



Modern Comptrollership Initiative:

*A Progress Report
on Government-wide
Implementation*

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March 2003

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Executive Summary

The multi-year Modern Comptrollership Initiative aims to strengthen the foundations of modern management and create a culture of stewardship and results in the Public Service of Canada. The independent panel that conceived modern comptrollership believed such change would take 7 to 10 years to accomplish. Based on the encouraging findings of a pilot phase involving 15 departments and agencies, the Treasury Board approved the government-wide implementation of modern comptrollership in May 2001. A three-year Treasury Board of Canada Secretariat (TBS) initiative and project office were launched to lead the change, building on the management improvements and changes across the Public Service. The objective is to create sufficient commitment to the vision of modern comptrollership by March 2004 to ensure that the long-term process of change continues. The process of change in any organization can be divided into three phases: a foundation phase, a transition phase, and a sustaining phase. These phases help to understand the challenges faced in implementing modern comptrollership.

Since May 2001, modern comptrollership has affected virtually every federal department and agency in some fashion. The purpose of this interim progress review is to highlight and assess actions taken to implement modern comptrollership and identify any substantive adjustments to modernization efforts in the future. This report looks at the state of implementation as of December 2002 and describes both the strong start that departments and agencies have made and the work that remains in order to incorporate modern comptrollership principles in the public service culture and to modernize management practices.

The influence of the leadership demonstrated by the TBS has been generally positive and points to the need for sustained leadership and support to departments and agencies. The TBS centres of expertise on internal audit, evaluation, risk management, results management, and modern comptrollership have all enhanced its leadership and guidance. In addition, the modernization of specific Treasury Board policies is already having a beneficial effect on management practices, and the effect of a rationalized policy suite is likely to be even greater still.

Departmental champions of modern comptrollership report that their staff have found the tools and guidance provided by TBS useful, even though they have only been available for a short time. Work completed on modern comptrollership practices and the Results Management and Accountability Framework for the initiative have clarified the Secretariat's expectations. Departments acknowledge that the Secretariat's sustained focus on modern management has enabled them to increasingly focus and discipline their management planning and reporting.

The progress made by departments and agencies with respect to enabling change is encouraging; but, given the 7 to 10 year implementation period for the initiative, assuring sustained commitment will remain a key challenge. Senior managers are placing increased focus on stewardship practices. As well, senior financial officers are more fully engaged in corporate strategic decision making. A growing number of performance agreements reflect management improvement targets. Participation in learning events suggests that employees' understanding of modern comptrollership is growing. Departments are looking for more guidance and support in making the benefits of modern management practices clear to front-line staff.

Regarding the four pillars of modern comptrollership — integrated performance information, sound risk management, rigorous stewardship, and values and ethics — progress has been made across the Public Service. Financial information is significantly improved, program performance information is improving, and departments are committed to using performance information in corporate decision making. Results information and detailed performance information are being developed. Key departments have established the building blocks for integrated risk management, and growing attention is being paid to corporate risk management practices. Specific improvements in key functional areas of comptrollership (e.g., asset management, evaluation, and audit) are improving the stewardship of public resources, and organizations are working toward more integrated approaches to assuring sound control. Much dialogue in departments and agencies on values and ethics is taking place; as well, greater focus on linking public service values to individual mandates and operational realities is emerging.

Overall, deputy ministers report that modern comptrollership has resulted in increased attention being paid to performance information and corporate management and planning. This has highlighted the importance of integrated corporate governance, given focus to the challenges of delivering and reporting results, and underscored the crucial role of timely financial and non-financial performance information and risk analysis in corporate decision making.

Modern comptrollership has reinforced the importance of systematic and sustained attention to management at the senior executive level. Deputies have used it as a framework for combining multiple management initiatives and as a tool for reviewing current management strengths and weaknesses in an integrated manner.

Several deputies from some of the pilot departments have begun to see changes in the management practices of their staff. They report that management language is increasingly focussed on results and that analyses now incorporate performance information and considerations of risk in a more strategic manner. Change is also apparent in the way new program initiatives are developed. Departments report that they are committed to fundamental change and rely on TBS for sustained leadership and support for improved management practices.

Building on the progress summarized above, departments and agencies that have recently joined the initiative must complete their baseline assessments, develop integrated action plans as quickly as possible, and implement modern comptrollership. TBS must finalize a set of clear expectations for modern comptrollership practices and continue to track the progress achieved by departments on an ongoing basis.

Work must continue to strengthen the key elements of modern comptrollership; to improve performance information and strengthen performance monitoring; to develop corporate risk profiles and incorporate risk management into strategic planning and decision making; to integrate and strengthen departmental controls; and to sustain departmental dialogue on public service values and link them to daily decision making.

Departments suggest that TBS should also promote best practices; incorporate modern comptrollership in core competencies; align multiple Treasury Board management initiatives under a single framework of expectations that build on modern comptrollership; and explore the

idea of providing departments with flexibilities or authorities that are consistent with modern comptrollership principles.

A final review of the results of the Modern Comptrollership Initiative will be conducted in 2003–04. The findings will be the basis for any substantive adjustments to modernization efforts and will inform the design of future TBS change management initiatives.

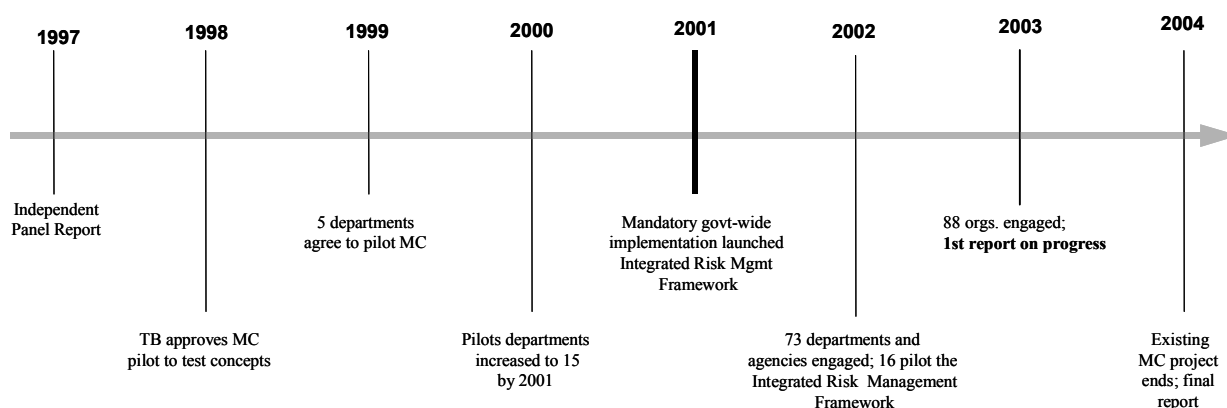
Introduction

Results for Canadians: A Management Framework for the Government of Canada sets out the government's vision for modern management in the Public Service of Canada. Modern comptrollership is an essential element of that vision. In 1998, in response to the recommendations of an independent advisory panel of private- and public-sector executives,¹ Treasury Board approved a three-year pilot project to test modern comptrollership concepts and new tools for management decision making in a group of lead departments.

In the 15 departments and agencies that participated in the pilot phase, progress in the implementation of modern comptrollership was most evident when full support and commitment were demonstrated by the deputy head and the senior management committee; implementation was positioned within a framework that included other strategic initiatives of the organization; and active communication of the principles and practices of comptrollership existed.

In May 2001, following the pilot phase, Treasury Board Ministers approved the implementation of modern comptrollership throughout the Public Service.² The objectives were to consolidate previous management improvements and strengthen the foundations of modern management. The Treasury Board provided both \$30 million in funding and a three-year time frame to launch the initiative government wide. The Treasury Board of Canada Secretariat (TBS) committed to providing ministers with both an interim and then a final report at the end of the three-year launch period. Readers should note that throughout this report, "Modern Comptrollership Initiative" (or the Initiative) refers to the three-year, \$30 million project, while "modern comptrollership" refers to the long-term vision first described by the Independent Panel on the Modernization of Comptrollership in the Government of Canada.

Figure 1: Modern Comptrollership Timeline



1. *Report of the Independent Review Panel on Modernization of Comptrollership in the Government of Canada*, 1997.

2. With this decision, modern comptrollership became mandatory for the 99 government departments and agencies listed in Schedules I.I and II of the *Financial Administration Act*.

Also in 2001, the Treasury Board endorsed the *Integrated Risk Management Framework* as a guidance tool for departments. Progress associated with the implementation of the Framework is detailed in a separate report,³ but the principal findings are reflected in this report.

Government-wide implementation of modern comptrollership has been under way for less than two years. Although the results are not yet definitive, this report examines the momentum of the initiative and identifies early changes in management practices. Its sources of information include consultations with deputy ministers, assistant deputy ministers, and project management office directors; consultations with departments; and analysis of departmental capacity assessments, action plans, project proposals, and funding requests. The picture of government-wide implementation continues to evolve, but for purposes of preparing this report, the cut-off date for collecting information was December 31, 2002.

Part I of the report presents the **vision of modern comptrollership** and the challenge of changing the management culture in the Public Service.

Part II examines the **TBS strategies** for leading and managing government-wide implementation of the Modern Comptrollership Initiative.

Part III outlines **departmental strategies and plans** for implementing modern comptrollership. It includes details on **creating the conditions for change** (progress in providing leadership, holding managers accountable, and motivating people for change) as well as **changing management practices** (progress in actually improving management practices and strengthening the systems related to the key elements of modern comptrollership).

Part IV, the conclusion, presents the **difference** modern comptrollership has made, and will make, as departments and agencies move further toward implementation. It also outlines a path for progress and provides suggestions for areas where TBS, departments, and agencies can accelerate their efforts.

The 28 departments and agencies cited in the report are only a sample of the nearly 90 now engaged in implementation. Those cited have self-identified the practices reported. They should not be construed as best practices but simply as indicative of the varied actions and projects being undertaken to further the implementation of modern.

The report does not attempt to cite all the measures departments and agencies have taken to implement modern comptrollership. During the early stages, all organizations are generally engaged in the same activities: raising awareness, assessing the state of their practices, training staff, developing plans, and so on. Later in the process, implementation varies according to the nature of each organization, and changes in management practices become more pronounced. The 15 pilot departments that have been involved in modern comptrollership the longest generally have the most to report and so are examined at greater length in this report. The 73 additional organizations that have joined the initiative at different points since May 2001, however, are now fully engaged and will feature more prominently in the 2004 report.

3. *Integrated Risk Management Framework: A Report on Implementation Progress*, Treasury Board of Canada Secretariat, March 2003

Part I: What is Modern Comptrollership?

