, Director, Departmental Ethics Program Gregory Smith, Manager, Departmental Ethics Program Marilyn Burke, Ethics Advisor, Materiel
Summary of Leading Practice	

Significant changes in society, in technology, in government and in our organizations present increasingly difficult challenges for making choices and reaching decisions in an environment that is becoming more complex than ever before. It is in this context that individuals functioning in a myriad of roles at the Department of National Defence (DND) and in the Canadian Forces (CF) are expected to represent the values of that organization by performing their public duties at the highest ethical standard.

The Defence Ethics Program (DEP) at DND/CF is helping that organization work through the challenging ethical dilemmas it faces on a daily basis by providing CF members and DND employees with the knowledge, tools and capabilities necessary for making the right choices and decisions. Ultimately, it is the objective of the DEP to create a working environment where Defence personnel will choose to do the right thing. The Program provides:

- leadership in demonstrating responsible action, due diligence and reinforcement for ethical behaviour;

- information, tools and dialogue opportunities for helping DND employees and CF members make the right decisions; and

- a knowledge exchange network, products, practices and continuous learning for supporting the institutionalization of the DEP in the DND/CF and for creating an ethical environment.

The Chief Review Services (CRS), reporting directly to the Deputy Minister and the Chief of Defence Staff, is the program authority for the DEP. CRS provides central program strategy, policy, guidance and support for decentralized implementation of the DEP by the Level-1 divisions[1] in a manner consistent with the unique structure and character of their particular areas of responsibility within the organization. An Ethics Advisory Board, comprised of senior representatives from each of the L-1s, provides additional strategic guidance, advice and feedback on program direction and on the development of tools and activities supporting the program and its implementation.

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[1] Level 1s (L1s) are the DND/CF equivalent to Assistant Deputy Ministers (ADMs).

A.   Background

The Defence Ethics Program (DEP) is at the vanguard of advancing ethics within the federal government. The Department of National Defence (DND) and the Canadian Forces (CF) was the first large and complex federal organization to embark on a values-based ethics program. Other large organizations, such as Public Works and Government Services Canada and the Royal Canadian Mounted Police are using the DEP as a model for their own programs.

Efforts for reinforcing an ethical environment in the DND/CF took on a more significant focus in the early 1990's with the recognition that contemporary society, changes in technology and the increasing intensity and scope of DND/CF operations would require a greater balance between a rules hierarchy and a values-based environment to ensure organization-wide behaviour at the highest ethical standard. By the mid-1990s, the "strategic person" phenomenon, where individual decisions can be broadcast worldwide and can greatly influence policy and events at the strategic level, emerged as a new reality for management and leadership. In December 1997, the conception of the Defence Ethics Program (DEP) grew from a more narrow values-based approach focused primarily on the protection of resources and fraud prevention to a more comprehensive values-based approach with the formal launch of the program and the adoption of a *Statement of Defence Ethics*.

The principles and values enunciated in the DND/CF *Statement of Defence Ethics* and the DEP provide:

- individual and institutional guidance for ethical behaviour; and
- support for maintaining an ethical environment.

Having evolved from its initial conceptual and development phases to one of program sustainment, the focus of the DEP has now evolved to institutionalizing the program within the DND/CF through a comprehensive and integrated framework. The DEP addresses the expectations of ethical behaviour through leadership, continuous improvement, training, decision-making tools, voice and ethical risk management. Implementation of the DEP is being achieved through seventeen individual L-1 plans, each comprising elements of awareness, dialogue, learning, risk assessment, feedback, reporting, information sharing, policy, practical tools and performance measurement.

B.   Description of Leading Practice

Overview

The DEP is a comprehensive ethics program that is using a range of tools (e.g., training, communication, policy and performance measurement) to advance ethics within the DND and the CF according to the following four integrated features:

- *Leadership responsibility*, by ensuring institutional structures for ethics, by responding to the challenges of awareness and dialogue, and by taking action to mitigate ethical risks;

- *Awareness*, by focusing on an understanding of ethical concepts and decision-making approaches;

- *Ethical risk assessment*, by encouraging people to seek and identify means to resolve significant ethical risks they face in their work; and

- *Dialogue*, by providing opportunities for personnel to express their ethical concerns on work related issues and by developing the practice of an ethics check of all decisions.

While these four features of an ethics program are relevant to all aspects of the DND and the CF, the unique design of the DEP allows for their application in varying degrees appropriate to the distinct populations and workplace cultures that comprise that organization. The Chief Review Services, as the Program Authority for the DEP, provides central strategy, policy and guidance to support the 17 individual L-1 ethics implementation plan programs. Each L-1 is responsible for implementing the DEP in a manner consistent with the particular nature and structure of that functional area. L-1 implementation plans typically include training, coordination, mechanisms to facilitate discussion of ethical issues, feedback, accountability, monitoring and reporting. An Ethics Advisory Board, comprised of senior representatives from each L-1 area, meets at least twice a year to provide additional direction, leadership and guidance to the DEP.

Getting Started

After researching and designing the DEP concept, the first step in launching the program involved the development of an ethics statement relevant to the DND/CF as a single organization comprising a myriad of distinct task-oriented cultures. Ultimately, the DEP aimed to ensure that everyone in the DND/CF could be held to the same institutional values. The DND/CF *Statement of Defence Ethics* was developed through multi-level consultation across the organizational spectrum. The *Statement* includes principles and obligations that are consistent with the unique nature of the DND/CF organization, yet reflects as well fundamental values that ensure respect of the individual.

Concurrent with the development of the *Statement of Defence Ethics*, an implementation framework also had to be designed for the program. The DND/CF had to choose between a pure rules-based or a broader values-based approach. The program also had to respect the operational nature of the DND/CF, which makes compliance with rules essential for maintaining a minimum standard. Within a context that acknowledged the principle of the rule of law within a democracy, individuals in the DND/CF were to be encouraged and empowered through dialogue, learning, tools and policies to act and decide at the highest ethical standard. The overriding objective of encouraging choices that reflect that highest standard provided the basis for the development of a values-based program highlighting ethical values within existing rules and regulations and embedding those values into new ones.

Bringing the DEP to Life

Coordinators were delegated in each of the seventeen L-1 programs, with responsibility under the direction of their respective L-1s, for the development and maintenance of their particular ethics implementation plans. The implementation plans, which are reviewed at regular intervals, outline the activities, such as training, practices, information sharing, risk management and feedback, which are expected to encourage and sustain ethical behaviour and decision-making within the program's operating context. The DEP staff work closely with the L-1 organizations to ensure plans are consistent with the DEP, and that they are practical and results-oriented.

An accountability structure is also a part of the DEP design. Responsibility for providing and demonstrating ethical leadership and for demonstrating ethical behaviour are rated elements in the performance evaluation system for CF members and DND senior managers. DND is also moving toward a competency-based management process that will include values and ethics.

Sustainment

The next step for fully institutionalizing the DEP within the DND/CF will focus on reinforcing all the components of the program through the individual L-1 implementation plans. DEP staff are also starting work on measuring the program's effectiveness. A baseline survey of organizational ethics was conducted in 1999 to provide an assessment of the ethical values CF members and DND employees currently adhere to, or that they perceive are appropriate values. In addition, the survey identified the major ethical concerns within the DND/CF. This survey helped the DEP to develop information mechanisms and tools designed for optimum results in supporting an ethical environment. The DEP performance measurement framework, based on a three-year action cycle, includes a follow-up survey in 2003.

Performance measurement of the DEP also includes feedback and reporting mechanisms as part of a Focus on Ethics initiative to be held DND/CF-wide in Spring 2003. This initiative will involve supervisors at all levels conducting ethical dialogue sessions with their subordinates, and reporting back through the management structure on ethical concerns in the workplace and strategies for managing and mitigating risks. These reports, coupled with the results of the follow-up ethics survey, will help DEP staff to identify systemic issues requiring follow-up and to chart the next phase of the Program.

C.   The Change Imperative

Catalyst for Change

By the mid 1990s, senior managers at the DND/CF were becoming increasingly aware that the organization's operating context had changed. This realization was driven by a variety of internal and external factors, including:

- *Changing organizational and management structure* – the management structure was de-layered, pushing decision-making further down in the organization.

- *Changing operating context* – the intensity, scope and complexity of Canadian military operations had changed.

- *Emerging recognition of the "strategic person"* – technology and a flattened organizational structure meant that personnel at all levels had the opportunity to make decisions that could be broadcast worldwide and could greatly influence policy and events at the strategic level.

- *Societal changes* – in contrast to their predecessors, individuals tend to be more highly educated, know their rights, demand honest explanations, need to be convinced to be committed, and recognize their right to make moral decisions.

- *Transparency* – there now exists a heightened emphasis on access to information, technology, increased media scrutiny and de-layering of the old management structure.

The realization of a changed organizational context and the evolving role of the "strategic person" in the DND/CF underscored the need for equipping DND/CF personnel with the necessary tools and judgment to make the right choices and decisions in the face of highly complex ethical dilemmas.

Who led the effort?

Senior management has supported the DEP every step of the way. Nomination of a Program Authority (Chief Review Services) with direct responsibility to the Deputy Minister and the Chief of Defence Staff has been instrumental to both the initial phase and the subsequent sustainment of the DEP. DEP officials and the ethics advisor interviewed for this case study concur that leadership is an essential element to maintaining Program legitimacy, relevance and implementation momentum.

What challenges were encountered?

The major challenges encountered in the design, development and implementation of the DEP were:

- *Leadership* – Leadership commitment, especially at the senior management level but also throughout the organization, was a critical element to the DEP.

- *Absence of existing models* - In the absence of other relevant program models, extensive research and consultation were necessary to design a program concept and framework that would fit a complex public organization.

- *Single statement of values* - It was important to ensure that everyone be held to the same institutional values but that those values also resonate well with the distinct groups within the organization and with fundamental individual values.

- *Awareness* – Considerable time needed to be invested in educating staff on the relevance of the institution's stated values to fundamental individual values.

- *One size does not fit all* – Cascading the DEP from a small core, central authority to the wider L-1 implementation spheres was the only way to accommodate the myriad of distinct populations and workplace cultures in the DND/CF, and encouraged buy-in.

- *Institutionalizing the program* – In order to fully create an ethical environment, DEP implementation treated ethics as an umbrella concept that spanned all other policies and programs and strove to embed it throughout the organization's training, professional development and management structure.

- *Performance measurement* – It was important to determine the ethical perceptions within the organization through a baseline survey in order to measure progress over time. This was also helpful for identifying when to move to the next phase of the program.

- *Keep it practical* – Values and ethics can be a complex subject matter. Constant vigilance on maintaining a practical approach is important for retaining commitment to an ethics program.

D.   Impacts/Benefits

The DEP undertook a national baseline survey in 2000. In addition to identifying gaps, the survey also found that DND employees and CF members are making decisions based on values, that there is a higher ethical standard for decisions in public institutions and that the environment is increasingly supportive of this behaviour. Anecdotal evidence, thus far continues to support this view and both civilian and military staff are responding positively to opportunities for dialogue on values and ethics. A follow-up survey planned in Spring 2003 and feedback processes from a Focus on Ethics 2003 event will further help to identify the effectiveness of the DEP.

A review is also underway to ensure that all DND/CF training courses include a component on values and ethics. An accountability framework relating to ethical behaviour is in place for DND senior managers and members of the CF. A similar framework is being developed for remaining DND staff, and a competency-based management system including values and ethics is being introduced.

These factors demonstrate the strong DND/CF-wide commitment and support for the DEP initiative. Along with a comprehensive and integrated program approach to institutionalizing the DEP in the DND/CF, these indicators suggest the organization is moving in the right direction toward creating an environment of the highest ethical standard.

E.   Integration with Other Pillars of Modern Comptrollership

The context for decision-making in the DND/CF has become increasingly complex as a result of significant technological, societal and organizational change factors. The expectation that

decisions within the organization will meet the highest standard of the organization's values and ethics represents one of the four pillars of modern comptrollership. The institutionalization of the DEP in the DND and CF, with information, tools and guidance for ensuring that choices and decisions at all levels meet the highest ethical standard, is an important part of the DND/CF's overall approach to healthy, strong modern comptrollership.

F.   Lessons Learned

DEP officials identify leadership commitment as the most critical success factor in the development and implementation of the DEP. Other factors of particular importance to the success of the program include:

- Single, relevant statement of ethics – It is important that everyone in the organization be held to the same institutional values and that the organization's stated values be compatible with the challenge of private values functioning in a public role.

- Know your organization – Implementation requires different approaches throughout an organization comprised of different workplace cultures and populations.

- Decentralized approach – While central guidance and direction is necessary, cascading implementation of the program throughout the organization is the only way to ensure buy-in and accountability.

- Structured and phased approach – People in an organization move at different paces when faced with change and implementation of an ethics program takes considerable time. At the same time, the program implementation plan needs to be structured with milestones that will help identify when to move the program to the next phase.

- Practical approach – An applied ethics approach is absolutely essential and helps the program remain practical and relevant, while keeping the targets realistic.

- Head of the organization – Situating the program authority with a direct line to the head of the organization reinforces program legitimacy and ensures the program is robust and flexible in response to the organizational dynamics.