The vision of modern comptrollership is to transform comptrollership from a specialist function into a core responsibility of every manager. This is a long-term process that may take up to 10 years. For purposes of planning and reporting, it is useful to see the process in three phases: foundation, transition, and sustaining.

The vision

Canada's vision for modern public management has evolved over several decades and will continue doing so, with each effort building on preceding ones.

Modern comptrollership was conceived in 1997 by the Independent Review Panel on Modernization of Comptrollership in the Government of Canada. The Panel concluded that comptrollership could no longer remain a specialist function. It described modern comptrollership as a “set of principles founded on a philosophy.” The philosophy holds that stewardship must become part of every manager's thinking and behaviour and that to exercise responsible stewardship a manager's decisions should bring together the following:

Modern Comptrollership delivers on a key benefit: the increased effectiveness of the government in fulfilling its mission and achieving objectives. It represents better management.

— Panel Report

- **integrated performance information** — timely financial information linked to information on program performance and results;
- **sound risk management** — clear understanding of the corporate context and capacity for risk management, the organization's highest risks, and the manager's role in mitigating risk;
- **rigorous stewardship and appropriate control** — the comprehensive departmental system of delegations and controls for assets as well as funds, conducive to innovative delivery, consistent with capabilities, and appropriate to the level of risk; and
- **shared values and ethics** — the alignment of organizational culture and mandate with the values and ethics of the Public Service.

Modern comptrollership sees management as an integrative function. In this view, improved management practices will be sustained only if all of the principles of sound management — financial and non-financial performance, integrated risk management, appropriate controls, and values — are strengthened in an integrated and concurrent fashion.

The Independent Panel stated that implementing modern comptrollership would necessitate a fundamental change in the culture of public management. In its report, the Panel indicated that making change happen would require the leadership of deputy heads, clear accountabilities in a comprehensive agenda for change, and people with the motivation, capabilities, and confidence to implement change.

- **Strategic leadership** means a sustained, visible commitment at senior levels to creating a climate for change and improving management practices through corporate planning for this improvement and providing the needed resources to achieve it.
- **Accountability** means clear internal accountability for making the changes required for modern management, including performance agreements linked to strategic plans; the input of specialists in supporting management decision making; and increased transparency of this information both internally and externally.
- **Motivating people** means establishing a workplace that is a learning, challenging, and rewarding environment, built on core competencies and understanding of the need for change to modern management practices, and supported by programs of rewards and recognition that value the contribution of staff.

Three phases of cultural change⁴

The Panel acknowledged that even with strong leadership and clear accountabilities, 7 to 10 years would be required to achieve the change in management culture. The long-term process of change in any organization can be divided into three phases: a foundation phase, a transition phase, and a sustaining phase. The phases are not absolute; some departments and agencies may spend less or more time working through any one phase. Nevertheless, these phases do help to understand the challenges departments must grapple with.

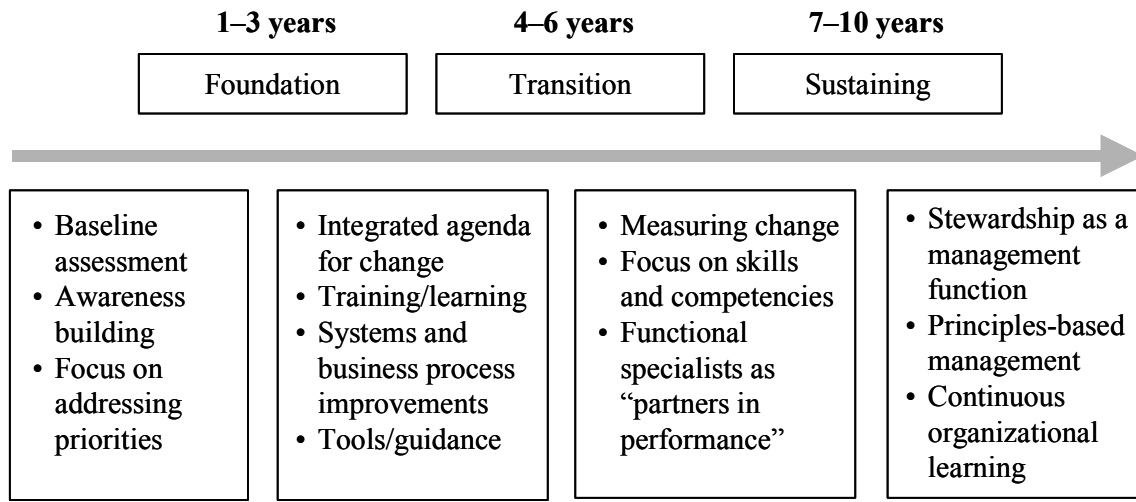
In the **foundation phase** (years 1 to 3), organizations must build awareness of modern comptrollership, assess the state of their management practices by establishing a baseline against which to measure their progress, and begin to identify and address their priorities. The focus in this phase is on the enablers of change: strategic leadership, accountability, and motivating people. As departments and agencies move forward, they begin developing integrated agendas for change, enhancing their learning programs, re-engineering business systems and processes, and developing tools and guidance for measurable improvements.

During the **transition phase** (years 4 to 6), organizations begin to see measurable improvements in management practices and focus on building modern management skills and competencies that are in line with their identified areas of greatest need. The relationship between functional specialists and line managers evolves into a true partnership focussed on achieving results. Organizations that were involved in the modern comptrollership pilot phase are either in this phase or have already entered it.

Departments and agencies will only enter the **sustaining phase** after pursuing change for 7 to 10 years, when modern comptrollership practices are the norm, stewardship is a core management function, management is principles-based, the department is a learning organization, program results are measurable and costed, and improvement is continuous.

4. These phases are discussed in more detail in the document *Modern Comptrollership Practices: Toward Management Excellence* Treasury Board of Canada Secretariat, March 2003.

Figure 2: Three Phases of Modern Comptrollership



The Independent Panel proposed several indicators for assessing progress:

In the near-term:

- the degree to which centres of excellence in all aspects of comptrollership are available to help managers develop their modern comptrollership capabilities; and
- the degree to which senior decision makers adopt stewardship attitudes and values.

In the medium-term:

- the degree to which standards (for performance information, budgeting, and control) exist and have been implemented in ways that respond to the organization’s businesses and circumstances; and
- the degree to which specialists and professionals have a sound understanding of their organization’s programs and services and managerial acumen.

In the longer-term:

- the degree to which decision makers at all levels adopt stewardship attitudes and values and can support their decisions with meaningful information and analysis; and
- the degree to which credible and comprehensive performance information is available to decision makers.

These indicators were used to gauge the progress of government-wide implementation described in this report.

Part II: Managing Government-wide Implementation

TBS is mandated to lead government-wide implementation of the Modern Comptrollership Initiative. The aim is to make commitment to the modern comptrollership vision self-sustaining by March 2004. The TBS plan for achieving this aim has two parts: first, integrating modern comptrollership into TBS management policies and centres of expertise; and second, incorporating modern comptrollership in the understanding, tools, guidance, and accountabilities of every manager.

TBS is mandated to lead and support the implementation of the Modern Comptrollership Initiative throughout the government. The Independent Panel suggested several of ways of doing so:

- establish a standards advisory board and a comptrollership council;
- staff a centre of expertise on modern comptrollership and develop a plan for implementation;
- establish a group of lead departments to spearhead the modernization effort;
- establish centres of excellence to support the capacity development and advisory needs of departments;
- develop appropriate standards for comptrollership and for financial and non-financial budgeting and reporting.

TBS has acted on the Panel's advice. It established three advisory committees: a private sector, a deputy ministerial, and an assistant deputy ministerial committee. In the pilot phase, TBS enlisted 15 departments to spearhead modernization and created a centre of expertise to manage the process. As well, when the Treasury Board decided to implement modern comptrollership government-wide, it developed a strategic plan for doing so. The objective is to create sufficient commitment to the implementation of modern comptrollership over the three-year government-wide launch period.

The TBS strategic plan incorporates the Panel's recommendations and the lessons learned from the pilot phase. The pilot phase demonstrated the importance of the following:

- building understanding and awareness of modern comptrollership among managers;
- moving organizations from assessment to action quickly in order to maintain momentum;
- creating comprehensive, costed action plans;
- tracking and monitoring the implementation of modern comptrollership; and
- establishing clear expectations for change.

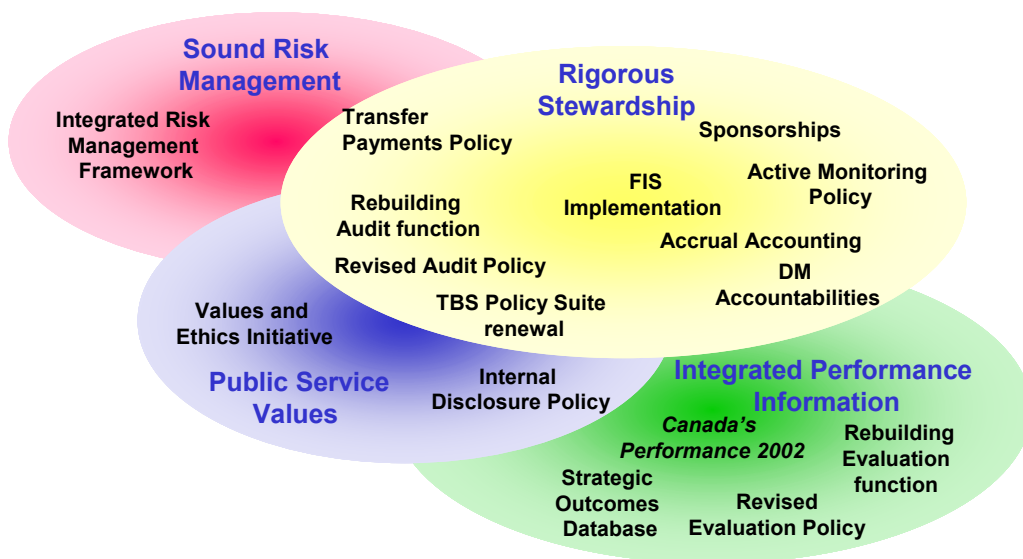
The strategic plan sets out two strategies for creating sustained commitment:

- integrating modern comptrollership principles into the TBS **management policies and centres of expertise**; and
- embedding or incorporating modern comptrollership as broadly as possible in the **awareness** of managers, in their **tools and training**, and in their responsibilities and **accountabilities**.

Integrating modern comptrollership in TBS management policies and centres of expertise

TBS has a core role in creating policies for sound management practices. Over several years, TBS has been modernizing existing management policies and frameworks and developing new ones. Some, such as the revised audit and evaluation policies and the *Integrated Risk Management Framework*, are directly related to the requirements of modern comptrollership recommended by the Independent Panel. Others, such as the *Human Resources Management Framework*, the *Policy on Transfer Payments* (affecting some \$17 billion in annual transfer payments), and the implementation of the Financial Information Strategy (FIS), are supportive of modern comptrollership. Many of the initiatives that TBS has promoted are supportive of and can be grouped under the four pillars of modern comptrollership.

Figure 3: Integrated Approach to Policy Development



TBS is currently reviewing its entire suite of policies with a view to rationalizing and aligning existing policies. In doing so, it must ensure that renewed policies reflect the vision of modern comptrollership and provide clarity to departments and agencies on management expectations. The renewed policy framework will have a significant effect on the success of modern comptrollership. One of the four tenets of modern comptrollership is that in order to deliver results creatively, managers must each understand the objectives and principles underpinning the

control regime — financial, human resources, assets, etc. — within which they must function. The improved alignment of policies will make expectations clearer and provide better support for managers to carry out individual comptrollership responsibilities.

TBS has strengthened existing centres of expertise and created new ones, as recommended by the Independent Panel, in order to assist managers in developing their modern comptrollership capabilities. Centres of excellence in evaluation and internal audit were created and strengthened in order to provide leadership, advice, and support to departments and agencies with respect to the implementation of new policies in these areas. A centre of expertise for risk management helps departments integrate risk management practices into their planning and decision making processes. An Office of Values and Ethics was also created to provide government-wide leadership and support and to monitor values-related activities in departments. All of these are in addition to the existing TBS policy centres, which provide advice on financial management, accounting, procurement, asset management, human resource management, and service delivery.

Incorporating modern comptrollership in managers' understanding, tools, and accountability mechanisms

The second strategy for creating government-wide commitment by March 2004 is to incorporate modern comptrollership principles as widely as possible : in the awareness of as many managers as possible, in management curriculum and core competencies, and in the accountabilities of managers at all levels.

Understanding

Creating broad understanding of modern comptrollership has involved a wide array of awareness and learning initiatives. Under a three-year agreement with the Canadian Centre for Management Development (CCMD) negotiated in 2001, a comprehensive curriculum for modern comptrollership was developed. CCMD is providing a range of classroom, e-learning, and informal discussions with senior managers on the philosophy, vision, and practical implementation of modern comptrollership. TBS is subsidizing course fees to assure wide participation, especially by managers of smaller organizations where training funds are limited. This learning program is expected to reach 5,500 public service managers by March 2004. In addition, TBS has worked with Human Resources Development Canada and the universities of Victoria, Ottawa, and New Brunswick to provide diploma programs in public management and modern comptrollership.

A social marketing strategy has been developed with the support of an interdepartmental Social Marketing Reference Group.⁵ The tools and products developed to date include a guide entitled *Changing Management Culture: Models and Strategies to Help It Happen*; practical examples of modern management in *Putting It Together: Case Studies in the Practice of Modern*

5. Members of the Social Marketing Reference Group include the Transportation Safety Board of Canada, Industry Canada, Health Canada, Communication Canada, Human Resources Development Canada, Natural Resources Canada, National Defence, Public Works and Government Services Canada, Fisheries and Oceans Canada, the Department of Foreign Affairs and International Trade, and the Treasury Board of Canada Secretariat.

Comptrollership; and eight regional forums at which middle managers and executives explored the transition to modern management and how to facilitate it.

More than 50 conferences and learning events (estimated to have attracted 3,000 participants) were held between September 2001 and December 2002 for the purposes of sharing modern comptrollership information and best practices across departments and agencies. The learning agenda and the social marketing strategy both address the Secretariats' assessment and the Auditor General of Canada's observation that not enough had been done during the pilot phase to create understanding of modern comptrollership principles and practices among managers.⁶

Tools

Through a wide range of newly developed tools, TBS provides advice and guidance to departments and agencies on implementing modern management practices. Examples of these include the following:

- a searchable database of practices available on the TBS Modern Comptrollership Web site to encourage the sharing of lessons learned;
- the Modern Comptrollership Capacity Check, developed during the pilot phase, is the tool used by all participating organizations for conducting baseline assessments of management practices and identifying priority areas for improvement;
- the publication entitled *Guidance for Developing Action Plans for Federal Departments and Agencies Implementing Modern Comptrollership* to help organizations meet expectations regarding quality and coverage in their management improvement action plans;
- the publication entitled *Modern Comptrollership Practices: Toward Management Excellence* provides a framework of expected practices in each element of modern comptrollership and suggested activities for creating them and provides updates on elements like risk management and human resource management;
- the *Integrated Risk Management Framework*, which sets out risk management concepts and practices to advance a corporate and strategic approach to risk management and create a risk-smart workforce and environment;
- guides prepared to advance the implementation of the *Policy on Transfer Payments* to help managers develop results management and accountability frameworks and risk-based audit frameworks;
- guides available on the Office of Values and Ethics Web site to help in conducting a departmental dialogue on values and ethics;

6. *Strategies to Implement Modern Comptrollership*, Chapter 7, April 2002, Auditor General of Canada.

- a model on how to implement comprehensive results-based management developed for departments;
- a senior management guide on how to manage cultural change; and
- forty case studies on modern comptrollership in action have been prepared to assist departments in making modern comptrollership real to front-line managers.

TBS has also encouraged departments to work together to develop tools to meet the needs that they have identified as a basis for developing best practices that could be applied government-wide (see Appendix 4 for a complete list of innovations projects). This collaboration is a condition of funding under the Modern Comptrollership Innovations Fund to ensure that tools and lessons learned will be shared across government. With support from the Fund, for example, departments and agencies have

- researched international approaches to linking resources and results;
- developed a performance measurement framework for small agencies;
- prepared tools for reporting on the performance of regulatory agencies; and
- produced a variety of instruments to support the evaluation function.

With regard to risk management, departments and agencies have worked in several clusters with funding from the Modern Comptrollership Innovations fund to develop guidance and tools for

- linking risk management to strategic outcomes;
- introducing risk management in small agencies;
- developing corporate risk profiles; and
- preparing integrated risk management frameworks in science and technology organizations.

Departments and agencies have collaborated to develop the following:

- guides on the conduct of cost accounting and assurance audits;
- integrated control frameworks, specifically for regional managers;
- financial management monitoring frameworks and tool kits; and
- a new government-wide records classification system for improved management information based on categories of business activity.

Accountability

Perhaps the most effective way to sustain commitment will be to incorporate modern comptrollership practices in departmental accountabilities for sound management. Since this initiative was first implemented, departments have been expected to make their baseline assessments and their action plans publicly available as they are completed. They have also been instructed by TBS to describe their implementation strategies and their progress in their reports on plans and priorities and their departmental performance reports, respectively.

TBS has administered the \$30 million Modern Comptrollership Innovations Fund in such a way as to strengthen accountability for implementation and results. Funds are allocated based on measurable commitments, and TBS closely monitors the progress of each recipient organization and funded project. As a prerequisite for renewal, TBS requires that departments and agencies produce results statements showing how effectively funds have been used relative to proposed commitments.

The Independent Panels urged TBS to make its performance expectations for modern comptrollership implementation clear to departments. TBS has taken several steps to do so. It has drafted a comprehensive framework of modern comptrollership practices entitled *Modern Comptrollership Practices: Toward Management Excellence*. Initially prepared as a guide for strengthening the action plans of departments, this framework can also function as an accountability mechanism for managers. It details expected practices in each element of modern comptrollership — leadership, accountability, people, performance information, risk, control, and values. It also sets out the sequence and time frame according to which departments should strive to achieve them. The framework provides a roster of suggested management actions that departments may use to improve their practices and meet expectations. TBS is currently incorporating its key expectations into a comprehensive Management Accountability Framework.

With participating departments, TBS has also developed a *Results Management and Accountability Framework* for measuring the results of modern comptrollership implementation. The Framework elaborates on the expectations in *Modern Comptrollership Practices: Toward Management Excellence* and describes the roles and responsibilities of the main parties involved in implementing Modern Comptrollership. It provides a logical sequence of activities, outputs, and performance measures along with a strategy for monitoring progress.

Conclusion

Although a strong start has been made to government-wide implementation of the Modern Comptrollership Initiative, TBS will need to sustain its leadership and support to departments and agencies. Since the pilot phase, TBS has moved aggressively to facilitate government-wide implementation, and its leadership has become more proactive. Departments and agencies have indicated a measure of satisfaction with the leadership provided by TBS to date. They appreciate the effort made to clarify the objectives and expectations of modern comptrollership and are pleased with the level of commitment and guidance provided. Concerns were raised, however, about delays in the development and distribution of tools; seemingly competing management initiatives; and the importance of assuring the Secretariats' commitment and sustained support for improving management practices.

The proactive leadership provided by TBS will be needed more than ever in the time leading up to March 2004 if the principles behind modern comptrollership are to be sufficiently well rooted in departments and agencies by then.

Satisfaction with the leadership demonstrated by TBS only tells part of the story. The real measure of its effectiveness is the speed and degree by which management practices are actually changing. Changes in practices will be the focus of the next section of this report.

Part III: Implementation of Modern Comptrollership in Departments and Agencies

In creating the conditions for change, departments and agencies are acting in the areas of leadership, accountability, and motivating people. In changing management practices, departments and agencies are moving to put into practice the four fundamental elements of modern comptrollership: integrated performance information, sound risk management, rigorous stewardship, and values and ethics.

According to the Independent Panel, “the real battle to achieve excellence in [modern comptrollership] will be fought and won in departments.” Since most departments and agencies beyond the pilot phase have been implementing modern comptrollership for under two years, the first departmental implementation results pertain primarily to the enablers of change — leadership, accountability mechanisms, and motivating people. This is where early work tends to focus in order to create the conditions for change. In organizations engaged in modern comptrollership implementation for more than two years, changes are becoming apparent in the quality of decisions made by management.

This section deals with progress in enabling change in departments and agencies and early results in making substantive improvements in management practices.

Creating the conditions for change

According to the Independent Panel, the intensity and success of efforts to modernize comptrollership will be affected profoundly through the following:

- the way in which senior officials create and maintain a climate that fosters effective comptrollership;
- the clarity with which responsibilities for bringing about the changes needed in modern management practices are assigned; and
- the degree to which managerial and professional capacities are developed and deployed and people are motivated to support the necessity, direction, and intent of change.

The process of modernizing comptrollership is less the achievement of a single, fixed objective than it is an undertaking to accept a constantly evolving discipline and embed it within the culture of government.