- Resources – Implementation of an ethics program requires an investment of staff, time and money.

- Vision – It is of paramount importance not to lose sight of why an ethics program exists - to create an environment where people will choose to do the right thing.

Ultimately, DEP officials consistently emphasized the need for not losing sight of why an ethics program exists – to create an environment where people will choose to do the right thing.

G.   References

- Defence Ethics Program Web site: www.dnd.ca/ethics

Treasury Board of Canada Secretariat
Putting it all Together: Leading Practices and Testimonials of Modern Comptrollership

97

Putting it all Together: Leading Practices and Testimonials of Modern Comptrollership

Modern Comptrollership Leading Practices
Case Study on Values and Ethics

Modern Comptrollership Pillar (s)	Values and Ethics
Department/ Agency	**Public Works and Government Services Canada (PWGSC)**
Interviewees	**Lori Chu, Director, Ethics Development Office**
Summary of Leading Practice	

As the government's banker, procurement services provider and real estate agent, Canadians and public servants alike expect PWGSC to set the standard for ethics across the public service. Since the right answer to an ethical dilemma is not always self-evident, how do you ensure that PWGSC actually provides and is seen to be providing services in an ethical manner?

In response to this question, PWGSC has developed an Ethics Program that provides a focus, framework and process to help employees examine gray areas in ethical decisions. The program consists of five elements that together promote ethical awareness, leadership, decision-making and actions. The five elements are:

- *Statement of Ethical Values:* articulates and sets ground rules for personal behaviour, interaction with other people, and decision-making.
- *Alignment:* ensures that the policies, plans, procedures and practices of all parts of the department are consistent with the Statement of Ethical Values.
- *Education/development/training:* promotes understanding and dialogue of the values at stake in work situations and raises people's awareness and knowledge of ethical issues and principles.
- *Leadership Commitment:* sets the expectation that managers at all levels are to exercise sound ethical leadership.
- *Communications:* frequent communications, by various means, are essential for building awareness, maintaining momentum and obtaining essential feedback.

The Program targets all levels of management, and while a small ethics development office is in place to help implement the framework, provide training, co-ordinate communications and develop guidance materials, whether or not the Program proves successful will depend on whether or not it is incorporated into day-to-day activities such as staffing actions, project management process and other methodologies.

A.   Background

PWGSC is a complex organization that serves a variety of interests with conflicting requirements. The organization is the government's banker, handles the bulk of its procurement, manages telecommunications and infrastructure and offers real property services. In essence, PWSGC is expected to ensure that government operations run smoothly and seamlessly. Consequently, the department is highly visible – there is an expectation that PWGSC should set the standard for ethics across the public service.

Recognizing that while its employees are generally committed to maintaining a high ethical standard but that the right answer to an ethical dilemma is not self-evident, PWGSC has developed an ethics program that provides a focus, framework and process to help employees examine gray areas in ethical decisions. The program is geared towards providing employees tools that will help them do their job better.

B.   Description of Leading Practice

Getting Started

Launching the PWGSC Ethics Program involved, first, articulating a set of values for the organization and, second, defining an appropriate approach for the program. Two key principles drove these activities:

1. The department's values and the subsequent Ethics Program had to be relevant for the organization as a whole and not just some portions.

2. The initiative's ultimate success would depend on the extent of management's commitment.

In order to respect these principles, senior management invited all Directors General (DGs) to join a network charged with framing the Program. Members of the network represented a variety of programs, allowing them to take into consideration the different climates and cultures across the department while searching for the common threads relevant to all employees.

Program Elements

PWGSC's Ethics Program consists of five elements that together promote ethical awareness, leadership, decision-making and actions. The five elements are:

- *Statement of Ethical Values:* articulates and sets ground rules for personal behaviour, interaction with other people, and decision-making. The statement applies equally to everyone in the department regardless of level, region or business line.

- *Alignment:* ensures that the policies, plans, procedures and practices of all parts of the department are consistent with the Statement of Ethical Values. The alignment exercise is a

means of securing the integrity of the Ethics Program, and has so far included the provision of advice to project managers in the development of delivery models and the incorporation of values into a conflict management framework.

- *Education/development/training:* promotes understanding and dialogue of the values at stake in work situations and raises people's awareness and knowledge of ethical issues and principles. The department's goal is to train all managers across the organization, and Ethics Program staff have worked closely with HR to develop an ethics module for the new employees orientation session and the managers' orientation course.

- *Leadership Commitment:* managers at all levels are expected to exercise sound ethical leadership through: personal example, words, actions, encouraging ethical conduct in their subordinates, supporting ethical training and development and allowing time for dialogue and reflection.

- *Communications:* frequent, two-way communications, by various means, are essential to build awareness, maintain momentum and secure essential feedback to keep the Program on track.

Implementation

The successful implementation of this Program depends to a large extent on senior management's commitment to advancing the values and ethics initiative. The Program takes a top-down approach by targeting activities at the management cadre. For example, training is aimed at managers (down to supervisor level) and focuses on ethical dilemmas that managers, rather than staff, are likely to encounter. The rationale for this approach is that by encouraging managers to "walk the talk" they are more likely to instill ethical behaviour in their staff.

The focal point of the program is a small Ethics Development Office charged with implementing the framework, providing training, coordinating communications and developing guidance materials (e.g., a decision-making model).

C.   The Change Imperative

Catalyst for Change

The convergence of a variety of internal and external factors led PWGSC to develop its Ethics Program. As the department began to stabilize after Program Review, the opportunity seemed ripe to reexamine its strategic direction, particularly since its workforce composition and skill profile had changed dramatically. In particular, while the downsizing led to a greater reliance on contract workers, it also resulted in remaining employees becoming more knowledge focused and autonomous. The new environment put increased pressure on individuals to make good decisions and to take risks.

At the same time, the face of the Public Service was also changing. Departments were expected to contain/reduce public expenditures and were increasingly under pressure to achieve and be accountable for results. In addition, citizens were demanding more responsive and transparent service. With greater media and public scrutiny of government operations, it become increasingly important for public servants to be perceived as operating in accordance with both the letter and spirit of the law.

This changing environment convinced PWGSC's Deputy Minister that "an ethics program or framework was [sic] essential to the future of the [sic] the department and its [sic] key role in the federal government" as the convergence of factors touched on above were putting the department's "credibility as a trusted, optional service provider to government clients" at risk.

Champions

Senior management at PWGSC is committed to values and ethics. The former Deputy Minister and his executive team never wavered in their belief that values and ethics are integral to the department's mission and pushed for and sustained momentum across the organization; the current Deputy Minister is co-champion for values and ethics for the Public Service. She is determined that "…efforts must be seen as ongoing and relentless if they [sic] are to strengthen public trust in what is viewed as one of the finest, professional, non-partisan public services in the world."

Challenges

The main challenge PWGCS has encountered during the implementation of its values and ethics framework is cynicism and skepticism among employees. Employees have been exposed to so many government-wide initiatives that have not been carried through that they often assume a new project is simply the next "flavour of the month." To compound this cynicism, employees tend to be under considerable workload pressure and often have trouble understanding how values and ethics can be more important than the delivery of operations and results.

The Ethics Development Office has worked to overcome these challenges by:

- ensuring initiatives are relevant to employees;

- recognizing that only through a sustained effort will employees realize the benefits of such a project;

- continually raising awareness in an effort to impress upon employees that ultimately the values and ethics framework is a tool that will help alleviate workload pressures; and

- recognizing that implementing the initiative is a sustained effort that will take time.

D.   *Impacts/Benefits*

Inculcating values and ethics into an organization is a major culture shift that takes time. Consequently, it is too early for PWGSC to evaluate the impact its Program is having. Nevertheless, feedback from training courses suggests that managers increasingly acknowledge the importance of being made aware of issues related to values and ethics. Managers tend to find the courses valuable and are able relate the information presented to their day-to-day responsibilities.

In addition, anecdotal evidence suggests that employees are increasingly seeking more advice and guidance in their behaviour and are starting to build ethical questioning into higher-level decisions such as policy making.

E.   *Integration with Other Pillars of Modern Comptrollership*

PWGSC's values and ethics framework is an integral part of the department's internal control framework. While rules and hard controls are important and indeed necessary, the department is trying to balance these with softer controls. The rationale for this balance is that soft controls like values and ethics guide behaviour and encourage individuals to respect and work within the hard controls.

Balancing hard and soft controls is also a way of streamlining the overall control framework. Rather than developing a rule for every new situation, PWGSC relies on a basic set of rules that employees are expected to apply within the bounds of the organization's values. For example, regarding gifts and hospitality, rather than compile a list of what is acceptable and what is not, PWGSC guidelines specify a dollar limit with the proviso that individuals need to interpret on their own what is appropriate and what is not.

F.   *Lessons Learned*

Implementing the framework has reinforced the following principles, or lessons learned, within the Ethics Development Office:

- *Leadership commitment* – without solid commitment from the most senior levels of the organization it would be very difficult, if not impossible, to make a success of values and ethics. If senior management is not perceived to live up to the organization's values, how do you convince other levels of management that the values have merit?

- *Patience* – while it is natural to want instantaneous results, it takes time for an initiative like values and ethics to permeate the organization's culture.

- *B*uy-*in* – if your target audience does not believe in what you are trying to accomplish, it stands to be very difficult to advance your agenda. Thus buy-in and support among both the most senior, and other, levels within the organization is a key ingredient for success.

- *Relevance* – it is critical that the materials used to support the initiative are relevant, for if employees are not able to see how the initiative fits within their day-to-day responsibilities, it is unlikely they will take advantage of the available tools.

G.   References

- Public Works and Government Services Canada, *Ethics Program*
- PWGSC Ethics Program, *Terms of Reference*

Modern Comptrollership Leading Practices
Testimonial on Values and Ethics

Modern Comptrollership Pillar	Values and Ethics
Department/ Agency	Environment Canada (EC)
Interviewee	Susan Mailer, Senior Advisor, Values and Ethics Heather Gass, S&T Policy Advisor
The Issue	
In the mid to late 1990s, a series of high profile situations (e.g., scientists' concerns over drug approvals at Health Canada and fish quotas at DFO) highlighted challenges facing scientists in the public service, prompting other science-based organizations to ask questions about the values and ethics involved in conducting science in government. *What is the most effective way to prepare staff in a science-based department to respond to ethical dilemmas, particularly dilemmas that potentially have ramifications for the Canadian public at large?*	
The Solution	

Environment Canada's approach to values and ethics rests on two key tenets: community and dialogue. The approach is driven by the notion that the department is comprised of a variety of communities such as Science & Technology, Compliance, Policy, and Corporate Services, and while there is overlap between these communities, each community faces different issues or approaches similar issues from a different perspective.

Making this community-based approach real involved an emphasis on dialogue. At the heart of the approach is the acknowledgment that there can be multiple perspectives on an important issue and that dialogue makes it possible to come to the truth or best possible answer given the circumstances.

EC launched its values and ethics initiative with a series of pilot workshops within the Science and Technology community. These workshops not only engaged staff in dialogue but also gave the department an indication of the types of ethical dilemmas that typically confront staff. The pilot led to a series of recommendations, which the department is now in the process of implementing.

Initiatives currently underway to promote values and ethics at Environment Canada include:

- • On-line orientation course for new employees that includes components covering science roles, values and ethics, the operation of government and the science-policy process.

- • In-person orientation for new EX level managers that looks at what it means to be an executive at Environment Canada and what obligations accompany the privileges.

In addition, a Senior Advisor on values and ethics is participating in a variety of projects across the organization aimed at inculcating values and ethics into the department's culture and is continuing the dialogue exercise within various communities across the department. Work on values and ethics within Environment Canada is organized along four fundamental lines:

1. *community-based*, dealing with issues important to areas of common interest;

2. *competency-based*, advancing our capacity to recognize ethical issues that may arise, identify the values at play, and resolve conflicts, if necessary, at both the individual and organizational levels;

3. *modern management*, as the core platform for integrating the work done with communities and competency development; and

4. *disclosure of wrongdoing*, where allegations of wrongdoing can be addressed at the earliest possible opportunity and issues of concern can be discussed freely by staff.

How did the practice come about?

Unlike many other values and ethics initiatives across the federal government, Environment Canada's initiative did not begin with the development of organizational values. In fact, the department's mission, vision and values were developed as part of the government's *Green Plan* in 1996 and predate the values and ethics initiative.

Instead, in response to the *Tait Report*, which raised the profile of values and ethics within the federal community and against a backdrop of high-profile scientific ethical issues (e.g., scientists' concerns over drug approvals at Health Canada and fish quotas at DFO), the department began considering how to make values and ethics real for its employees.

Rather than launch a formal values and ethics program, Environment Canada decided to undertake a variety of mini projects that together would comprise an overall initiative. The department wanted employees to be able to relate to values and ethics activities. Essentially, the initiative is geared towards providing employees the tools they need to engage in dialogue within the various communities to which they belong.

How was the practice developed and introduced?

Environment Canada launched its values and ethics initiative with a pilot dialogue project within the Science and Technology Community.   The genesis of the work in this community came from the 1998 Cabinet request to its external advisory committee, the Council of Science and Technology Advisors (CSTA), to develop a set of principles and guidelines for the effective use of science advice in making policy and regulatory decisions. CSTA's report, *Science Advice for Government Effectiveness (SAGE)*, provided the basis for the development of a government-wide framework for improving the use of science and technology advice in government decision making.

Through eight full-day workshops, the project engaged 120 employees from across the country in a series of discussions aimed at exploring underlying issues surrounding values and ethics in the department.

The project resulted in a series of recommendations that the department could consider in advancing its values and ethics agenda. In June 2001, EC's Management Council considered the recommendations and agreed upon an approach for moving forward.

This approach involved appointing both a senior ADM to champion the initiative and an ethics advisor to facilitate discussions and contribute to relevant projects across the department as well as a series of other projects (e.g., workshop facilitation, orientation program, create and maintain the Values and Ethics Web site).

Can you provide an example of the application of the practice?

The department has leveraged its values and ethics initiative in a number of different ways. Recent EX level boards have included a question on ethics and values. Individuals running the boards found the results telling, as the answers to the question gave them a good idea whether or not interviewees would live up to organizational values.

The department's Knowledge Charter commits senior management to living up to organizational values. The charter reinforces EC's values and ethics by emphasizing the importance of trust, collaboration and teamwork and by encouraging the sharing of knowledge, learning and experience.

What are the impacts/benefits of the practice?

Environment Canada's values and ethics initiative is helping stimulate open discussion across the department. As employees are exposed to dialogue on values and ethics, they are becoming increasing aware that they face similar dilemmas and are more open about the challenges they face on a day-to-day basis.

What challenges did you encounter and how were they overcome?

In an environment where staff tend to have heavy workloads, it is extremely important that any new initiative be seen as relevant. While EC's values and ethics initiative is geared towards providing staff tools to do their job, many see the initiative as adding to workload. To overcome any scepticism among employees, care is taken to make group dialogue sessions as relevant to participants as possible. The department's ethics advisor develops case studies that pertain to the group at hand – Enforcement and E-Government communities do not necessarily work through the same case study. This approach helps make the issues real for staff, and tends to result in greater buy-in across the organization.

What are the management styles/characteristics that ensured the success of the practice?

Environment Canada believes that its values and ethics initiative is successful because it is independent of any one area within the organization. Since the initiative is not aligned with any one group within the department, it is possible for the ethics advisor to facilitate discussion as a neutral observer rather than someone with a vested interest in advancing a particular agenda. Consequently, the initiative is proving successful in getting employees across the organization to engage in dialogue and discussion about issues related to values and ethics.

Modern Comptrollership Leading Practices
Testimonial on Values and Ethics

Modern Comptrollership Pillar	Values and Ethics
Department/ Agency	**Department of National Defence and Canadian Forces**
Interviewee	**Mike Nassif, Chief Warrant Officer for Director Senior Appointments, Director General Military Careers**
The Issue	
We should accept that most of us are not less ethical in our actions and decisions than those who have preceded us. However, significant changes in society, technology, government, and in our organizational objectives present increasingly difficult challenges for making choices and reaching decisions in an environment that has become more complex. Given that challenge, what resources are available for helping decision-makers at all levels of a results-focused organization make the right choices and do the right thing?	
The Solution	

The Defence Ethics Program (DEP) at the Department of National Defence (DND) and the Canadian Forces (CF) is helping that organization work through the challenging ethical dilemmas it faces on a daily basis.

The DEP is based on a Statement of Defence Ethics that articulates principles and obligations that guide employees and members in making decisions that reflect the organization's values and ethics. It is creating an environment where DND employees and CF members will choose to perform their duties at the highest ethical standard. The Program:

- provides leadership in demonstrating responsible action, due diligence and reinforcement for ethical behaviour;

- provides information, tools and dialogue opportunities for helping DND employees and CF members make the right decisions and choose to do the right thing; and

- develops a knowledge exchange network, products, practices and continuous learning for institutionalizing the DEP in the DND/CF and for creating an ethical environment.

Note to Reader: Please refer to the Case Study on Values and Ethics at DND for an in-depth description of the DEP.

How was the practice developed and introduced?

The DEP was developed on the concept of leadership commitment, dialogue and continuous ethical learning. It was introduced through organization-wide briefings, workshops, training and leadership support at all levels. Central direction for the Program is provided within the Chief Review Services, reporting directly to the Deputy Minister and the Chief of Defence Staff, and guidance is provided by an Ethics Advisory Board consisting of senior leadership representation from all DND/CF Level-1s (i.e., Divisions). As the voice of the non-commissioned member, I was fortunate to be involved in all DEP implementation efforts. In addition, I was able to play an active role when the Program was introduced into the CF Recruit and Leadership School by

embedding ethical training throughout the course curriculum and through awareness, dialogue, case study and practical application exercises. Ethics training is continued throughout subsequent levels of promotion and is reinforced by leadership commitment, organization-wide guidance and direction.

Can you provide an example of the application of the practice?

I witnessed at the CF Recruit and Leadership School how the introduction of the DEP provided recruits with the opportunity to appreciate the strong DND/CF leadership commitment to ethics and how individual values fit within those of the institution. Through training, dialogue and workshops, members were also provided tools, information and techniques for applying those values to choices and decisions in complex ethical dilemmas. In my current role with respect to senior appointments, I see how the DEP provides a practical structure for helping members and employees tackle tough ethical choices and decisions in the face of increasingly complex circumstances.

What are the impacts/benefits of the practice?

The Defence Ethics Program has become an integral part of the training curriculum for CF members, from Recruit and Leadership School onward. It equips new officers and non-commissioned members with key learning skills and practical tools for applying ethical approaches, and for making the right choices.

Through organization-wide and unit level dialogue, through feedback and monitoring mechanisms, and especially through visible leadership commitment to the DEP, opportunities are now available for open discussion of ethical concerns. The DEP has helped upward and downward communication, especially on the subject of the impact of values on choices and decisions. This is particularly important from the perspective of individuals who must apply their values in a public role. Opportunities for dialogue and open communication about values and ethics were much fewer before the DEP.

What challenges did you encounter and how were they overcome?

It is important to keep discussions about values and ethics on a practical and applied level. The introduction of the Program to the military curriculum was therefore designed to provide members with realistic and practical approaches to the application of ethics. Dialogue sessions, workshops and briefings have similarly been designed with that practical approach.

Another challenge that I encountered involved dealing with the tension between individual values and institutional values. The adoption of a *Statement of Defence Ethics* comprising principles and value obligations developed through consultation across the DND/CF spectrum reflects a close relationship between fundamental values and those of the organization. Briefings, awareness sessions and workshops were conducted organization-wide to help employees and members appreciate that the values of the DND/CF are relevant to their public roles.

Finally, in my experience, commitment to new initiatives and programs is always a challenge. To overcome this challenge when the DEP was introduced, the *Statement of Defence Ethics*, the concept of the DEP and its development were conducted in consultation with DND/CF stakeholders. Implementation of the Program was done through plans established by the individual Level-1s (ADM level) themselves and leaders at all levels were engaged in the strategy to cascade the Program throughout the organization. Leaders at all levels are therefore involved in the process of institutionalizing ethics in the CF and DND and are supported by a clear commitment from the organization's senior leadership and an accountability framework that includes ethical behaviour.

What are the management styles/characteristics that ensured the success of the practice?

I believe that the key to our success has been a clear commitment to ethics and values from the start. It is the vision of the DND and the CF, fulfilling its responsibilities at the highest ethical standard, that has been the driving force behind the credibility and success of the DEP. The means for achieving that goal have been effective and two-way communication, through awareness sessions, briefings, workshops and ethics training embedded in all levels of learning in the organization. All of this has gone hand-in-hand with the establishment and maintenance of partnerships that have cascaded ownership of the Program out from the center to the far reaches of the organization.

Modern Comptrollership Leading Practices
Testimonial on Values and Ethics

Modern Comptrollership Pillar	Values and Ethics
Department/ Agency	**Public Works and Government Services Canada (PWGSC)**
Interviewee	**Stephen Medd, A/Director, Major Project Service Line (MPSL)**
The Issue	
We live in a complex world. People are continually asked to weigh competing values and to make decisions that pose ethical dilemmas. How do you ensure your staff is equipped to make defensible decisions?	
The Solution	
PWGSC has developed an Ethics Program that provides a focus, framework and process to help employees examine gray areas in ethical decisions. The program consists of five elements that together promote ethical awareness, leadership, decision-making and actions	
One of these elements is training. The program's training component is seeking to promote understanding and dialogue of the values at stake in work situations and to raise awareness and knowledge of ethical issues and principles. The department's goal is for all managers to undergo ethics training.	
Note to Reader: Please refer to the Case Study on Values and Ethics at PWGSC for an in-depth description of the Ethics Program.	

How was the practice developed and introduced?

"I was introduced to PWGSC's Ethics Program two years ago. My director was in the process of rolling out an eighteen-day course for senior procurement officers and asked me to take over managing it. Originally, the Ethics Program was scheduled to deliver an hour and a half session. I must admit I was somewhat skeptical about the relevance of the session. After meeting with the head of the Program, however, I began to see the Program's value and could see how it related to the day-to-day work of a procurement officer. I sat in on a departmental ethics course to see what it delivered and as a result, we ended up expanding the component so that it took up almost a whole day. The ethics component was very well received by the students"

What are the impacts/benefits of the practice?

In the procurement world, staff are continually confronted with decisions that require careful attention and that may pose ethical dilemmas. *"Procurement officers are honest brokers navigating the sometimes competing interests of client departments looking for a service and contractors with an obligation to make money."*

The program is helping staff deal with ethical dilemmas. Staff that have undergone ethics training are better equipped to act in an independent and objective way. They are also more

likely to consider the impact their decision will have on other parties. "*The training is taking the struggle out of not knowing the answer to a problem and is encouraging people to make a carefully reasoned decision and then move on. In managing procurement projects, the most complex projects are the ones that have continually shifting objectives so that only the underlying values and principles are stable. The focus of these projects is on governance based on values. The Ethics Program is a perfect complement to our own complex procurement training which focuses on governance issues.*"

What challenges did you encounter and how were they overcome?

After completing the course, participants are essentially on their own to start applying the decision-making framework (a core element of the course) to work through ethical dilemmas. When an issue arises, however, there is no channel to access help or advice for working through the problems. *"Managers are the fallback, but many do not yet have all of the tools or information on techniques to sort through a particular problem."* To address this issue, Ethics Program staff are working on putting together a package to help staff work through their dilemmas. *"Employees shouldn't expect to go to someone to make a decision for them, but as a way to get guidance towards formulating a solution."*

What are the management styles/characteristics that ensured the success of the practice?

The training component of the Ethics Program has been a success largely because it is not trying to correct questionable behaviour. Instead, the Program is based on the premise that in a complex world, people are continually asked to weigh competing values (e.g., loyalty and honesty*). "Rather than prescribe right or wrong answers, the Program helps people follow a path that leads them to a decision they are comfortable with."*

Other success factors include:

- Senior Management Commitment – senior management has demonstrated that values and ethics are a departmental priority. "Having the Deputy co-chair the government-wide ethics committee certainly helps put the importance of the issue into perspective."

- Strong Leadership – Ethics Program leaders have worked diligently not only getting their message out but also listening to the various groups undergoing training and then tailoring courses appropriately.

- Calibre of the Courses – Not only is course material interesting, staff delivering courses are dynamic. "As far as I know, no one who took the course thought it was a waste of time."

Modern Comptrollership Leading Practices
Testimonial on Values and Ethics

Modern Comptrollership Pillar	**Values and Ethics**
Department/ Agency	**Royal Canadian Mounted Police**
Interviewee	**Bill Maxwell, Integrity Programs Officer, Office of Ethics & Integrity, RCMP**
The Issue	

As the RCMP began moving towards community policing, senior management became increasingly aware of the value of inculcating its employees with strong values and ethics. Unlike traditional policing, which is hierarchical and rules-based, community policing places substantial decision-making in the hands of individual officers. It creates an environment of empowerment, but with empowerment comes accountability. How do you equip officers with the tools and smarts to operate effectively within this new environment?

The Solution

Part of preparing officers for community policing has involved ensuring they have the ability to make the right decisions in potentially difficult situations. Decisions are often value judgments, making it critical for all officers to operate under a common set of principles, or values.

Developing and implementing both a values statement and corresponding values and ethics program has been a key tenet in the RCMP's strategy for moving towards community policy. The program, which is geared towards introducing a common understanding and application of values and ethics, is run out of an Ethics and Integrity Office, which reports directly to the Commissioner. Key aspects of the program include:

- *Training:* By training trainers and working with groups responsible for developing training (e.g., Learning and Development and Contracting), program officials are working to cascade information on values and ethics across the organization and integrating into day-to-day decision-making.

- *Ethics and Integrity Advisor:* Conduit to bring concerns and issues to the Commissioner's attention and then, when appropriate, to work towards finding solutions.

- *Ethics Council:* Created in spring 2002, chaired by Chief HR and Deputy Commissioner Operations, forum to manage and monitor horizontal issues related to values and ethics.

The Ethics and Integrity Office is currently in the process of developing a scorecard on corporate ethics. This scorecard will compile a variety of statistics related to values and ethics (e.g., number of grievances, number of sick days) and will help the Ethics Council and senior executive committee pinpoint problems and provide the basis for ensuing recommendations.