— Panel Report (page 68)

Leadership

TBS provides direction and support for change, but deputy heads must exercise their own strategic leadership to make real change happen at the department or agency level. Deputy heads have overall responsibility for creating an environment and organizational structure conducive to modern comptrollership. According to the Independent Panel, deputy heads must

- exhibit a modern comptrollership mindset;
- embrace their responsibility for making change happen;

- assess their current comptrollership environment against the vision of modern comptrollership;
- secure the commitment of their senior management team to the agenda for change;
- communicate their priorities for change; and
- provide leadership throughout the process.

In organizations just launching modern comptrollership, baseline assessments confirm the need to communicate the importance of changing management practices and building commitment to the principles of modern comptrollership beyond the executive team. The assessments underscore the need for an integrated agenda for strengthening management that all managers understand and to which they can contribute. This integrated agenda should combine all management improvements under one coherent plan.

That deputies are providing leadership for change is apparent from the speed with which organizations have participated in the Initiative. Since May 2001, an additional 73 organizations have joined the original 15 pilot departments in implementing modern comptrollership — a far more rapid acceptance than was originally expected; departments have been able to join the initiative at different points during the three-year launch. Of the 99 departments and agencies required to implement modern comptrollership, a total of 88 are now participating. In workforce numbers, they include departments and agencies with as many as 45,000 employees and as few as 8 and represent 99 per cent of total government spending. Almost 60 per cent of the 88 organizations should have approved action plans for modernizing management in place by the end of fiscal year 2002–03.

The readiness of organizations to commit staff and resources to management improvement is further proof of this momentum and the commitment of deputy heads. Pilot departments and agencies invested approximately \$30 million in response to the \$10 million allocated by Treasury Board during Phase I; all now sustain their implementation efforts by their own internal reallocation of resources. Departments and agencies have dedicated staff and resources to facilitating, co-ordinating, and tracking management improvements, primarily through the establishment of modern comptrollership project management offices. Funding requests show that 40 per cent of departments and agencies have matched or exceeded the funding provided by Treasury Board to support the implementation of modern comptrollership in their organization. In a number of organizations, deputies have become very personally associated with the modernization agenda. At Human Resources Development Canada, for example, the former deputy minister made a video for all staff on the importance of modern comptrollership. At the Royal Canadian Mounted Police, the Commissioner has very publicly made modern comptrollership the framework for achieving excellence in policing. Most large departments and agencies, however, rely on a champion from among the executive team to drive the agenda for change. Deputy level commitment is an important element in assuring successful implementation, and the Clerk of the Privy Council's priorities help to bring senior-level focus to the initiative.

Deputy heads of small agencies have demonstrated a particular willingness to implement modern comptrollership. Small agencies perform services that are vital to Canadians; these range from environmental assessment to the regulation of the nuclear industry, from transport accident investigation to the maintenance of workplace health. In all, 45 small agencies are currently implementing modern comptrollership. The Agency Heads Modernization Steering Committee, formed at the request of the Secretary of the Treasury Board, provides strategic leadership on the implementation of modernization activities in federal agencies with full-time staff numbering fewer than 300.⁷ Chaired by the President of the Canadian Environmental Assessment Agency, the Committee has proved invaluable in creating and maintaining momentum for change.

Accountability

The Independent Review Panel proposed a series of interlocking but distinct responsibilities and accountabilities for executives, specialists, professionals, departments, and central agencies to achieve modern comptrollership. Baseline assessments of departments and agencies indicated that managers were looking for clearer linkages between program delivery, management initiatives, and the overall agenda of the department. Clarity was also being sought around accountabilities, performance, and rewards. The bottom line is that each organization must ensure that its executive team and managers fully understand its internal, results-oriented accountability mechanisms in order to foster a comptrollership mindset throughout the organization.

A key feature of our Action Plan is building on good practices and approaches already under way and integrating them into a coherent management picture.

— Deputy head

To date, efforts in departments to clarify responsibilities and incorporate modern comptrollership have taken two forms:

- developing, maintaining, and tracking results-based departmental plans for modern management; and
- requiring that performance agreements of executives at every level of management reflect individual accountabilities for implementing modern management practices.

Within one year of completing the baseline assessment, each department and agency that is implementing modern comptrollership is required to develop an action plan to address vulnerabilities on a priority basis. Action plans prepared by departments during the pilot phase tended to focus on one or two comptrollership issues.

Organizations that have launched modern comptrollership since 2001 have been encouraged to develop comprehensive plans and to use modern comptrollership as a framework for rationalizing and harmonizing their many different management improvement efforts. TBS has

7. The members of the Small Agency Modernization Steering Committee are the Canadian Environmental Assessment Agency, Office of the Commissioner of Official Languages, NAFTA Secretariat – Canadian Section, Canadian Transportation Agency, Supreme Court of Canada, Status of Women Canada, Canada Industrial Relations Board, Immigration and Refugee Board, Treasury Board of Canada Secretariat.

provided guidance to that end, and departments are encouraged not to treat modern comptrollership as an add-on to the delivery of their programs, but as an opportunity to integrate management initiatives and harmonize program delivery and sound management.

The best management improvement plans establish clear targets and accountabilities, are resourced, and are closely monitored by the department's executive team. Examples of integrated and comprehensive management improvement plans include those of the Transportation Safety Board of Canada, Environment Canada, and the Canadian Space Agency. To date, 30 action plans have been completed, and another 25 are scheduled to be completed by the end of March 2003. All are being closely challenged by TBS for their comprehensiveness and for the clarity of their targets and accountabilities, in accordance with the guidance and training provided by TBS to departments and agencies.

Progress has been made in building modern comptrollership into the performance agreements of managers at all levels. The Clerk of the Privy Council designated modern comptrollership one of the four corporate priorities of the Public Service of Canada in 2002–03 that require the attention of deputy ministers. Furthermore, 40 per cent of departments and agencies surveyed reported that all senior management performance accords in their organizations now reflect modern comptrollership as one of their key commitments. This is an indication that sound management is indeed becoming part of managers' core responsibilities. The challenge remains, however, to have performance agreements include both implementation targets and time-bound commitments to correct the management weaknesses identified through capacity assessments and audits.

It is the responsibility of departments, and the recommendation of TBS guidance for the annual performance report, that departments report on their progress in implementing modern comptrollership. This strengthens the accountability to Canadians.

Motivating people

Change cannot happen without people — functional specialists and line managers alike — who understand the necessity, direction, and intent of change, and are confident they have (or will be given the opportunity to acquire) the skills and capacities that change implies. Baseline assessments suggested that managers wanted and knew they needed improved training in their stewardship responsibilities and the concepts of modern comptrollership.

Integrated Management Agendas

- Fisheries and Oceans Canada's integrated management improvement framework builds on the department's baseline results, and good practices and approaches already underway, integrating these into a comprehensive management plan.
- National Defence's modern management agenda — a strategic-level action plan — integrates efforts through several main activities, including human resources strategic planning, information management strategic planning, Financial Information Strategy, and accrual accounting.
- Environment Canada's modern management action plan addresses all elements of modern comptrollership, as well as service, Government On-Line, and human resources management.
- The Transportation Safety Board of Canada has integrated modern comptrollership into the agency's business plan and as a means of bringing management and program delivery together.

Departments involved in the pilot phase were quick to recognize that training to build a common understanding of modern comptrollership was an essential first step in its successful implementation. Under a comprehensive agreement with CCMD, TBS has invested \$2.5 million from the Modern Comptrollership Innovations Fund in courses and tools to build management understanding and capacity for modern management practice. Departments and agencies currently implementing modern comptrollership have made their own substantial investments in changing management behaviours and culture. Over a thousand managers have participated in the baseline assessment process.⁸ In addition, approximately 5,800 employees have participated in modern comptrollership briefings or learning events to raise their awareness of the principles behind the change.⁹

In addition to classroom courses and formal training programs, departments and agencies are using a wide range of vehicles for building awareness, including Web-based tools, workshops, newsletters, presentations, speeches, CD-ROMs, guides, and e-courses. A recent conference on modern comptrollership learning attracted 19 departmental exhibitors willing to share their learning strategies and tools. Most programs are introductory, however, and departments and agencies report they are now looking for the next generation of products to deal with the practical application of modern comptrollership principles to real-time management decisions.

Departmental Training

- Human Resources Development Canada (HRDC) developed a two-day orientation program designed to convey a common understanding of modern comptrollership. The session raised the awareness of departmental managers and staff, and provided the opportunity to share and discuss good management practices. Over 1,900 HRDC employees have attended the training program.
- Veterans Affairs Canada developed and trained over 1,400 managers in the concepts of modern comptrollership and how to apply it to their daily business.
- The NAFTA Secretariat, Canadian Section provided training in modern comptrollership principles to all 16 of its staff.
- The Canadian Transportation Agency provided training to all managers and involved them in the modern comptrollership implementation process.
- Virtually every employee in the Atlantic Canada Opportunities Agency has been given the opportunity to participate in interactive awareness sessions on modern comptrollership and in reviewing the results of the organization's baseline assessment.

Creating the conditions for change — A summary assessment

Leadership and support from the deputy head and senior executive team definitely make an organization better able to implement modern comptrollership. Deputy heads are signalling the importance of modern comptrollership, and many managers are beginning to take up the challenge. Despite this, departments face challenges in promoting modern comptrollership, deepening commitment to it, and making its benefits real. In the next year, and beyond, commitment will be required of deputy heads, and even greater effort will be needed in strong and sustained communications and capacity building.

8. A total of 55 capacity assessment are underway or completed; approximately 20 managers are usually involved in the interview process of the assessment.

9. This includes managers in Human Resources Development Canada, Veterans Affairs Canada, and those who have participated in CCMD and TBS-led awareness sessions.

Accomplishments

- 90 per cent of departments and agencies involved
- 90 per cent of participating organizations report their executive committees review MC progress at least quarterly
- A number of departments establishing integrated management change agendas
- Ratio of departmental to central funding among pilots was 3:1; all now sustain MC implementation with own resources
- Deputies reflect MC commitments in their performance management agreements with Clerk of the Privy Council; most organizations report that their senior executives do the same
- 55 organizations continuing implementation or scheduled to complete their plans for change by the end of March 2003
- Over a thousand managers have been involved in capacity assessments
- Approximately 5,800 participants in awareness-building sessions
- A learning curriculum has been developed
- A modern comptrollership rewards and recognition program is under development

Ongoing challenges

- Maintaining strategic leadership for management change and momentum around modern comptrollership
- Maintaining clear accountability for results throughout the implementation period
- Reaching middle-level and front-line managers and translating modern comptrollership principles into practical day-to-day decision making

Changing management practices

The Independent Panel described the four fundamental elements of modern comptrollership — integrated performance information, sound risk management, rigorous stewardship, and values and ethics — as the constituents of responsible decision making and the foundations of modern public service management. The implementation process does not begin at the same point for every department, nor does progress occur in the same fashion or at the same pace. Given that most have launched the initiative within the last 18 months, most organizations are in the foundation phase (assessment, awareness building) of implementation, but some are already building the systems, tools, and skills required to strengthen their management foundations and have been doing so for some time.