While the Ethics and Integrity Office is responsible for the overall values and ethics program, the program has been designed in such a way as to pass as much responsibility onto others within the RCMP and to instill the importance of living up to organizational values in each employee.

How was the practice developed and introduced?

The RCMP launched its values and ethics initiative in 1995 with its "Shared Leadership Process," a grassroots exercise that directly involved 20% of employees in the development of an organizational mission, vision and values. By June 1996, the RCMP began communicating the results of the exercise to the employees, and then appointed an Ethics Advisor and created an Ethics and Integrity Office to help operationalize the values across the organization.

Since the early days, the RCMP has collaborated with PWGSC and DND, other large departments committed to integrating values and ethics into their cultures, sharing approaches, information and materials.

What are the impacts/benefits of the practice?

Values have become an integral part of the RCMP's corporate strategy. Values is one of four pillars seen as critical for moving the organization forward and the Commissioner's directional statement re-iterates the importance of sound values and ethics for the RCMP.

Overall, the initiative has improved the professionalism among the workforce. It is helping officers become aware of their individual responsibilities and making them more accountable for their actions. The initiative is also helping the Force attract the right people – new cadets are advised that their personal values and the organizational values should be aligned.

What challenges did you encounter and how were they overcome?

Building on the momentum created during the Shared Leadership process, the force turned its focus to an alignment initiative geared towards streamlining functions in eight key areas. Yet, while the alignment initiative was in many ways a logical follow-up to the Shared Leadership process, the linkages between the two were not always well articulated, making it challenging at times for the Ethics and Integrity Office to promote the mission, vision and values, particularly in an organization overwhelmed by consultation and change process initiatives.

The Ethics and Integrity Office continued to operationalize the mission, vision and values during this period in order to heighten commitment among employees, particularly middle managers. Senior management also played a role in overcoming challenges by reinforcing the importance of the mission, vision and values at every possible opportunity.

What are the management styles/characteristics that ensured the success of the practice?

Senior management has shown un-wavering support of the initiative, and has helped the Ethics and Integrity Office convince employees that values and ethics is a real commitment and not a passing fad. The extent of senior management's commitment became clear in the early stages of the project when the Commissioner made an effort to introduce as many sessions during the Shared Leadership Process as possible.

The initiative has also benefited from the credibility of individuals chosen to serve as ethics advisors. The Force has consistently appointed individuals of high standing with more than 30 years experience. Having credibility has allowed the advisors to advance the program without continually re-building commitment.

Modern Comptrollership Leading Practices
Case Study on Strategic Resource Management Practices

Modern Comptrollership Pillar (s)	Appropriate Controls, Risk Management, Integrated Financial and Non-financial Information
Department/ Agency	**Canada Customs and Revenue Agency**
Interviewees	**Stephen O'Connor** **Director General, Resource Management and Statistics Directorate**

Summary of Leading Practices
How do you revamp a traditional budgeting and reporting process so as to better respond to the needs of senior managers, enhance decision-making and accountability, strengthen resource management, and generate meaningful information for measuring results? How do you protect your capital budget from being drained by operational pressures and prevent the obsolescence/rust out of critical assets? Some careful thinking and reflection on its business requirements has led the CCRA to develop effective solutions to these critical questions.

When Canada Customs and Revenue moved from a government department to federal agency status, its managers realized they had a once-in-a-professional-lifetime opportunity to address processes that could be improved and re-invent them. How they could maximize their money management and fiscal responsibility was among the first things they examined.

Among other initiatives, the agency established a Quarterly Budgeting and Reporting (QBR) System that enables more effective resource management and decision-making, greater transparency, and stronger risk management. Quarterly Budgeting and Reporting has been strongly encouraged by the agency's Board of Management (BoM) and its Resource and Project Review Committee (RPRC), and though it is still considered to be in its early days, will also be used to support the Agency's balanced scorecard. It will enable the Agency to assess achievement of planned outcomes from a quantitative perspective by providing a linkage to the corresponding resource investment.

The CCRA has also developed two complementary resource management Plans aimed at ensuring that business and asset investments are sustainable and adaptable to the continuously evolving environment in which the agency operates. The Investment Plan and the Asset Management Plan ensure that a strong and modern infrastructure is in place to support current and future program delivery. Funds are "fenced off" for both these Plans to prevent operational pressures from taking priority in the allocation of resources.

A.   Background

Since becoming an agency in 1999, the Canada Customs and Revenue Agency (CCRA) has embarked on an ambitious change agenda in order to take full advantage of the flexibilities of its new status and to meet both internal and external expectations of doing its business smarter. The agency is also committed to making the best possible use of public funds, including additional resources obtained through a recent Resource and Management Review and the 2001 Federal Budget Plan.

The CCRA operates as a functional model. Overall accountability for national policy and program development, and the achievement of national program results rest with Headquarters (HQ) functions. Responsibility for program delivery and input into policy and program development is a responsibility of the Regions.

Based on this model, resources are initially allocated to the following functional areas:

- Tax services
- Customs services
- Benefit program and other services
- Appeals
- Corporate management and direction

The Functional Branch Heads in HQ allocate their respective budgets to the regions for the delivery of programs. Regions are responsible for the achievement of regional operational results within their approved resource levels.

B.   Description of Leading Practices

Quarterly Budgeting and Reporting System

In order to improve the linkages between resource investments and results achieved, the agency is implementing an enhanced budgeting and expenditure management system. Phase I of this initiative, the Quarterly Budgeting and Reporting (QBR) System, was developed to improve the agency's capacity for forecasting, analysing variances and making informed decisions. The objectives of the QBR include:

- establishing a process that will, on a quarterly basis, inform the Board of Management (BoM) and other senior management committees of the current resource management status of programs within CCRA;

- strengthening the agency's overall ability to review and analyze relationships between performance and resources;

- enhancing expenditure reporting, analysis, and projections by aligning the agency's functional management and budgeting models;

- increasing managerial accountability for resource management; and

- reinforcing the use of a single financial system.

In the course of developing the QBR, the CCRA realized that to effectively leverage this new process, there was a need to establish a clearer link between its organizational and functional structures. Accordingly, the agency aligned each of its existing cost centres with the activities of a single Functional Business Line Unit (FBL). An FBL is equivalent to a national CCRA program represented by a single HQ Branch or by a major directorate within a Branch. The realignment exercise was critical for ensuring a clear linkage between expenditures and specific functional activities as well as identifying the sources of all expenditures (e.g., HQ Directorate, Regional Tax Office, etc).

Under the QBR, the Functional Branch Heads report quarterly on the financial status of the national programs for which they are responsible. Regions submit functional reports to the Functional Heads at HQ along with an explanation of all significant variances. The key steps of the QBR are as follows:

- **Initial budget allocation**: the Resource Management and Statistics Directorate (RMSD) establishes the initial three-year FBL budget allocation. Although this budget may be modified over time to accommodate new funding approved by Treasury Board or cost recovery allocations, it is the basis upon which HQ Functional Branches and regions jointly establish the annual regional budget allocations. These annual budget allocations are then submitted to the RMSD for "official release".

- **Development of quarterly plans**: once officially allocated, budgets are broken down, by HQ Functional Branches and regions into quarterly plans by responsibility centre, FBL and resource type (i.e., FTE, salary, other operating and major capital). Normally, all quarterly plans are based on work plans which specify deliverables, expected volumes, outcomes, results and responsibilities.

- **Capturing/Recording of financial information:** the Corporate Administrative System (CAS) captures all information necessary to support the QBR. For example quarterly plans, actual expenditures and quarterly projections are recorded in CAS, which then produces variance reports for analysis.

- **Variance analysis**: each quarter, managers are expected to identify significant variances between plans, projections, and actual expenditures and to indicate how they plan to deal with or eliminate such variances. The decision about which variances require an explanation is left to the discretion of the responsibility center manager. Once the reasons for variances have been determined and remedial actions proposed, they are discussed, approved, documented and released for review at the next organizational level.

- **Expenditure projections**: the introduction of the QBR has replaced the monthly "organizational" expenditure projections with quarterly "Functional Branch" projections by

FBL. The quarterly projection exercise is used to identify the level of spending which remains for each quarter of the fiscal year. The projections reflect the remaining tasks and activities associated with a specific FBL's work plans as well as the costs associated with new responsibilities for which no funding has been allocated. They enable the identification of funding pressures resulting from a deviation of planned volume and/or price estimates, and an indication of whether resources may need to be re-profiled due to such reasons as delays in staffing activities.

Functional Heads at HQ are responsible for rolling up the quarterly budget results (including regional submissions) for their areas, analyzing the information received, preparing national projections, explaining variances and suggesting remedial action. The Regions and HQ functions are expected to work together to resolve any budgetary issues generated through the QBR process.

The Resource Management and Statistics Directorate at HQ owns the QBR process and is responsible for ensuring that the supporting systems and processes are in place. It also has responsibility for analyzing quarterly plans, projections, actual expenditures and variances, and, where necessary, to prepare reports to various senior management committees and to the BoM. The implementation of the QBR is, however, a shared responsibility with managers across all areas of the agency.

Investment and Asset Management Plans

Maximizing its money management and fiscal responsibility through the QBR was only one of the ways that the CCRA strengthened its resource management efforts. It also developed two complementary resource management Plans aimed at ensuring that business and asset investments are sustainable and adaptable to the continuously evolving environment in which the agency operates. The Investment Plan and the Asset Management Plan are aimed at providing a strong and modern infrastructure to support current and future program delivery.

The CCRA recognized that having a sporadic influx of large capital to replace rusting and ageing systems is an inefficient and ineffective management practice for an increasingly information technology dependent organization. The Investment Plan and the Asset Management Plan are designed to ensure the agency can effectively respond to changes in technology, client demands and business practices over time.

The Investment Plan is a three-year, rolling plan which is reviewed and updated annually. Strategic investments, both internally and externally driven, are managed in the context of this Plan. The Plan consists of projects that contribute to the advancement of the CCRA's four change objectives: business transformation, human resource reform and renewal, administrative reform and renewal, and transparent management for results.

The Investment Plan prevents obsolescence and rust-out in major business systems (such as the GST system and T2 system) and assures constant service availability in key public-facing systems in places such as border crossings. The Plan also involves projects for enhancing

government partnerships and using new service options, improving capacities to handle increases in workload volume and complexity, and meeting evolving client service expectations.

The Asset Management Plan provides asset maintenance, renewal and replacement by managing the life cycle of major assets including desktop IT equipment, real property, vehicles, laboratory and contraband detection equipment and communications systems and equipment. The plan ensures that the agency maintains a robust and adaptable asset base and supports current and future program delivery by eliminating the effect of rust-out. The plan manages assets for maximum effectiveness and efficiency, by taking into account full life cycle costs for acquisitions, including the ongoing costs associated with acquisitions in the Investment Plan.

Funds are earmarked or "fenced" off for both Plans and held centrally within the agency to ensure that operational pressures do not overtake either asset replacement and renewal or strategic business investments. Any amounts which are lapsed are not lost at the end of a fiscal year and are carried forward to continue to fund the Plans. The CCRA Resource and Project Review Committee has responsibility for all resource allocation decisions in the agency and reviews all proposals that are to be funded through either the Investment and Asset Management Plans.*C.   The Change Imperative*

Catalyst for Change

Ultimately, the catalyst for introducing more robust and effective resource management practices was the new flexibility and management options that came with the change in status from a government department to an agency. Within that context, support for pursuing comprehensive change came from three sources within the agency:

- *The CCRA Board of Management*: With the transition to agency status, a Board of Management was created to oversee the organization and management of the CCRA. With its strong private sector orientation, the BoM has encouraged the agency to consider and adapt new types of resource management systems and models that have been applied successfully outside of government.

- *Results of the CRRA Resource and Management Review*: The CCRA Resource and Management Review resulted in recommendations to improve the agency's approach to strategic cost management. Among these was the advice to establish separate Business Investment and Asset Management Plans with fenced-off funding for each Plan.

- *Internal push by senior management*: The CCRA senior management team recognized that the agency would not be funded for all its resource pressures through the Treasury Board and that it would need to have robust internal resource management processes to support effective decision-making (e.g, for internal reallocation of resources).

Who led the effort?

The resource management initiatives are primarily being championed by the Finance and Administration (F&A) Branch in Headquarters, specifically the Assistant Commissioner of Finance and Administration. He is supported by the Commissioner and Deputy Commissioner of the agency. The support of these two most senior managers within CCRA has been instrumental in ensuring the sustainability of the change initiatives.

In addition to the championship role of the Assistant Commissioner Finance and Administration, specific F&A staff were tasked with marketing the QBR to the Regions and getting their buy-in and support. Within the regions, the regional F&A Directors have become vocal proponents of the QBR initiative, and with their strong comptrollership background they have been able to promote the benefits of the QBR as a process that supports enhanced decision-making.

What challenges were encountered?

Some managers within CCRA have resisted the implementation of the QBR System because of what they see as additional time required to prepare the QBR. In addition, many managers currently lack the skills required to effectively use the QBR information for decision-making. Notwithstanding, all levels of managers are learning about the types of decisions that they can make through the quarterly budget analyses. As a result, the agency is optimistic that the necessary behavioral changes are starting to happen and that the organization is moving in the right direction.

Because this is the first year of implementation of the QBR, there are also some system and data "bugs" that need to be rectified. The agency considers itself to be in "dress rehearsal mode" and is working on refining its systems and data.

D.   Impacts/Benefits

Quarterly Budgeting and Reporting System

At the organizational and managerial levels, the QBR has shifted the focus of the agency from prevention of overspending to ensuring the achievement of results through quarterly review of budgets. This enhanced budgeting model also allows for more operational transparency because it directly aligns cost centers with functions and identifies potential budget issues in a timely way. The financial information it generates permits informed decision-making and enables trade-offs between discretionary and non-discretionary priorities.

The QBR has also strengthened the accountability of individual managers, especially at the regional level, by monitoring the level of expenditure on each function (i.e., Tax Services, Customs Services, etc). The previous structure did not clearly show where funds were being expended subsequent to the allocation of budgets. Under the QBR, the movement of funds is now clearly visible to all managers across the agency. Regions may have lost some discretion in

moving funds from one function to another, but the use of funds is now far more transparent and there is greater accountability.

This increased transparency has turned out to be a key benefit of the QBR because it has effectively eliminated distrust between HQ and regions regarding how functional monies are being invested. For example, the QBR has been instrumental in supporting the regional positions over resource shortfalls in certain Finance and Administration activities. The first and second quarter budget results led to increased funding for certain types of Finance and Administration activities.

Investment and Asset Management Plans

The Investment and Asset Management Plans have also introduced rigour and discipline to the management of the agency's key resources. At the organizational level, these plans ensure that investments are sustainable, targeted to priority areas and take into account productivity/efficiency gains that could be used to offset increasing workload. These plans also enable forging closer links between corporate priorities and strategies and resource management decisions.

E.   *Integration with Other Pillars of Modern Comptrollership*

Both the QBR and the Investment and Asset Management Plans contribute to more effective corporate risk management. The QBR allows risk management with respect to overspending the agency's appropriation. The Investment and Asset Management Plans ensure effective risk management in relation to the protection, replacement and renewal of key assets to support the agency's business.

The QBR project also serves as a stepping-stone to other management initiatives that have longer timelines. These initiatives include:

- The balanced scorecard (integration of financial and non-financial information) – it is expected that the QBR will provide financial information that will support the reporting on results achieved and link resource investments with outcomes;

- The re-engineering of the Corporate Administrative System's (CAS) current costing processes; and

- The review of the CCRA's activity structure, and the introduction of Activity-Based Costing/Management.

F.   *Lessons Learned*

The introduction of the QBR was done very quickly- in a span of about seven months. Training was provided at the practitioner level (i.e., Directors of Finance and Administration and their staff) but managers were not provided with any training. In retrospect, it is clear that managers

required considerable help in interpreting and applying the information generated by the QBR process before they could use it as the basis for effective decision-making. The agency has recognized that management training is required to bring about the necessary culture change and effective use of the System.

Rapid introduction of the QBR also contributed to some trial and error with respect the structures and processes that were put in place. For example, the initial thinking was that once set, budgets could not be restated. However, after the first and second quarter results were reviewed, it became clear that some significant variances were caused simply by timing differences. This affected items such as collective bargaining adjustments for which the agency is funded after it starts making payments. As a result, processes had to be amended to allow the restatement of budgets for specific items.

G.   *References*

- Guidelines for 2002/03 Quarterly Budgeting and Reporting in the Canada Customs and Revenue Agency (version 1.0)

- Presentation deck entitled "CCRA Quarterly Budgeting and Reporting 2002/03"

- CCRA Report on Plans and Priorities for 2002/03.

Modern Comptrollership Leading Practices
Case Study on Implementation of Modern Comptrollership

Modern Comptrollership Pillar (s)	**All Pillars**
Department/ Agency	**Human Resources Development Canada (HRDC)**
Interviewees	**Robert Kuffner, Director, Modern Management Office** **Paul Rende, Senior Financial Analyst**

Summary of Leading Practice
Your department has completed the Modern Comptrollership Capacity Assessment, developed a comprehensive action plan to address identified weaknesses and is ready to launch its management practices improvement agenda. How do you make concepts such as ethics and values, controls, performance information and risk management real for managers and bridge the gap between the theoretical and the practical? And how do you convince a group of managers, already stretched to the limit of their capacities, of the benefits of applying these concepts as part of their day-to-day work?

HRDC's response has been to develop a practical, hands-on course for its managers. The course objectives are to introduce managers to the concepts underlying Modern Comptrollership (MC) and, through concrete examples, promote the application of these concepts in day-to-day behaviours, actions and decisions.

Through a modular, highly-interactive approach, the course covers the following:

- Defining Modern Comptrollership - What is it all about? Why do we need to change? What are the key benefits?

- Modern Management practices in concrete situations – How are MC principles applied in real life situations and integrated into decision-making?

- Implementation process and linkages with other initiatives- How will we get there? What are the linkages to HRDC and government priorities?

- Best management practices- What are some of the best management practices in relation to the seven elements of MC? How can they be applied to achieve improvements within HRDC?

- Roles and responsibilities – How will senior managers, managers and functional specialists contribute to MC?

- Critical success factors – What will make this initiative a success? What are some of the potential roadblocks? How will we manage change?

A.   Background

Human Resources Development Canada (HRDC) embraced the notion of modernizing its management practices in 1998/99. The department was one of the 5 original pilot departments to undergo a Modern Comptrollership (MC) capacity assessment. Since 2000, HRDC has been delivering a two-day MC course to managers and functional specialists across the country. To date, approximately 2000 managers and functional specialists within the department have participated in the MC course. The course objectives are to:

- introduce managers to the concepts underlying the MC function; and

- start the discussion on the integration of these concepts into day-to-day behaviours, actions and decisions.

B.   Description of Leading Practice

HRDC's MC course is a two-day session that is delivered through combination of theory, case studies, group discussions and videos. It was developed by the HRDC Modern Comptrollership Office through consultation with HRDC subject matter experts in areas such as risk management, ethics and values, and controls as well as experts at Training and Development Canada (TDC). The HRDC subject matter experts provided the latest thinking on the pillars of MC, while the TDC experts were instrumental in providing structure to the course, helping with the development of the learning objectives and providing guidance on change management. The course was officially approved by TDC.

The course is delivered by a professional facilitator who has solid knowledge of the federal public sector and MC, and the ability to promote dialogue, deal with cynicism and mitigate conflict. The delivery approach is highly interactive and aims to illustrate the application and usefulness of modern management practices in concrete situations that managers are likely to encounter in their work.

A fundamental aspect of the course is the integration of various MC components within the context of complex decision-making. It promotes the examination and resolution of multi-faceted problems that could, for example, involve risk, ethical, operational and leadership issues.

The course consists of the following sessions:

- **Defining modern comptrollership:** covers the impetus for implementing MC in HRDC and the expected benefits for managers. It exposes managers and functional specialists to the key concepts to integrate into their daily routine: performance information, risk management, controls and ethics and values (i.e., the PRiCE model).

- **Modern Management Practices in Concrete Situations:** aims to illustrate, through practical examples and group discussions, how MC concepts could be integrated into daily

activities and used in decision-making. The following are excerpts from a case study consisting of several scenarios on stewardship and values and ethics.

Scenario A:

A contractor "Joe" has been working full-time with you and your team on several projects over the past 14 months. Joe is very personable and has become an intricate member of the team. In fact, you often see people stop by his workstation to talk to him. The project your team is working on is ahead of schedule and will be implemented earlier than anticipated. There are still 20 working days remaining on the contract. It is known that Joe has another job lined up in another department. As DG, you also know that there is another contract coming up in a few weeks and you would really like to have Joe work on it.

- *What are the considerations regarding Joe's current contract?*

- *What are the considerations regarding the new contract?*

Scenario B:

On an annual basis a consulting firm has a "Client Appreciation" day and distributes gifts or vouchers to their current and potential future customers. The company's representative drops by your work office and invites you to attend a reception. The reception includes a dinner and a performance by a visiting theatrical company.

- *What are the considerations?*

- *Would you accept the invitation?*

- *Would you answer be any different if you were offered a pair of hockey tickets?*

- **Overall Implementation Process and Link to TB and HRDC Initiatives:** provides an overview of the linkage between MC and broad government priorities. It also looks at the priority improvement areas that were identified in HRDC's MC capacity assessment and presents the department's action plan for modernizing comptrollership.

- **Best Management Practices:** using the findings of the HRDC's MC capacity assessment, participants work in groups to identify good management practices, opportunities for improvement and implementation actions. This session is also used as a forum for managers and specialists to share good management practices. Participants are provided with a checklist to assist them in implementing best management practices in their daily work.

- **Roles and Responsibilities of Key Stakeholders:** addresses the changing roles of managers and specialists in the context of MC. It exposes participants to a case study demonstrating changing roles and mindsets as well as the value-added of the shared responsibility concept underlying MC.

- **Critical Success Factors:** focuses on the key success factors to effectively implement MC, including changes in managerial attitudes.

The course includes a number of senior management (e.g., Deputy Minister (DM), Assistant Deputy Minister (ADM) Finance and Administration, Director General Financial Services) videos that endorse the MC initiative. It also features videos of managers providing testimonials on the application of MC principles (e.g., risk management), lending additional credibility to the usefulness of the initiative.

A unique feature of the course is the use of voting technology for such activities as determining the demographics for each session as well as the most important improvements relating to each element of MC. At the end of each session, electronic voting devices are also used to compile all of the evaluations.

C.   The Change Imperative

Catalyst for Change

The need to educate and train managers on the theoretical and practical aspects of MC was initially identified in HRDC's MC capacity assessment. The department also recognized that to ensure the successful implementation of MC, it was critical to engage managers and functional specialists and create a learning environment where they could get answers to questions like "*what's in it for me?*".

Who led the effort?

The initiative was championed at senior management levels across the organization. Specifically:

- The DM strongly endorsed the MC initiative, including attending the first session of the course in British Columbia. The DM also participated in a video shoot on the importance of participating in the course and the MC initiative. The video was shown at the beginning of each session and set the tone for the remainder of the course.

- The ADM, Finance and Administrative Services promoted the course as the functional champion while the ADM, Insurance and Service Delivery was the operational champion.

- The ADM of the Saskatchewan region took on the role of regional champion. He personally sat in on the course and provided feedback on its content.

To officially launch the course, a joint memo was issued by the ADM, Financial and Administrative services and the ADM, Human Resources Services outlining the course objectives and the DM's expectation that all HRDC managers and senior functional specialists attend the course.

What challenges were encountered?

The single biggest challenge was defining MC, making it practical for day-to-day application, and ensuring that the course would be interesting enough to justify the two day commitment. The

HRDC MC Office leveraged information obtained through research, analysis, and subject matter experts' views and opinions to answer the question "what does MC mean and how can it be applied to everyday situations?" They also relied on the subject matter experts to identify what matters most to managers and consolidated MC concepts into one model called PRiCE. PRiCE equates the four pillars of MC with "the price to pay for good management".

D. Impacts/Benefits

The course has had an impact at a number of different levels across the department. At the organizational level, management improvement and modern comptrollership have been incorporated into the various learning opportunities offered to managers such as Financial Management courses.

The impact on managers has been the acknowledgement of their key role in implementing MC and a better understanding of the respective roles and responsibilities of managers and functional specialists. Similarly, the impact on staff has been a better understanding of the importance of performance information, risk management, appropriate controls and values and ethics.

From a client perspective, better understanding and awareness of MC has created an environment that is more responsive to client demands and focused on the delivery of effective and results-based programs and services. For example, HRDC's *Modernizing Services for Canadians* initiative is aimed at developing better, more responsive and client-focused programs and services for Canadians.

E. Integration with Other Pillars of Modern Comptrollership

The course exposes participants to work being done throughout HRDC on values and ethics, risk management, performance, stewardship and high quality service. It provides practical examples of how tools and techniques in these areas, taken together, will enable managers work smarter to meet performance and accountability expectations.

F. Lessons Learned

Lessons learned from the initiative include:

- The development of case studies along with the appropriate "solutions" is a resource-intensive and costly undertaking. The resource investment should be recognized and planned for upfront.

- Case studies need to be customized to reflect differences within the organization. HRDC recognized the need to customize some of its case studies to better reflect regional realities.

- A professional, well-rounded facilitator is key to ensuring successful delivery of the course.

- Ongoing communication through such means as internal publications, websites, DM speeches, and presentations are key to promoting the course and encouraging managers to attend.

G.   References

- Course package: Modern Comptrollership: Managing for Results

Putting it all Together: Leading Practices and Testimonials of Modern Comptrollership

Modern Comptrollership Leading Practices
Case Study on Implementation of Modern Comptrollership

Modern Comptrollership Pillar (s)	**All Pillars**
Department/ Agency	Veterans Affairs Canada
Interviewees	**Ron Wybou, Senior Auditor**

Summary of Leading Practices
When Veterans Affairs Canada (VAC) undertook its Modern Comptrollership Capacity Check Baseline Assessment in early 2000, the results of the assessment were telling. Although the department identified weaknesses in 19 areas, it also found that improvements were already planned or underway for many areas that were deemed weak. A comprehensive plan to identify and correct all the deficiencies is being developed.