Integrated financial and non-financial performance information

Integrating financial and non-financial performance information is a challenge facing all administrations, both in the public and the private sectors. As the 2003 Budget Speech stated clearly, “Canadians want to know what they are paying for, and they want to get what they are paying for. They want results. They want value for money.” Canadians expect departments and the government as a whole to be capable of reallocating spending from lower to higher priority needs and from less effective to more effective approaches. To do this, management decisions

must have the benefit of integrated financial and non-financial information, and advice that is rigorous, complete, historical, and prospective as well as analysis and interpretation of that information.

For purposes of internal decision making and public accountability alike, departments have been working steadily to improve the quality and accessibility of their financial and non-financial performance information. Since the mid-1990s, departments have been required to focus the plans and reports they provide to Parliament on results. Baseline assessments in departments that are launching modern comptrollership suggest managers do have credible costing, operational, and some results information available. Assessments also indicate, however, that performance information is not yet sufficiently timely or integrated to the degree envisioned by modern comptrollership. Deputies report that more progress has to be made.

The FIS has made a major difference in the quality of management information. The FIS was intended to provide a common infrastructure for the capture of financial information. It succeeded in reducing the number of financial systems across the government from more than 60 to 7. The new systems provide managers with financial information of a quality and timeliness not previously possible. The systems side of the FIS has been fully implemented. As with any large systems change, managers must become familiar with the systems and develop confidence in their capabilities. With the new systems, departments have the platform they require to provide financial information in a timely and accessible manner. Work is now focussing on developing a more mature set of program performance measures and monitoring systems to complement their financial information systems.

To improve their results information and the systems for bringing management information together to support corporate decision making, departments and agencies need to

- clarify their strategic outcomes and related measures as well as track results at both the corporate and program levels;
- strengthen their corporate capacity (in particular, the evaluation function) to assess the effectiveness of programs and policies; and
- develop management information systems that can capture performance information on outcomes and link it with financial and other management information in a timely fashion to better support corporate decision making.

Departmental strategic outcomes: Since 2001, departments and agencies have been encouraged to focus their departmental performance reports (DPR) on strategic outcomes. Many departments (e.g., Industry Canada, Natural Resources Canada, and Transport Canada) have found it necessary to improve their strategic outcomes not simply for purposes of external reporting but also to better frame and guide their results-focussed corporate planning and reporting and allow for stronger linkages with financial information.

Departmental strategic outcomes are of priority interest to TBS. Departments report to Parliament annually on their performance. With TBS new Strategic Outcomes Database, it is possible to gather information on all departmental outcomes and resources and associate them with government-wide themes for the first time. The stability and the quality of the strategic outcomes are important to TBS, and TBS is working with departments to improve their clarity and measurability.

Illustrative of the need to focus on outcomes and link them to financial information is the ongoing interest of Parliament and the public in the performance of the \$17.8 billion in federal grants and contributions awarded annually. As a requirement of the renewed *Policy on Transfer Payments*, departments and agencies seeking renewal of some 300 grants and contributions programs have had to improve the information available and develop outcomes and indicators for evaluating their performance.

Assessing program performance: As progress is made on improving strategic outcomes, there remains a need for regular program performance assessments. An indispensable source of performance information is the evaluation function.

The objective of the evaluation function is to ensure that the government has timely, strategically focussed, objective, and evidence-based information on the performance of its policies, programs, and initiatives to produce better results for Canadians. This capacity was eroded significantly over the past decade, and the renewed *Evaluation Policy* and funding to departments to rebuild those functions are intended to strengthen the ongoing review and assessment of key initiatives and programs. The policy requires that the evaluation function be used to assist departments in developing performance measures for all current and proposed policy and program initiatives. As a result, departments and agencies have increased the human resources dedicated to the evaluation function by more than 20 per cent since April 2001. Departments and agencies still note that approximately 105 more evaluators are needed to meet the requirements of the policy. Departments have reallocated \$4 million to the evaluation function, almost matching resources allotted from TBS, and they report that evaluation information is being used more frequently in corporate planning and decision making. As departments move forward in rebuilding their evaluation functions and evaluators provide advice and guidance, the ability of managers to improve and monitor performance of programs should also improve. The process of rebuilding this capacity has continued with the approval of two additional years of funding beginning in 2003–04.

Focus on Outcomes

- Industry Canada has adopted a priorities chart with five strategic objectives and associated commitments to key results.
- Natural Resources Canada has developed and implemented a performance measurement framework with goals, objectives, and performance indicators as a foundation for all departmental planning and reporting documents.
- Transport Canada has introduced a corporate approach to performance measurement and a resource planning process that allows it to establish priorities and allocate resources more effectively.
- National Defence has developed the defence planning and management framework as its overarching structure for establishing long-, mid-, and short-term direction; managing its “sustain and change” agendas; monitoring performance and risk management; and reporting to Parliament.

Corporate management information systems: Once it has clarified its outcomes and strengthened its capacity to assess performance, a department needs to establish the management information systems that will allow the non-financial outcome information to be linked to financial information and provided to managers in a timely manner. Actually linking financial and program performance information is very complex. Departments and agencies are tackling the task in different ways. Some organizations have experimented with activity-based costing.¹⁰ Others have developed linkages between performance and financial information in revenue-generating environments.¹¹ Still others are adjusting their financial coding structures to directly associate expenditures with results. To support their work, TBS has fully invested a third of its Modern Comptrollership Innovations Fund in projects to improve management information.

Most departments are working to improve their ability to cost operations and programs and manage risk. Health Canada, for example, has implemented a number of initiatives to more closely align resources and results as part of its Financial Management Improvement Plan. Industry Canada has developed performance measurement tools for staff at the program, sector, and branch levels; the aim is to improve decision making and enhance strategic and operational planning. A number of departments report that they are integrating financial and operational information systems, and five departments¹² are experimenting with Balanced Scorecard, business intelligence, executive reporting systems or some combination thereof. A few departments — among them Environment and Agriculture and Agri-Food Canada — are actually recasting their entire financial coding structure to create links between their financial and program performance information.

While there are many diverse initiatives underway, they are all consistent in their objective of capturing comprehensive non-financial information, linking it to financial information, and making it available to managers for the purposes of decision making.

Budget 2003 has created a new incentive for results-based management. Departments are being asked to demonstrate results and challenged to find new approaches to service delivery. The objective is to reallocate spending from lower to higher priority needs and from less effective to more effective approaches. This is certain to accelerate progress in linking what departments spend with what they achieve. Managers and citizens alike will be the beneficiaries.

10. Environment Canada and Transport Canada

11. Canada Customs and Revenue Agency and the Royal Canadian Mounted Police

12. Health Canada, Department of Foreign Affairs and International Trade, Industry Canada, National Defence, and Canada Customs and Revenue Agency.

Integrated performance information — A summary assessment

Accomplishments	Ongoing challenges
<ul style="list-style-type: none">• Systems to capture financial information significantly improved• Departments are integrating financial and operational information systems• Five departments have introduced Balanced Scorecard, business intelligence, or executive reporting systems to provide more comprehensive financial and non-financial performance information• All organizations are required to report resources against strategic outcomes in their performance reports• The TBS Strategic Outcomes Database can associate departmental results and resources with government-wide themes	<ul style="list-style-type: none">• Achieving the full potential of financial information and providing financial training to managers• Completing the systems to capture performance information• Rebuilding the evaluation function

Sound risk management

As the Independent Review Panel noted, comptrollership must ensure that a mature risk management environment is created and sustained. The Panel emphasized the need to ensure that employees are risk-attuned (not only in identifying but also in managing risks); match more creative and client-driven decision making and business approaches with solid risk management; and create an environment in which taking risks and the consequences of doing so are handled within a mature framework of delegation, rewards, and sanctions. Before the launch of the Modern Comptrollership Initiative in departments and agencies, baseline information indicates that risks were generally managed on the basis of knowledge and experience. Systematic approaches to risk management were more evident in programs dealing with public health, safety, and security. Few formal structures were in place to manage risks from a corporate or integrated perspective.

Risk management has evolved beyond the traditional domain of public health, safety, and security. From an art of applying intuition and experience, risk management is becoming a more systematic, knowledge-driven process. While the process is still in its early stages, the foundations are being laid to fully implement integrated approaches to corporate risk management in federal departments and agencies. Evidence of the progress being made takes four forms:

- establishing direction and guidance;
- engagement;
- developing corporate risk profiles; and
- building capacity.

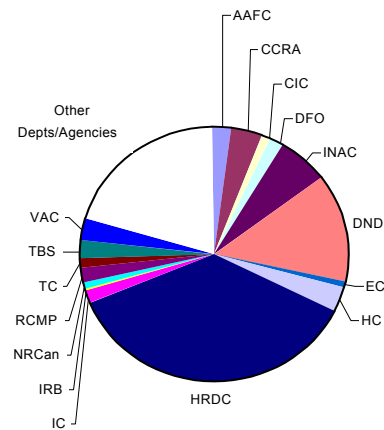
Establishing direction and guidance: Treasury Board Ministers endorsed the TBS Integrated Risk Management Framework in March 2001. It provides a set of risk management concepts and practices to guide departments in creating a risk-smart workforce and environment. The Framework has four related components:

- developing the corporate risk profile;
- establishing an integrated risk management function;
- practising integrated risk management; and
- ensuring continuous risk management learning.

To support implementation of the framework, the TBS Risk Management Centre of Expertise facilitates the development of tools and the exchange of information and practices between and within departments and agencies. The Risk Management Web site was launched in July 2002 as a vehicle for sharing information.

Engagement: Since the release of the Integrated Risk Management Framework, TBS has formally engaged 16 departments and agencies to lead the implementation of an integrated approach to risk management (Appendix 2). As shown in figure 4, the 16 departments and agencies account for nearly 75 per cent of total federal spending.¹³ Other departments and agencies have also recognized the value of taking a more corporate approach to managing risks; as a result, progress is being seen beyond the 16 lead departments. A learning-by-doing approach to implementation has been adopted for working with departments and drawing lessons from their early implementation experiences. The initial focus has been on supporting departments to advance three identified priorities: developing the corporate risk profile; building capacity; and integrating risk management into strategic and business planning.