As a first step, the department initiated three new projects directly related to the following gap areas where corrective action was not evident:

- *Management Awareness* – through a series of awareness sessions aimed at managers and functional specialists VAC raised awareness of both the modern comptrollership initiative and VAC assessment results.

- *Values and Ethics* – the organization recently appointed a full-time ethics advisor who is charged with building an educational program including a repertoire of typical ethical dilemmas and appropriate resolution strategies.

- *Risk Management* – current risk initiatives include training and a pilot project within the Corporate Service Branch.

Other related initiatives include:

- *Leadership Training* – the department has provided training sessions to its managers focusing on what leadership is, why it is necessary, and how it is practiced.

- *Strategic Planning* – VAC has introduced a comprehensive strategic planning process that is helping senior management allocate resources more effectively.

- *Client-centred Services* – VAC has taken a holistic view of its service delivery mechanisms and integrated previously separate EDP systems into one LAN-based client delivery network.

A.   Background

Check Baseline Assessment in early 2000, the results of the assessment were telling. Although the department identified weaknesses in 19 areas, it also found that improvements were already planned or underway for many areas that were deemed weak. Essentially, the results confirmed that VAC was indeed committed to improving its management practices across the board.

In response to the assessment, the department identified three priority areas for improvement: risk management, values and ethics and awareness. It developed detailed action plans for all three, and is in various stages of implementing these plans. VAC was also one of the first federal department's to chart where they wanted to be on the assessment scale, and is now in the process of finalizing a comprehensive long-term action plan.

B.   Description of Leading Practice

VAC has taken a comprehensive approach to implementing modern comptrollership. The department's response includes not only priorities and issues that came to light during the Capacity Check process, but also related initiatives that while not sparked by modern comptrollership fall comfortably under its mantle. A brief description of some of the initiatives currently underway or recently completed follows.

Modern Comptrollership-specific Initiatives

Modern Management Awareness Sessions

The first modern comptrollership-specific initiative undertaken within VAC involved awareness sessions to middle managers and functional specialists. Overall, the initiative engaged 350 managers across the organization, and helped raise awareness regarding all aspects of modern comptrollership, including the department's results on the Capacity Check.

Values and Ethics

The department's value and ethics initiative is just starting to get underway, but to date has involved putting together a values and ethics advisory committee and appointing a full-time ethics advisor. This individual will be available to intercede in a confidential manner in ethical dilemmas, and is working on building an educational program including a repertoire of typical ethical dilemmas and appropriate resolution strategies.

Risk Management

While the Deputy Minister has yet to approve the department's proposed risk management framework, introducing sound risk management practices is certainly on the organization's agenda. Current risk initiatives include training and a pilot project within the Corporate Service Branch Divisions where each division is producing a risk assessment of their area that will then be consolidated to form a branch-wide risk matrix.

Related Initiatives

Leadership Training

Upon arriving at VAC, the current Deputy Minister identified deficiencies in the organization's leadership culture. To bridge gaps in leadership culture, a series of four day sessions were provided to managers across the organization. The sessions focused on explaining what leadership is, why it is necessary and how it is practiced. At the end of each session, participants had to devise a personal project that would demonstrate leadership and foster learning. These projects have helped reestablish a culture of "taking charge" within the organization, and have in themselves helped further modern comptrollership across the department.

Strategic Planning

As its operating environment began to change, VAC initiated a strategic planning process. The department now has a five-year strategic plan that is updated yearly. This plan is helping senior managers understand how to allocate resources so as to make strategic improvements to the organization's overall direction. A detailed business plan cascades from the Strategic Plan, which outlines planned activities within each branch. Progress against the plan is tracked in the annual Departmental Performance Report.

Client Centered Services

VAC has taken a holistic view of its service delivery mechanisms and integrated previously separate EDP systems into one LAN-based client delivery network. This network also gathers information related to the service delivery for analysis and managerial purposes. The system integration initiative has helped the department strengthen client relationships and has helped in the delivery of improved client centred services.

C.   The Change Imperative

Catalyst for Change

VAC's commitment to introducing modern comptrollership stems from a requirement to do more with fewer resources. Improving efficiency and effectiveness was at the heart of management improvement initiatives even before the organization undertook the modern comptrollership baseline assessment and will likely continue to drive efforts well into the future.

Who led the effort?

Senior management is very committed to implementing modern comptrollership. In particular, the current Deputy Minister's (DM) actions reinforce this commitment. The DM is actively encouraging the department to improve current management practices in a substantive and meaningful way.

What challenges were encountered?

Challenges associated with implementing MC at VAC tend to be cultural. VAC is working towards and is committed to building MC into its processes, systems, training and resource allocation, but recognizes that this is a long-term goal. Compounding the challenges associated with the magnitude of the necessary culture change is the skepticism of certain managers towards the initiative. Many managers see modern comptrollership as a burden based on a catchphrase that may or may not produce benefits.

The department is working to overcome these challenges through leadership by example. If MC leaders live up the initiative's ideals, it is more likely the message will be heard and accepted.

D.   *Impacts/benefits*

As with any long-term initiative, it is taking time for managers to see the benefits of modern comptrollership. Nevertheless, as the department's agenda progresses, there is a noticeable increase in knowledge among managers – they are gradually acknowledging the benefits associated with implementing modern management practices.

The department's clients are seeing the benefits of modern comptrollership more readily, as almost all of the initiatives undertaken to date have resulted in more efficient and effective service delivery.

VAC's approach to modern comptrollership is also having an impact across government. The department is seen as a leader in the preparation of action plans. Organizations including Indian and Northern Affairs Canada, the National Library and National Archives and Heritage Canada have all approached VAC for help and advice on their own action plans. The VAC MC Office has prepared an information kit on developing action plans, and has been available to provide advice and to answer questions as necessary.

E.   *Lessons Learned*

The VAC MC office has learned a variety of lessons during the implementation of the various MC initiatives. These include:

- *Effective leadership is key to success* – senior managers need to do more than pay lip service to these initiatives; they need to be wiling to work behind the scenes to make things happen.

- *Implementing modern comptrollership is expensive* – while there is generally a sound business case for undertaking improvements linked to the MC agenda, there is also a cost attached to them. In an environment where resources tend to be scarce, it is essential to include costs upfront in action plans and to be realistic about what can be accomplished within realistic timelines.

- *Communication is critical* – a good communications plan takes time to develop and implement, but it is critical for monitoring accomplishments and ensuring that initiatives stay on track.

- *Results are not automatic* – it is going to take a long time for managers to see the benefits of MC. As a result, those leading the related initiatives need to be patient and not expect too much too soon.

F.   References

- Modern Comptrollership Action Plan

Modern Comptrollership Leading Practices
Testimonial on the Contribution Accountability Framework

Modern Comptrollership Pillar	All Pillars
Department/ Agency	**Citizenship and Immigration Canada (CIC)**
Interviewee	**Teresa Pires, Program Manager, Contribution Accountability Framework (CAF)**
The Issue	

Your department spends over $300 million annually to fund programs that help newcomers settle and integrate into Canada. These programs and services encourage new arrivals to become self-reliant and participate fully in the economic, social, political and cultural dimensions of Canadian life. They are delivered by over 230 service provider organizations across the country and by some provinces that deliver comparable programming with federal funding. Given the number and diverse range of players involved in the delivery of your department's programs, how do you ensure that federal monies are being used to optimize programming and to provide the best possible services to newcomers?

The Solution

CIC's response has been to launch the development of a Contribution Accountability Framework (CAF) for its settlement programs. The Framework is aimed at ensuring the accountability of settlement expenditures through monitoring of service delivery and evaluation of program effectiveness. The Framework is also intended to contribute to the department's ability to meet Treasury Board Policy on Transfer Payments and to identify opportunities for program improvements.

The Framework covers three settlement and one resettlement (refugees only) contribution programs: Language Instruction for Newcomers to Canada (LINC), Immigration Settlement and Adaptation Program (ISAP), Host Program and Resettlement Assistance Program (RAP). It also covers the accountability relationship with Quebec, Manitoba and British Columbia (BC) – three provinces responsible for the administration of settlement programs with federal funding.

The CAF consists of five elements:

- Performance Measurement: working with service providers and key stakeholders to develop and implement a national electronic data collection system.

- Evaluation: establishing program evaluation frameworks that look at service quality, client satisfaction, program design factors and results achieved.

- Contribution Agreement Process: developing and implementing consistent, comparable contribution relationships between CIC and service providers from across the country.

- Management Control Framework: defining and supporting good administrative practices such as staff training, monitoring and auditing, for CIC offices that deal with contribution programs.

- Provincial-Territorial Accountability: special arrangements for provinces (BC, Manitoba and Quebec) that accept transfers of funds and manage their own settlement services programs.

How was the practice developed and introduced?

The department identified a need to strengthen accountability and performance measurement around settlement and re-settlement contribution programs in the late 1990s. As some provinces took on the management of settlement services, the federal government moved to strengthen its own management of services remaining under its direct control. Together with regional colleagues, a small group of Headquarters staff developed the initial thinking around contribution accountability. A draft Framework was developed in 2000 and presented to an advisory committee comprised of representatives from across the department, provincial governments, and service provider organizations. Since that time, CIC has been rolling out the CAF in phases, with extensive internal and external consultation at every step of the way.

CIC has invested significant human and financial resources to ensure that the CAF is implemented – the cost of the initiative is estimated at $2 million per year. The CAF team consists of a dedicated program manager, with three HQ and three regional representatives. Communication with stakeholders, service providers and colleagues is a priority for the team.

To date, the focus of the CAF has been on the following:

- performance measurement – the heart of the performance measurement component is the Immigration-Contribution Accountability Measurement System (iCAMS). The system collects service information for each client participating in federally-supported settlement programs. iCAMS has been piloted by two of the four contribution programs and feedback from service providers has been incorporated into the system. "*Our approach is to build the system program by program and learn as we go along. The system is customized depending on the nature of the program.*"

- contribution agreement process – local CIC offices from across the country now use the same contribution agreement forms when entering into agreements with service providers. This ensures consistent, comparable funding relationships between the federal government and service providers.

- provincial territorial accountability – accountability frameworks have been developed and shared with provinces (Manitoba, BC) that receive contribution funds from CIC.

In addition, evaluation frameworks have been developed for all four programs with stakeholder input. Consultations with stakeholders and service providers on program-level outcomes and performance indicators will begin in 2003/04. Work on the management control framework is in the early stages.

It is expected that the CAF will be fully implemented by 2005, with some components being devolved to CIC regional and local officers and/or integrated into standard headquarters practices.

What are the impacts/benefits of the practice?

At the departmental level, the benefits are twofold. *"We will have the ability to explain to Canadians in concrete terms the results of the investment of $333 million and improve programs to provide better services to newcomers"*.

The CAF will provide managers with the ability to monitor the performance of service providers and make informed decisions based on more complete information. Once fully implemented, the CAF will provide both qualitative and quantitative information to support decision-making.

Because service and program improvements are the raison d'etre of the CAF, clients stand to benefit by receiving services that will be most useful in enabling them to become full members of Canadian society.

Finally, the CAF enables external service providers to promote what they do, report on results achieved and support their case for additional funding. In addition, standardization of processes (e.g., contribution agreements) has led to a consistent approach when dealing with CIC.

What challenges did you encounter and how were they overcome?

The CAF is a major undertaking and requires some change from CIC staff and service providers. Initially, in its enthusiasm to get the initiative rolling, the CAF Team did not take sufficient time to explore the "why" and bring everyone onto the same page. As a result, some resistance was encountered and the project got off to a bumpy start. This was subsequently addressed through better communications (for example, a CAF newsletter is published every eight weeks) and meaningful consultations with colleagues and stakeholders.

In addition, given that the iCAMS is an Internet-based system that collects personal data, security and privacy were major concerns. In response, the CAF team consulted with internal and external experts to develop a highly secure system with a clear set of requirements for access and use. The team has also developed a poster and pamphlet to provide newcomers with information on why their personal and service data is being collected and how it is being used.

What are the management styles/characteristics that ensured the success of the practice?

One of the key ingredients for the success of the practice has been effective communication. The Director General responsible for the CAF has given the initiative a high profile in the department and brought her colleagues on board. Her efforts have contributed to one of the regions re-allocating resources to HQ in order to fund the implementation of CAF.

Internal and external consultations have also been very important to the success of the CAF. *"It is important to consult and be prepared to act on the results of consultations. You have to be prepared to implement the ideas and opinions of CIC staff and external service providers."* While consultation is important to foster acceptance and buy-in, decisiveness is also critical. *"At*

the end of the day, you have to be prepared to make the hard decisions after you've consulted and communicated."

Modern Comptrollership Leading Practices
Testimonial on Implementation of Modern Comptrollership

Modern Comptrollership Pillar	All Pillars
Department/ Agency	Human Resources Development Canada (HRDC)
Interviewee	Norma McGuire, Manager IT Policy & Quality Management Services, Systems Michelle Guimond, Senior Policy Officer Godfrey Mabaleka, Project Leader
The Issue	

The Systems Branch of HRDC is responsible for ensuring a horizontal and strategic approach to managing Information technology (IT) across the Department. Managers in the Branch have attended a customized one-day comprehensive Modern Comptrollership (MC) course. How do you ensure that they will be able to translate the theoretical principles of MC to their day-to-day work in an IT environment? And how do you ensure awareness of MC principles at all levels of staff?

The Solution

HRDC's Systems Branch has taken a two-pronged approach to address these questions. First, a forty-five minute awareness session was designed and delivered to most staff of the Policy, Strategic Management and Planning division, Systems Communications and to the IT Testing Expertise Forum. The session includes a brief chronology of the events leading to the government-wide implementation of MC, presents the seven elements of MC as well as HRDC's implementation activities, maps Branch activities against the seven elements, presents the results of the Auditor General's 2002 Report on MC, and discusses lessons learned as well as next steps. The presentation materials were also shared with Systems Branch's extended Group Management team (consisting of the Assistant Deputy Minister (ADM) and all Directors General in the Branch) to promote ongoing dialogue on MC. Plans are underway to continue awareness sessions of this nature to the various committees within Systems Branch.

In order to illustrate the applicability of MC within its particular context, the Branch has also developed a draft tool that maps current IT project management activities against the seven principles of MC. The intent of the tool is to demonstrate to project managers, in concrete terms:

- What is MC and what are its principles?
- What types of project management activities address each of the principles?

The draft tool is currently being validated by four groups of project managers prior to being rolled out across the Branch.

How did the practice come about?

MC is currently one of HRDC's top corporate priorities and all Branches in the department are expected to demonstrate concrete progress in its implementation. The need to provide a broadened awareness and practical tools for the application of MC in day-to-day work was driven by the realization that a generic understanding of MC, on its own, would likely not be sufficient to ensure effective implementation within the Systems Branch. The Branch identified a

need for making MC real to managers by providing them with tools and information to be able answer questions such as:

- What is the relevance of MC in the context of the department? In the context of the Systems Branch?

- What is MC and what does it mean to me?

- How do I apply MC in my day-to-day work?

How was the practice developed and introduced?

In order to broaden awareness and understanding of MC, the Systems Branch internally developed and delivered four awareness sessions aimed at all levels of staff. The 45 minute sessions were based on a presentation deck that contains information on how MC became a government-wide initiative, the key MC concepts and principles, what the Systems Branch is doing with regard to MC implementation, including HRDC's implementation activities, how Systems activities map to the seven elements of MC, lessons learned by pilot departments, and next steps. At the end of each of each session, participants were provided the opportunity to ask questions, an electronic version of the presentation, and useful web-sites for obtaining additional information.

The Branch has also gone beyond the theoretical to make MC real for managers and staff. It has developed a draft tool for applying MC principles. The first initiative will involve using the tool to apply MC principles to project management to ensure that they are considered during the design and administration of systems and procedures for managing projects. The tool is directed at a target population consisting of project managers, project team members, project management offices and other support specialists within Systems Branch. It translates each MC element into principles that are relevant to project management and maps the activities performed by project management staff against the seven elements of MC. The following is an excerpt from the draft tool with respect to Integrated Risk Management:

Principles as translated to the Project Management Discipline:

- A balanced approach is taken – positive factors are enhanced and negative factors are minimized

- A structured process for risk management is used

- Scalability – risks are defined and differentiated according to complexity, sensitivity and other relevant factors

- Risk tolerances are communicated

Activities within Systems that address the Principle:

- Risks are identified through all phases of the Project Life Cycle process and are evaluated

- Mitigation decisions and strategies are implemented throughout the project

- These risks and mitigation strategies are documented for review by the Project Review Committee (PRC)

- PRC review of projects provides for the assessment of project's risk management practices

- The review assesses the interdependencies of projects and the resulting risks

- Where Project Management Offices have been established, the tracking and reporting on projects includes the identification and tracking of risks as well as their mitigation

What are the impacts/benefits of the practice?

The awareness sessions provided staff and managers with a basic understanding of MC and a view that extends beyond financial management. They have also been useful in generating discussion around key questions such as " what does Modern Comptrollership mean to me?"

The draft project management tool provides the largest population within Systems Branch and the area with the most significant risks, with a concrete tool that will enable adapting MC principles to the planning, development, management and implementation of multi-million dollar IT projects. Lessons learned will be used to extend the initiative to other "categories" of employees (e.g., Human Resources, Administration).

What challenges did you encounter and how were they overcome?

The biggest challenge in the development of the awareness session was making MC relevant to the IT world in which the Systems Branch operates. This was accomplished through the mapping of Systems Branch activities against the seven elements of MC so that all staff could see how they fit into the bigger picture and how they were already applying MC in their daily work.

Major challenges are not anticipated in the roll-out of the draft project management tool as it is currently being validated with four different project management groups within the Branch. Based on the results of the validation, a decision will be made on how best to introduce the tool to the larger Systems project management community.

What are the management styles/characteristics that ensured the success of the practice?

The implementation of Modern Comptrollership retains the support of the ADM of the Systems Branch and the senior management team. Both the ADM and the senior management team are committed to showing progress in the implementation of the initiative across the Branch. In addition, the IT Policy and Quality Management Services Group has a "corporate" role in

ensuring a continued awareness of MC in the Branch as well as "pushing the envelope" as part of its broader mandate to guide a number of Branch initiatives.

Modern Comptrollership Leading Practices
Testimonial on the "Journey to Quality"

MC Pillar	All Pillars
Department/ Agency	Human Resources Development Canada
Interviewee	Mr. Theo Paillard
The Issue	

How do you achieve positive change with employee involvement to improve management, promote efficiency and eliminate duplication in a highly de-centralized organization?

The Solution

HRDC's New Brunswick region initiated a 3 year "journey to quality" which entails implementing a Program Excellence Framework that contains four levels of certification. The exercise consisted of evaluating various quality management methodologies and selecting the one that best met the needs of the Region. In the end the National Quality Institute (NQI) Framework for Excellence was chosen, in part due to its strong linkages to modern comptrollership themes.

Senior management received comprehensive training on the methodology and goals for excellence were set. This has been combined with the conduct of detailed assessments against the goals and the development of a roadmap for quality improvement. This has truly been a Region wide implementation which has included performing assessments at the District Office level, the appointment of quality champions at the District Office and Regional levels and a Steering Committee to guide the exercise.

The Region is now in the process of obtaining it's level II certification.

How did the practice come about?

The practice came about as a result of senior management's dissatisfaction with the status quo. Senior management was becoming increasingly aware of perceived inefficiencies, areas of duplication, and surveys that indicated improvement was required in the quality of client service, a performance measurement approach that had limited linkages to quality and a management culture that was operating in silos.

The need to initiate changes that would both improve the quality of service and improve internal management practices was identified and the National Quality Institute's Framework for Excellence was selected as the tool to be used. Management recognized the need to initiate change on a region wide basis and as a result, appointed quality champions at the District Office level.

How was the practice developed and introduced?

The process relied heavily on active involvement from senior management and began by training senior management on the NQI framework, how to perform assessments and how to develop quality improvement objectives. The structure established to oversee the initiative consisted of:

- A quality co-coordinator at the Regional level;

- A Quality Council at the Regional level;
- A Quality Council in each district ;
- Champions for all 7 criteria of the NQI framework at the Regional level;
- Champions for all 7 criteria of the NQI framework in each district, and
- Quality coordinators at the local level.

Throughout the process, leadership by example from senior management was stressed – senior management was strongly discouraged from delegating responsibility for the initiative and encouraged to remain active participants throughout the process.

Can you provide an example of the application of the practice?

Assessments were performed at each of the District Offices and reports were shared with findings expressed in terms of strengths and areas for improvement. The reports and the corresponding findings are structured along the seven drivers of performance. To help develop employee understanding of quality, considerable time was spend walking employees through the tool itself. The information gathered was used to develop improvement plans and to set improvement goals. This cycle has become part of the regular planning process.

What are the impacts/benefits of the practice?

The assessments were done at the local level the first time around, but the second round of assessments was done for the Region as a whole. A major goal was to focus on processes and to standardize them as much as possible. The results of the assessments and improvement plans are starting to show improvements of some processes which will eventually be standardized, and documented. Some of these new processes are now available to employees across the Region on an Intranet system.

Some early beneficiaries of the new approach to quality were the SIN Registry pilot and the Record of Employment Second Copy Unit, and the Employment Insurance Premium Reduction Program, all of which used cross functional teams to assess and develop business processes. Although it is still early in the process, constancy of purpose, a strong client focus and improving processes will help achieve citizen/client focussed service delivery.

What challenges did encounter and how were they overcome?

The two main challenges to overcome were the knowledge of what quality is about and the difficulties in setting regional improvement priorities given the National Agenda.

The knowledge issue was overcome through intensive training, reading, seminars and conferences, and simulation exercises. Conducting the assessments at the local level, while requiring a considerable time investment, contributed greatly to knowledge development as well. If the exercise were to be conducted again, assessments would be done at a higher level to expedite the process.

To remain focussed on this initiative while respecting a changing National Agenda, it was critical to restrict the scope of the exercise to items and processes that are controllable at the regional level. By demonstrating improvements in these areas, support for the program increased at both the Regional and at the National level (e.g., the Income Security Program is considering adopting this approach at a National level.)

What are the management styles/characteristics that ensured the success of the practice?

Three critical themes were stressed throughout this initiative that have helped to lay the groundwork for success. These are:

- Active leadership and participation from senior management in all aspects of the process, including performing assessments;

- Managing expectations by communicating that this is not an overnight project and that it will take time to see results; and

- Retaining focus on processes as the means to drive out improved client service and other benefits.

Modern Comptrollership Leading Practices
Testimonial on the ISO 9001:2000 Quality Management System

Modern Comptrollership Pillar	All Pillars
Department/ Agency	Industry Canada (IC)
Interviewee	Dan Sigouin, Telecommunications Engineering Specialist , Certification Engineering Bureau, Spectrum Engineering
The Issue	
Your mandate is to provide certification services for radio and terminal equipment in Canada, facilitate the introduction of new services and technologies, and ensure a fair market place for radio and telecommunications products. You operate in both the domestic and international arena issuing approximately 1,700 radio certifications and 2500 terminal registrations annually and generating $6 million in revenues. How do you ensure that your services will achieve the high standards of quality that are recognized and respected throughout the world?	
The Solution	
Certification Engineering Bureau's (CEB) response has been to introduce a quality management system based on the International Standards Organization (ISO) standard ISO 9001:2000.	
The ISO 9000 family of standards represents international consensus on good management practices. By adopting the ISO 9001:2000 standards, the CEB is aiming to deliver products and/or services that consistently meet or exceed its clients' quality expectations. ISO 9001:2000 provides a proven framework for taking a systematic approach to managing the Bureau's activities and business processes. A main advantage is that ISO 9001:2000 articulates what requirements a quality system must meet (e.g., customer focus, process approach, continual improvement) but does not dictate how they should be met, allowing for considerable flexibility in implementation.	
The ISO 9001:2000 quality management system has enabled the CEB to formalize and standardize its certification services and various routine activities such as mail handling, purchasing, shipping, and document control across the organization and resulted in the adoption of a continual improvement culture.	

How did the practice come about?

The introduction of ISO 9000 standards within the Certification Engineering Bureau (CEB) was precipitated by the requirements of Mutual Recognition Agreements (MRAs) for radio and telecommunication equipment, signed by Canada and other countries. Specifically, ISO 9000 standards were required to demonstrate the CEB's credibility internationally and meet Canada's obligations as a signatory to the various MRAs.

How was the practice developed and introduced?

ISO 9000 standards were introduced in the CEB in a phased approach starting in 1997/98 with full implementation only occurring in 2000. The Bureau assigned a dedicated resource to the development of its ISO quality management system. This individual was responsible for

developing the Quality Assurance Policy Manual along with all of the relevant procedures and work instructions for key business processes and activities. In addition, in 1998/99, all the employees of the Bureau attended a one-day ISO 9000 awareness course to introduce them to the concepts of an ISO quality management system. Ultimately, however, the ISO quality management system was introduced informally – the aim was to get managers and staff to understand and apply the formalized procedures for everyday activities, such as handling of client supplied test samples, in a way that would become second nature to them.

What are the impacts/benefits of the practice?

ISO 9001:2000 is a progressive way of doing business and has had wide-reaching impacts at the Bureau. The application of the ISO 9001:2000 quality management system has permeated every aspect of the operations of the CEB. "*Prior to ISO, change was a slow and cumbersome process; the current environment makes it much easier to implement change.*" Examples of the benefits of this system include:

- Streamlining of processes- the ISO system has enabled the Bureau to simplify and streamline its processes such as mail handling, shipping, receiving, cheque processing, record keeping as well as implement services such as e-filing. Taken together, these process improvements have enabled the achievement of significant reductions in turnaround time for the processing of certification services. The Bureau has achieved a turnaround time for certifications of less than 15 business days compared to between 80 to 90 days for its American counterpart.