Figure 4: Implementation Council as a Percentage of Federal Spending



An implementation council was established in 2001 to increase awareness and understanding of integrated risk management and advance implementation across the federal government. The Council enables leaders to meet and share lessons learned.

Developing corporate risk profiles: One of the first critical steps in implementing an integrated approach to risk management is the development of a corporate risk profile. The activities and processes

Risk language now permeates our policy and program discussions across all sectors.

— Deputy head

¹³ Total federal spending of \$70 billion annually, exclusive of funds managed by Human Resources Development Canada for the Employment Insurance Program and the Canada Pension Plan.

involved can increase awareness, secure commitment from senior management, and provide a forum for more open dialogue about risks. Several departments have completed a first round of activities toward the development of a corporate risk profile. Many others, however, have initiated steps (such as environmental scanning and the assessment of internal capability to manage risk) to help them build a more corporate picture of the threats and opportunities they face in the context of their organization's mandate. Fisheries and Oceans Canada, for example, has an annual environmental scanning process that looks at external and internal risks and opportunities. The scans are conducted in consultation with regions and form the basis for the departmental strategic plan.

Building capacity: The integrated risk management infrastructure underpins an organization's ability to build and sustain risk management capacity. Departments have developed frameworks, policies, and tools and have established a focal point or champion for risk management. Through these steps, they have demonstrated that an appropriate corporate infrastructure can help to assure the clear communication of risk issues, practices, and procedures at the most senior levels of management and throughout the organization. For example, Indian and Northern Affairs Canada has completed an integrated risk management framework and established a department-wide advisory committee on the management of risk.

As the infrastructure evolves and becomes more formalized, departments are focussing on building capacity — both people and processes — to effectively incorporate risk management within management culture and practices. Awareness building, risk management training, and the development and use of tools are common components of the strategies adopted by most lead departments in this regard. Some departments are able to demonstrate a prominent role for risk management in their overall training agendas. Human Resources Development Canada has developed training materials for instructors and facilitators and has delivered one-day risk management courses to most of its managers. The department has also developed and conducted numerous self-assessment sessions.

Risk management . . . is being integrated into strategic and detailed planning and is systematically being applied across the department at the divisional level.

— Comptrollership champion

During fiscal year 2002–03, TBS has worked closely with the Canadian Centre for Management Development and with Training and Development Canada to develop courses that help build integrated risk management awareness and capacity; this co-operation will continue. To date, 260 participants, both at headquarters and in the regions, have attended the Centre's course. Through the Modern Comptrollership Innovations Fund, TBS has provided financial support for building departmental risk management capacity.

Linkage with strategic planning: Even given a sound infrastructure, true integration will be difficult to achieve without a bridge to strategic and corporate planning. A number of departments have recognized the importance of this linkage and are responding appropriately. For example, Human Resources Development Canada and the Canada Customs and Revenue Agency are integrating the results of risk assessment: priority setting and resource allocation at the corporate level are now examined using a strategic risk lens. Veterans Affairs Canada has also integrated risk into its strategic and detailed planning and is systematically applying risk management concepts across the department at the divisional level. Among organizations more

recently involved in modern comptrollership, the Public Service Commission of Canada (PSC) has drafted a policy on the implementation of integrated risk management; this links the PSC’s environmental scan, active monitoring, corporate risk assessment, and action plan with the its corporate planning exercises. These are good examples of integrating risk management into strategic planning. Other organizations need to take similar action, building on the early lessons learned and refining their approach as required.

Many departments are using new accountability mechanisms, such as the Guide for the Development of Results-based Management and Accountability Frameworks and Risk-based Audit Frameworks, as stepping stones to build the risk management component into planning. This approach has further supported internal audit groups in some larger departments, helping them to become centres of expertise in risk management.

Sound risk management — A summary assessment

Accomplishments	Ongoing challenges
<ul style="list-style-type: none"> • Majority of organizations report that integrated risk management is now a corporate priority • The Implementation Council has 16 member departments • Five departments have made progress on their corporate risk profile • Capacity being built through establishment of key elements of integrated risk management infrastructure (policies and frameworks) and by building awareness and understanding (training, guidance, and tools) • Guide to developing a corporate risk profile and a tailored framework for small agencies are both under development • All CCMD course offerings over-registered; TDC course ready for delivery; e-learning course under development 	<ul style="list-style-type: none"> • Cross-governmental adoption of integrated risk management principles • Discussion and communication of risk tolerances • Risk communication and consultation

Rigorous stewardship and appropriate control

The Independent Panel described rigorous stewardship as “strength without rigidity.” Stewardship must become part of the job and the way of thinking of every public service manager; according to the Panel, however, this will only happen if control systems are based on clear standards appropriate to management needs and risks. Baseline information gathered prior to the launch of modern comptrollership suggests that, while generally accepted accounting principles are followed and controls exist over individual transactions, many managers indicated the need to improve the quality and timeliness of financial information available to them. This information also suggests that many managers needed greater clarity regarding their stewardship responsibilities.

The FIS is improving this situation. Founded on accrual accounting concepts, FIS was a government-wide initiative to rationalize financial information systems, integrate financial information with operational information, and improve asset management by making the costs of assets more visible. It was designed to enable managers to identify and compare the costs of services and programs and improve business planning and performance reporting. After six years and \$600 million, implementation is complete. As part of the FIS, all departments have implemented accrual accounting, and in Budget 2003, the government announced that its financial statements would be presented to Parliament on a full accrual accounting basis from now on.

There is a great deal departments and agencies are doing to strengthen stewardship practices:

- they are building their stewardship capabilities by hiring and providing training to specialists and managers alike in the use of new tools, the requirements of new policies, and the stewardship responsibilities of all managers;
- they are rebuilding the audit function to provide more rigorous assurance to deputies regarding compliance with policies;
- they are overhauling their management and accountability frameworks to improve internal control and clarify accountabilities; and
- they are strengthening the elements of control and implementing new TBS policies in ways that address their particular risks and circumstances.

Building stewardship capabilities: To be able to exercise their stewardship responsibilities effectively, managers require and should expect appropriate tools and training. Tools include improved information on the assets and real property holdings of the government at large. As required by the FIS, all departments and agencies were required to train their finance staff in the use of the new systems and the information they provide by April 2001. Some departments, including Environment Canada and Western Economic Diversification Canada, also provided training on the FIS to program managers. Many more managers require such training, however, and this will be a focus of effort in 2003–04.

Work is underway to establish a professional development and certification program for the procurement, real property, and materiel management community. The program will provide that community with the necessary knowledge, skills, and ability to meet evolving and complex business needs. These steps enable officials to better serve program needs and exercise their stewardship responsibilities effectively.

Departments are not only training existing staff in the new tools and responsibilities, but they are also recruiting new staff. The financial officer and auditor recruitment and development programs recruit, train, and develop financial officers and internal auditors from across Canada who are interested in pursuing a career in the federal Public Service. As evidence of the revitalization of the financial and audit functions, departments and agencies have hired more than 300 entry-level officers over the past two years.

Rebuilding the audit function: The role of internal audit is to provide a deputy head with information and assurance concerning compliance with policies, management controls, and risk management strategies. Fundamental to rigorous stewardship is timely and objective assurance. With this in mind, TBS revised the *Internal Audit Policy* in April 2001. Following this review, Treasury Board provided departments and agencies with supplementary funding to strengthen the capacity of the internal audit function. Internal audit resources have risen by 40 per cent from the levels in fiscal year 2000–01, with a parallel increase in overall audit activity of 34 per cent. The function will be further strengthened by the extension of an additional two years of funding for departments and agencies.

Improving internal management frameworks: To better align and discipline corporate business planning and resource allocation, many departments are strengthening their internal management and accountability frameworks. National Defence, the Royal Canadian Mounted Police, Agriculture and Agri-Food Canada, Canadian Heritage, Industry Canada, and other organizations have all overhauled these frameworks to strengthen corporate management and to focus planning and reporting more clearly on outcomes. Others (e.g., Environment Canada and Human Resources Development Canada) have refined existing accountability frameworks to clarify roles and responsibilities for managing horizontal functions, delegating authorities, and allocating resources. Still others have improved their abilities to gather and use costing and budgeting information in corporate decisions. Health Canada, for example, has changed its management framework and has undertaken to communicate it to all staff.

Strengthening the elements of control: Although most departments and agencies report that their process controls, delegations, and documentation of individual transactions are adequate, further efforts are underway to strengthen the elements of control. A government-wide review of recent audits found that weaknesses remain in areas like the integrity of data in financial systems, risk-based financial monitoring, cost recovery practices, and the timeliness and accuracy of departmental financial statements. In response, many departments have strengthened individual elements of their control regime.

For example, in implementing new Treasury Board policies, departments had to consider their risks and vulnerabilities and how best to support managers in making responsible decisions. In operationalizing the new *Policy on Transfer Payments*, departments with large grants and contributions programs implemented mechanisms to supply the type of advice and support managers needed to respect the Policy. Human Resources Development Canada, Canadian Heritage, Health Canada, and other departments have strengthened their individual control systems over grants and contributions, developed tools and guides, and created centres of excellence to support their managers.

Grants and Contributions

- HRDC has developed a “how to” guide on contribution programs and a grants and contributions Web site.
- Health Canada has a grants and contributions control framework and action plan.
- Canadian Heritage has created a centre of excellence for grants and contributions as a place for managers to go for information, guidance and tools.

Another example is the ongoing work to modernize and strengthen project management and contracting through procurement reform. Nearly \$10 billion and 500,000 contracts awarded

annually are involved. Procurement reform centres on strengthening the policy framework to provide clearer guidance to officials and assuring a fair, open, and transparent system. Efforts continue to improve management and streamline the government's procurement processes. They include renewed management frameworks, new approaches to managing individual departmental procurement operations, best practices in complex procurement, and tools to support information technology software acquisition. Departments are taking steps to strengthen practices in this area. For example, Industry Canada has established a contracts review program services board, and Natural Resources Canada and Health Canada have provided additional contracting guidance to managers.

All such efforts are leading toward a more integrated, principles-based approach to maintaining internal control: a framework of control that would replace a multiplicity of overly complex process control policies.

The Auditor General of Canada has called for a more integrative approach to comptrollership. An integrated control framework would provide managers with a comprehensive and understandable picture of their stewardship accountabilities and responsibilities, without being prescriptive. The RCMP has already implemented such a framework.

RCMP Integrated Control Framework

The RCMP has implemented a comprehensive control framework. Its Financial Management and Control Framework (FMCF) 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 framework builds on best practices for financial management and control recommended by central agencies and professional bodies, and it provides a vision and direction for financial management and control in the context of the RCMP. The FMCF identifies what needs to be in place, whom should be responsible, how things should work, and why the framework should be applied consistently across the organization.

Rigorous Stewardship — A summary assessment

Accomplishments	Ongoing challenges
<ul style="list-style-type: none"> • 100 per cent implementation of FIS • 40 per cent increase in internal audit resources; models for audit in small agencies • Draft guide for assurance audits • Departments have created centres for grants and contributions management • Integrated control frameworks being piloted in four departments • Competency profile for procurement, materiel management and real property communities being finalized 	<ul style="list-style-type: none"> • Development of a comprehensive control framework • Realignment of the TBS policy suite • Additional training for managers in area of financial management

Shared values and ethics

Both the Independent Panel report and *Results for Canadians: A Management Framework for the Government of Canada* were unequivocal in characterizing public service values and ethics as the cornerstone of public management in Canada. It is a basic tenet of modern comptrollership that management decisions — driven by knowledge and with due regard to risk and rigorous stewardship — must be grounded in public service values.

Managers have always faced complex ethical choices. Today, however, the social, scientific, and economic issues faced by managers and the global context in which they arise are increasingly interconnected and, more and more, the stakeholders who press these issues are well informed and articulate. As a result of these factors, public service employees are required to find creative and innovative approaches to delivering results. This is often done with a high degree of autonomy, empowered decision making, and a range of value-based choices. But with the growing requirement for flexibility and creativity comes the necessity to reaffirm the unchanging principles that must guide responsible decisions, chief of which is to strengthen accountability to ministers and to the Canadian public. This was the primary intent of the late Deputy Minister of Justice John Tait's 1996 report on values and ethics.¹⁴

In response to the Tait report, many departments opened a renewed dialogue with staff on values and ethics. Baseline information suggests that staff want sustained dialogue and practical guidance on how to link the overarching framework of public service values with departmental mandates and cultures and with their daily decisions.

Departmental efforts to strengthen the values and ethics regime take three forms:

- securing senior management support;
- building a structure to deliver a values and ethics program; and

Values and Ethics

- With TBS, the Canadian Centre for Management Development is developing a course in values and ethics.
- Citizenship and Immigration Canada examines case studies throughout the year.
- HRDC includes values and ethics in its two-day course on modern comptrollership, provides a training kit to all new employees, and offers access to a Web site to all staff.
- Indian and Northern Affairs Canada offers workshops to employees at all levels on the fundamental values of the department.
- National Defence provides ethics training and has implemented its defence ethics program to minimize ethical risks within both the Canadian Forces and the department and to encourage a willingness to continually improve the capacity to make decisions ethically.
- Public Works and Government Services Canada has developed an ethics communications program and offers ethics training to all staff.

14. John Charles Tait, *A Strong Foundation: Report of the Task Force on Public Service Values and Ethics*, Ottawa, Canadian Centre for Management Development, 1996.

- ensuring that values and ethical considerations become an ongoing, integrated part of the management of the organization.

Senior management support: A 2002 study undertaken by the TBS Office of Values and Ethics found that the successful implementation of a values and ethics program required the full support and commitment of senior management. The study also found that senior managers in most departments and agencies proactively addressed ethical issues with some regularity. Government-wide champions for values and ethics have been appointed, and TBS has created the Office of Values and Ethics; its mission is to promote dialogue about values and ethics and act as a centre of expertise and leadership responsible for promoting public service management based on values. The Office of Values and Ethics is responsible for guiding research and developing training and information materials in order to encourage such discussions. It is responsible for developing, introducing, revising, and monitoring the application of value and ethics-based human resource policies, and it is also holding broad consultations on a statement of principles for the Public Service.

Building support structures: Departments are creating structures to support ethics programs by allocating resources for permanent ethics offices. For example, Environment Canada and Communication Canada have instituted values advisory positions or groups. The appointment of values and ethics officers or integrity officers¹⁵ in departments and agencies has also provided employees and stakeholders with a formal mechanism to communicate ethical concerns. Departments are working on developing their own tools to open the dialogue and increase awareness overall. Departments, such as Canadian Heritage, are using this dialogue to form the basis of a formal statement of values and ethics. The Modern Comptrollership Innovations Fund has been used to develop courses on values and ethics and to assist small agencies in addressing their specific challenges of partnerships with regulated communities.

Identifying and describing core values is far from enough. They must be made real and integrated within the Department's daily activities. A multi-year action plan has been designed to ensure the successful appropriation and integration of the core values of the organization.

— Deputy head

Assuring integration: Values make it possible to choose from different courses of action. It is thus important to assess, on a regular basis, the broad degree of understanding and acceptance of departmental values. An increasing number of departments are undertaking a regular reassessment of their organizations, focussing on the changes over time and the areas that may require improvement. A good deal of progress has been made, but this reassessment will help sustain the overall ethical climate of an organization.

15. The appointment of integrity officers is a requirement of the *Policy on the Internal Disclosure of Information Concerning Wrongdoing in the Workplace*.

Values and ethics — A summary assessment

Accomplishments	Ongoing challenges
<ul style="list-style-type: none">• The TBS Office of Values and Ethics established as a centre of expertise• Most departments report they have renewed a dialogue with staff on public service values and have developed tools to support the process• Senior officers are being appointed in all departments as part of <i>Policy on the Internal Disclosure of Information Concerning Wrongdoing in the Workplace</i>• A CCMD leadership course on values and ethics is under development	<ul style="list-style-type: none">• Linkage of public service and departmental values• Good management requires that the environment should be regularly assessed

Part IV: Conclusion

Since becoming a government-wide initiative in the spring of 2001, modern comptrollership has touched virtually every federal department and agency in some form or another. The majority of departments and agencies that have joined the Modern Comptrollership Initiative since May 2001 are well launched into the foundation phase and focussed on the baseline assessment process used to gauge the maturity of an organization's management capacities and to identify gaps. A growing number of pilot departments are beginning to make modern comptrollership practices real and meaningful to the everyday work of managers. From the evidence, what can we conclude about the difference that modern comptrollership is beginning to make?

Is modern comptrollership making a difference?

The effect of the leadership demonstrated by TBS with respect to government-wide implementation of modern comptrollership has been generally positive, and points to the need for sustained leadership and support to departments and agencies. The modernization of specific Treasury Board policies is already having a beneficial effect on management practices, and the effect of a rationalized policy suite is likely to be still greater. The Independent Panel suggested that one indicator of modern comptrollership implementation would be the creation of centres of expertise; the new or renewed TBS centres of expertise on internal audit, evaluation, risk management, results management, and modern comptrollership have all enhanced the Secretariat's leadership and enriched its guidance.

Another indicator of modern comptrollership implementation, according to the Independent Panel, would be the degree to which standards are implemented for performance information, budgeting, and control. With the completion of the Results Management and Accountability Framework for the Modern Comptrollership Initiative and the development of the *Modern Comptrollership Practices: Toward Management Excellence* model, TBS has clarified its expectations and laid the foundation for standards of modern management. Additional guidance regarding the Treasury Board's expectations for modern management is under development.

Departmental champions of modern comptrollership report that their staff have found the tools and guidance provided by TBS useful, but given the 7 to 10 year implementation period for the initiative, assuring sustained commitment will remain a key challenge. They also appreciate that TBS has sustained its focus on modern management for some time — sustained commitment year over year has enabled departments to properly focus and discipline their management planning and reporting.

With respect to progress made in enabling change in public service management culture, the picture is encouraging. Senior managers are placing increased focus on stewardship practices. Departments surveyed report that senior financial officers are more fully engaged in corporate strategic decision making. A growing number of departments require that performance agreements reflect management improvement targets. Statistics on participation in learning events and courses suggest a growing staff understanding of modern comptrollership. Departments also report that they are looking for more guidance and support in making the benefits of modern management practices clear to front-line staff and in assuring continuing commitment to change.

Regarding the elements of modern comptrollership — integrated performance information, risk management, rigorous stewardship, and values — progress has been made across the Public Service. Financial information is significantly improved and progress has been made in improving program performance information. Departments report that they are committed to using integrated information in corporate decision making, likewise, managers are committed to improving results information. In key departments, the building blocks are in place for integrated risk management, and across the government there is growing interest and attention being paid to sound risk management in all organizations. Specific improvements in key functional areas of comptrollership (e.g., procurement, asset management, and audit) are improving the stewardship of public resources, and are developing a more integrated approach to maintaining sound control. Finally, while there has been much dialogue in departments and agencies on values and ethics, few organizations are moving to contextualize and link the high-level public service values to their mandates and operational realities.

Deputy ministers of the 31 largest departments were asked to summarize the differences that modern comptrollership is making. There is a high degree of consistency across their responses. They report that, as a result of modern comptrollership, their executive teams have substantially increased the amount of attention they pay to performance information and to corporate management and planning. Modern comptrollership has highlighted the importance of integrated corporate governance, and it has provided a means for examining systematically how accountabilities for departmental performance are administered. It has brought renewed focus to the challenges of delivering and reporting results. It has highlighted the importance of timely financial and non-financial performance information and of systematic, forward-looking, and rigorous risk analysis for corporate decision making.

Deputies report that they have used modern comptrollership as a framework within which to tie together multiple initiatives sharing the same objective of strengthening management practices. Modern comptrollership has reinforced the importance of systematic and sustained attention to management at the senior executive level. It has enhanced the recognition that sound management is essential to, and as important as, effective policy making. It has provided a conceptual tool for reviewing current management strengths and weaknesses in an integrated manner, and it has encouraged the application of innovative management approaches to redress deficiencies.

An important challenge in achieving results in this initiative is maintaining the focus to ensure that a critical mass of departments and agencies have had the chance to build a solid foundation and begin to see the difference.

— Deputy minister

Deputies were also asked whether they have observed changes in the management practices of their staff. They report that they have observed a change in the management language and level of analyses being brought forward to their management committees. Both are increasingly focussed on results, supported by meaningful information, and consider elements such as risk and ethics. Change is also apparent in the way that new program initiatives are developed. All deputies advised, however, that this initiative is still at a very early stage and that real change will require long-term commitment. They also indicated that they and their management teams are committed to fundamental change and they count on sustained leadership and support from TBS for improved management practices.

What needs to be done?

Notwithstanding the progress summarized above, much remains to be done by departments and TBS if modern comptrollership is to be incorporated in departmental agendas for change, in management development programs, and in management practices.

Departments and agencies must continue to demonstrate their commitment to modern comptrollership. They must complete their baseline assessments, develop integrated action plans as quickly as possible, and proceed to implementation. In particular, they must focus on strengthening financial controls and performance measurement systems. Real improvements must be achieved in both the short and the longer term so that the value of modern comptrollership and the cultural change that it envisages become a reality.