- Empowering of employees – because the ISO 9001:2000 system is founded on formal and standardized processes, employees know exactly how to execute the different business processes and activities for which they are responsible. "*The system ensures a structured approach that eliminates the need for staff to guess or consult others on how to perform various tasks.*" Given that processes and instructions are clear, staff are in a better position to resolve issues and work autonomously.

- Continuous improvement- regular internal and external audits of the ISO quality management system ensure that processes are continually monitored and improved based on independent feedback.

- Increased customer satisfaction – recent surveys have indicated high levels of customer satisfaction with the services of the CEB. "*We resolve all complaints in a timely manner to ensure positive client feedback.*"

- Improved resource management – improved record-keeping processes have strengthened resource management both in terms of availability of better information to support decisions as well as improved control over revenues.

What challenges did you encounter and how were they overcome?

Implementation of a system such as ISO 9001:2000 requires the buy-in of staff. While the development of the detailed procedures and work instruction was lead by a single individual, staff were consulted extensively in the process. A team approach coupled with senior management support were instrumental in getting staff on side.

What are the management styles/characteristics that ensured the success of the practice?

The system was introduced in a top-down fashion with the support of the Director of the CEB. Ultimately, the tangible benefits resulting from the implementation of the system have been a key factor in ensuring the success of the ISO 9001:2000 system at the Bureau and enabling its sustainability.

Modern Comptrollership Leading Practices
Testimonial the "Guide to Good Management"

MC Pillar	All Pillars
Department/ Agency	Natural Resources Canada (NRCan)
Interviewee	Dr. Larry Taylor – Quality Management Advisor
The Issue	

How do you promote sound, modern management practices within the department that will promote improvements to program delivery, reflect all current Central Agency initiatives and thinking, and respect and strengthen the culture of the department?

The Solution

NRCan's goal of becoming one of the best managed public sector organizations is founded on the belief that strengthening management practices will improve the ability to deliver on their science and technology, policy, and program priorities.

NRCan recognized the need to combine central agency requirements and initiatives with modern management practices and provide tools to managers that will foster growth, innovation and excellence. NRCan's "Guide to Good Management" was developed to provide managers one stop shopping for excellence in management in a way that allows directors to recognize the strengths and weaknesses of current practices and to undertake tangible improvements.

The "Guide to Good Management" has three components consisting of an overview of NRCan's management model, the detailed Guide itself, and a "Guide to Good Management" workbook. Earth Sciences Sector within NRCan has also developed a customized guide for Directors.

The NRCan management model is built on the 7 pillars of:

- Leadership,
- Planning
- Client /Stakeholder focus
- People Focus
- Process and Infrastructure Management
- Partner/Supplier Focus; and
- Results and Organizational Performance.

The Guide and the corresponding workbook are designed along the same pillars. The Guide contains assessment criteria for each of the pillars while the workbook contains detailed assessment instructions that allows organizational units at all levels of NRCan to assess themselves against the criteria. Organizations are free to self assess or to bring in external assistance.

How did the practice come about?

The "Guide to Good Management" is an overarching framework for the Modern Comptrollership Initiative as there was a feeling that the multiple sources of management requirements and best practices needed to be framed in a NRCan context. The Guide merges Modern Comptrollership initiatives with other practices such as those recommended by the Council of Science and Technology Advisors. By integrating these concepts, the Guide helps ensure that:

- the department has a sound management system in place and has identified accountability requirements, control systems, processes and practices necessary to deliver good value for the resources entrusted to it;

- employees and managers understand the management principals, structures, processes and practices necessary for successful performance;

- managers can assess their organizational performance based on established criteria for good management; and

- there is emphasis on and awareness of continuous improvement.

How was the practice developed and introduced?

The Guide was developed in house by a team of three people. It combines the National Quality Institute/Treasury Board Organisational Effectiveness criteria with the best practices and initiatives from forty-two different sources. The assessment tool was written as a stand-alone tool that could be applied at a high level or in detail. Senior management was actively involved in the development of the Guide and reviewed at least three drafts before the document was finalized. Functional communities and line managers in NRCan vetted key components.

Can you provide an example of the application of the practice?

The Guide has allowed NRCan to focus improvement efforts on areas that management has control over, such as leadership and client satisfaction issues. The impact of these improvements has been formally measured via internal and external surveys.

What are the impacts/benefits of the practice?

The Guide has been instrumental in the development of mandatory Management Improvement Plans within Earth Sciences Sector, and elsewhere, and has led to the strengthening of leadership within NRCan coupled with an increased focus on stakeholders and clients. Twelve organizations within NRCan have performed a self-assessment using the workbook, and the Guide has been shared with other federal departments as well as provinces and state level governments.

What challenges did you face while introducing the practice and how were they overcome?

The major challenge with the Guide is the actual roll out. The self-assessment is optional and the required reading is substantial. Getting all managers and employees to review the entire package is sometimes difficult.

In addition, as the Guide stresses continuous improvement, it is a change driver. Similar to many other organizations, NRCan has encountered resistance to change on the part of managers and

staff. Positive feedback from the twelve organizations who have performed the self-assessment and word of mouth have been helpful in overcoming resistance and promoting the Guide in a constructive manner.

What are the management styles/characteristics that ensured the success of the practice?

The organization of the Guide and its integration with the NRCan Management model as well as NRCan's operating principles has given the document an instant feel of familiarity. Senior management at NRCan has consistently stressed three key themes:

- Having a vision;
- Adding value; and
- Measuring results in a tangible manner.

The Guide has been viewed as a practical means of assessing and improving the Department in these areas.

Modern Comptrollership Leading Practices
Testimonial on Modern Management Practices

Modern Comptrollership Pillar	All Pillars
Department/ Agency	Translation Bureau
Interviewee	Francine Kennedy, Vice-President, Operations
The Issue	

Your organization has become a Special Operating Agency (SOA) and has lost its monopoly position in providing translation services. The pressure is intense to operate in a completely different way to meet client needs more effectively, increase productivity to become more competitive with the private sector, rationalize resources, and reduce costs. How do you bring about radical change in an organization staffed largely by veteran staff, with a literary background and outlook, to meet the requirements of a new operating environment?

The Solution

The challenges were huge and complex, but the Translation Bureau's response was a simple and efficient one: define the problem and tackle it in manageable segments. Its approach, based on innovation and teamwork, consisted of articulating expected results, defining the interests of various players and, most importantly, consulting with and listening to the people closest to the situation to find a solution that worked for everyone.

To bring about the vital change required to become a successful SOA, the Bureau took a multi-pronged approach that included:

- Restructuring from the bottom up – The Operations Sector, the largest sector of the Bureau with about 1,300 employees, embarked on an ambitious, grassroots-led re-engineering project. Employees were directly consulted, the issues were staked out and five translation units took on the challenge of piloting new processes to serve clients better while reducing costs. Subsequently, a working group consisting of employees drawn from the five pilot units undertook an in-depth analysis of work processes to refine and improve them. The members of this working group consulted extensively with their colleagues as well as with many external resources who were contacted as part of a "benchmarking" exercise. At the end of the day, it was the recommendations of employees that shaped the Translation Bureau's new operating model.

- Financial incentives and interest-based collective bargaining – When many of its best translators were lured away by the attractive salaries and bonus schemes of the private sector, the Bureau actively started exploring scenarios for financial incentives for its staff. It was successful in obtaining the green light from Treasury Board to negotiate a productivity incentive play plan for its TR employees. The Bureau worked closely with the employees and the TR union and was one of the first employers in the Public Service to give the "interest-based" approach to collective bargaining a try.

- University Partnership Program – Faced with a continually growing workload and a shortage of experienced translators in the labour market, the Bureau set up a partnership arrangement with the Canadian Association of Schools of Translation (11 universities involved). Under the arrangement, translation students in their final year gain experience by working on real texts with one-on-one coaching by senior Bureau translators. This approach helps prepare the next generation of translators and creates a qualified pool of resources that the Bureau can draw from. Currently, the Bureau meets about 60% of its recruitment needs through the University Partnership Program.

- La Relève/Retention strategy – In recognition of the need to retain and nurture its most important asset—its people—the Bureau adopted a number of human resource strategies aimed at increasing the pace of recruitment, improving orientation of new employees and ensuring La Relève for its middle and senior managers. With Treasury Board approval, the Bureau set itself ambitious recruitment targets for its professional group (TR). Over a three-year period, 100 new graduates a year would enter its workforce; these new recruits would receive a two-week orientation to familiarize them with the Bureau and their new work environment; and seasoned employees would be encouraged to participate in Opting for Management, a program aimed at developing interest in becoming a middle manager.

How did the practice come about?

When the Translation Bureau became a Special Operating Agency (SOA) in 1995, the organization lost its long-standing monopoly as a provider of translation services and had to quickly reposition itself to become an effective player in a highly competitive market. The Bureau realized early on that if it was to be successful over the long term, the status quo was not option. In order to develop and maintain a competitive edge, it would have to find ways of meeting client needs more effectively, increasing productivity, reducing costs and rationalizing resources. In short, it had to quickly develop and implement a new business and operating model.

How was the practice developed and introduced?

The Bureau harnessed the creativity of its employees and used collaboration and teamwork to kick-start an ambitious re-engineering project—*The Future is Ours*—as a means of improving its services and ensuring long-term financial viability. Given the extent and potential impacts of the re-engineering initiative, the Bureau decided to adopt a cautious approach by engaging in *"many small projects that lit small fires rather than one big bang."* The re-engineering was undertaken in a bottom-up fashion: groups of staff from across the organization were involved to redefine business processes, pilot new approaches, and present recommendations to their colleagues. The union also played an active role during all the phases of the change. Throughout the process, senior management ensured that managers were provided with support in managing the change process, communications were two-way and staff had opportunities to voice their frustrations.

What are the impacts/benefits of the practice?

The benefits of the Translation Bureau's transformation have been multi-facetted. The table below provides examples of benefits of the Bureau's new business model for the organization, employees and clients:

Organization
• Record-setting growth in revenues
• Reduction in overhead
• Year-over-year increase in productivity
• Innovative recruitment and retention practices
• Support and commitment of employees
• Improved relationships with unions
Employees
• Dynamic organization focussed on continuous improvement and innovation
• First productivity incentive plan in the federal government
• Improved career development, job and training opportunities
• Improved work environment allowing translators to concentrate on professional activities

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Clients
- Greater client focus through dedicated client service advisors and client account executives
- Uniform approach to daily client interactions
- Better understanding of client needs and expectations
- Innovative new service offerings such as technolinguistics, which combines linguistic expertise with Web site development, media technology and multimedia project management

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What challenges did you encounter and how were they overcome?

The single most difficult challenge was overcoming employee resistance to change, which was largely due to the problem of striking a fine balance between business objectives and public service values. Striving to achieve financial success while fulfilling its role as an instrument of public policy could occasionally lead to difficult decision making for the Bureau. Employee resistance often stemmed from the Bureau's efforts to seek a balance between these two realities. The Bureau motivated employees to become agents of change by actively involving staff in the re-engineering process, providing ample opportunities for communication (and genuinely listening to employee concerns), and arming managers with training in skills such as facilitation so as to ensure effective discussion and problem resolution.

What are the management styles/characteristics that ensured the success of the practice?

In addition to a lot of hard work and dedication, a key ingredient for the success of the new business model was the effective leveraging of employee pride in and loyalty to the Bureau. Many of the Bureau's staff are long-time employees and the organization is seen as a prestigious place to work. Decreasing revenues and falling demand for the Bureau's services provided the momentum for employees to put their energies into creating a success story and restoring the pride in their organization. Also, the Bureau took great care in managing change and stressed open communications, teambuilding, acquiring new values and building on existing ones. "*We have shown that partnerships with employees can work. They foster the feeling of being really involved in the problems and in the effort to solve them – a feeling that is at once empowering and motivating. At the end of the day, this is perhaps the result that is our greatest source of pride.*"

Appendix B

Methodology

The methodology for this project was designed to identify and document true and accurate accounts of federal departments and agencies that have successfully incorporated MC concepts and practices into their management frameworks. It was also designed to obtain examples from a broad range of dimensions that covered:

- various regions, departments and agencies within the Federal Government;

- the department/agency level, operational management level, and individual management level; and

- each of the four pillars of MC, as well as instances where managers have integrated the use of all pillars.

The key steps of the methodology consisted of:

- **Project planning** – this step focused on confirming the project approach and methodology as well as determining the various sources and criteria for identifying the sample population. It also involved seeking input and feedback from the TBS Social Marketing Reference Group (SMRG) comprised of representatives from a variety of departments and agencies.

- **Identification of sample population** – the sample population was identified through a combination of:

  - a review of MC Capacity Assessment results, Auditor General Reports and TBS inventory best practices database; and

  - recommendations from the TBS Centres of Expertise (e.g., risk management, ethics and values), the Social Marketing Reference Group and departmental/agency Modern Comptrollership Offices.

- **Data collection** - information used to compile each case study and testimonial was obtained through one or more interviews and a review of documents relevant to the practice.

- **Development of case studies and testimonials** – each case study/testimonial was documented and submitted to the interviewee(s) for review and validation of factual accuracy.

- **Reporting** – the case studies and testimonials were consolidated into a report that summarizes common themes in terms MC implementation, how MC is used by managers, benefits of applying MC leading practices, and lessons learned.