TBS must focus on moving departments from assessment to action by encouraging them to develop and implement comprehensive management improvement plans. It must finalize a clear set of expectations and standards for modern comptrollership practices, along with the associated competencies and training program required to achieve them. It must track the progress achieved by departments on an ongoing basis, focussing on the specific milestones to which departments have committed.

Actions have been taken, by both TBS and departments, to strengthen each of the key elements of modern comptrollership. More needs to be done, however, to integrate and strengthen departmental controls, to develop corporate risk profiles, and incorporate risk management into strategic planning and decision making, and to improve performance information and strengthen performance monitoring. Deputy heads have called for tools and guidance in a number of areas, including performance measurement, expectations for sound management, and communications strategies.

What are departments looking for?

In the preparation of this report, deputy heads were asked to comment on the leadership for change provided by TBS. They responded with suggestions for change in the ways the TBS exercises its leadership.

Promote best practices: TBS has provided several venues for showcasing modern comptrollership practices (a database on the Web, learning events, etc.). Departments have asked TBS to be more proactive, and even aggressive, in promoting good practices. They also want to see immediate results celebrated and shared.

Incorporate modern comptrollership in core competencies: Departments have asked for TBS leadership in reviewing the existing competencies and ensuring that the competencies reflect the skills and abilities implied by the vision of modern comptrollership.

Align multiple Treasury Board initiatives under a single framework of expectations that build on modern comptrollership: TBS is being requested to align initiatives that support change under a single framework. The framework should position the initiatives in the context of modern comptrollership.

Provide departments with flexibilities and authorities consistent with modern comptrollership principles: Departments are requesting that TBS consider enhanced delegation and flexibilities, consistent with modern comptrollership.

There are a multitude of perceived stand-alone initiatives. These could be better harmonized, and “Modern Comptrollership,” perhaps renamed “Modern Management,” could be the federal initiative that brings them together under one umbrella.

— Deputy head

A final note

A review of the results of the Modern Comptrollership Initiative will be conducted in 2003–04. The review will assess the initiative’s design as well as other potential methods of modernizing management and its effect. The findings will be the basis for any substantive adjustments to modernization efforts and will inform the design of future Treasury Board management modernization initiatives.

Modernizing public service management did not begin with modern comptrollership nor will it end with it. The Modern Comptrollership Initiative has been implemented to lay down sound foundations for the initiatives that come after. In their turn, other equally important initiatives like Human Resources Modernization will make their contribution. What is important is that they share the vision of a risk-smart culture of stewardship and results, firmly rooted in the values of the Public Service of Canada.

Appendix 1: Implementation Status (as of December 31, 2002)

	Department or Agency	Status	Next target
1.	Agriculture and Agri-Food Canada	Action plan implementation	Implementation ongoing
2.	Atlantic Canada Opportunities Agency	Action plan development	Action plan due March 31, 2003
3.	Canada Customs and Revenue Agency	Capacity assessment underway	Capacity assessment report due June 2, 2003
4.	Canadian Artists and Producers Professional Relations Tribunal	Action plan implementation	Implementation ongoing
5.	Canadian Centre for Management Development	Project management office being established	Work plan due March 31, 2003
6.	Canadian Centre for Occupational Health and Safety	Action plan implementation	Implementation ongoing
7.	Canadian Environmental Assessment Agency	Action plan implementation	Implementation ongoing
8.	Canadian Food Inspection Agency	Action plan development	Action plan due March 31, 2003
9.	Canadian Forces Grievance Board	Action plan development	Action plan due March 31, 2003
10.	Canadian Grain Commission	Action plan development	Action plan due March 31, 2003
11.	Canadian Heritage	Action plan implementation	Implementation ongoing
12.	Canadian Human Rights Tribunal	Action plan implementation	Implementation ongoing
13.	Canadian Industrial Relations Board	Capacity assessment underway	Capacity assessment report due April 30, 2003
14.	Canadian Institutes of Health Research	Capacity assessment preparations	Capacity assessment report due September 1, 2003
15.	Canadian Intergovernmental Conference Secretariat	Capacity assessment underway	Capacity assessment report due March 31, 2003
16.	Canadian International Development Agency	Action plan development	Action plan due August 30, 2003
17.	Canadian International Trade Tribunal	Capacity assessment underway	Capacity assessment report due March 31, 2003
18.	Canadian Nuclear Safety Commission	Capacity assessment underway	Capacity assessment report due March 31, 2003
19.	Canadian Polar Commission	Initial discussions with TBS underway	
20.	Canadian Radio-television and Telecommunications Commission	Initial discussions with TBS underway	
21.	Canadian Security Intelligence Service	Capacity assessment underway	Capacity assessment report
22.	Canadian Space Agency	Action plan implementation	Implementation ongoing
23.	Canadian Transportation Agency	Action plan implementation	Implementation ongoing
24.	Citizenship and Immigration Canada	Action plan implementation	Implementation ongoing
25.	Civil Aviation Tribunal of Canada	Action plan development	Action plan due March 31, 2003
26.	Communication Canada	Capacity assessment underway	Capacity assessment report TBD
27.	Communications Security Establishment	Action plan implementation	Implementation ongoing
28.	Competition Tribunal	Action plan implementation	Implementation ongoing
29.	Copyright Board Canada	Action plan development	Action plan due March 31, 2003
30.	Correctional Service Canada	Capacity assessment preparation	Capacity assessment report
31.	CPP/OAS Review Tribunals	Action plan implementation	Implementation ongoing
32.	Department of Finance Canada	Capacity assessment underway	Capacity assessment report due April 30, 2003
33.	Department of Foreign Affairs International Trade	Action plan implementation	Implementation ongoing
34.	Department of Justice Canada	Capacity assessment underway	Capacity assessment report due March 31, 2003
35.	Economic Development Agency for the Regions of Quebec	Action plan development	Action plan due April 15, 2003
36.	Environment Canada	Action plan implementation	Implementation ongoing
37.	Federal Court of Canada	Capacity assessment finalization	Capacity assessment report due March 31, 2003
38.	Financial Consumer Agency of Canada	Initial discussions with TBS underway	
39.	Financial Transactions and Reports Analysis Centre	Capacity assessment underway	Capacity assessment report due March 31, 2003
40.	Fisheries and Oceans Canada	Action plan implementation	Implementation ongoing

41.	Governor General Office	Initial discussions with TBS underway	
42.	Hazardous Materials Information Review Commission	Action plan development	Action plan due March 31, 2003
43.	Health Canada	Action plan implementation	Implementation ongoing
44.	Human Resource Development Canada	Action plan implementation	Implementation ongoing
45.	Human Rights Commission	Capacity assessment preparation	PMO Workplan March 31, 2003
46.	Immigration and Refugee Board	Action plan development	Action plan
47.	Indian and Northern Affairs Canada	Action plan implementation	Implementation ongoing
48.	Industry Canada	Action plan development	Action plan due March 31, 2003
49.	Law Commission of Canada	Capacity assessment preparation	Capacity assessment report
50.	Library of Parliament	Capacity assessment underway	Capacity assessment report due April 30, 2003
51.	Military Police Complaints Commission	Action plan development	Action plan due April 30, 2003
52.	NAFTA Secretariat, Canadian Section	Action plan implementation	Implementation ongoing
53.	National Archives of Canada	Action plan development	Action plan due March 31, 2003
54.	National Battlefield Commission	Capacity assessment underway	Capacity assessment report due March 31, 2003
55.	National Defence	Action plan implementation	Implementation ongoing
56.	National Energy Board	Action plan development	Action plan due March 31, 2003
57.	National Farm Products Council	Project management office established	Workplan due March 31, 2003
58.	National Film Board	Action plan development	Action plan due March 31, 2003
59.	National Library of Canada	Action plan development	Action plan due March 31, 2003
60.	National Parole Board	Action plan development	Action plan due March 31, 2003
61.	National Research Council Canada	Action plan development	Action plan due April 15, 2003
62.	National Round Table on the Environment and the Economy	Action plan development	Action plan due March 31, 2003
63.	Natural Resources Canada	Action plan implementation	Implementation ongoing
64.	Natural Sciences and Engineering Research Council of Canada	Capacity assessment underway	Capacity assessment report due March 31, 2003
65.	Northern Pipeline Agency Canada	Action plan development	Action plan due March 31, 2003
66.	Office of the Auditor General of Canada	Initial discussions with TBS underway	
67.	Office of the Chief Electoral Officer	Action plan development	Action plan due March 31, 2003
68.	Office of the Commissioner for Federal Judicial Affairs	Action plan implementation	Implementation ongoing
69.	Office of the Commissioner of Official Languages	Action plan development	Action plan due March 31, 2003
70.	Office of the Correctional Investigator	Capacity assessment underway	Capacity assessment report due March 31, 2003
71.	Office of Infrastructure and Crown Corporations	Initial discussions with TBS underway	
72.	Office of the Information Commissioner	Initial discussions with TBS underway	
73.	Office of the Superintendent of Financial Institutions Canada	Initial discussions with TBS underway	
74.	Office of the Privacy Commissioner	Capacity assessment planned	Capacity assessment report due April 1, 2003
75.	Parks Canada	Action plan development	Action plan due March 31, 2003
76.	Patented Medicine Prices Review Board Canada	Action plan implementation	Implementation ongoing
77.	Pension Appeals Board	Action plan implementation	Implementation ongoing
78.	Privy Council Office	Capacity assessment underway	Capacity assessment report due March 31, 2003
79.	Public Service Commission of Canada	Action plan development	Action plan due June 30, 2003
80.	Public Service Staff Relations Board	Action plan development	Action plan due March 31, 2003
81.	Public Works and Government Services Canada	Action plan development	Action plan due March 31, 2003
82.	RCMP External Review Committee	Action plan development	Action plan due March 31, 2003
83.	RCMP Public Complaints Commission	Action plan development	Action plan due March 31, 2003
84.	Royal Canadian Mounted Police	Action plan implementation	Implementation ongoing
85.	Security Intelligence Review Committee	Initial discussions with TBS underway	

86.	Social Sciences and Humanities Research Council Canada	Capacity assessment	Capacity assessment report due March 31, 2003
87.	Solicitor General Canada	Capacity assessment	Capacity assessment report due March 31, 2003
88.	Statistics Canada	Capacity assessment	Capacity assessment report due March 31, 2003
89.	Status of Women Canada	Action plan development	Action plan due March 17, 2003
90.	Supreme Court of Canada	Action plan development	Action plan due March 31, 2003
91.	Tax Court of Canada	Action plan development	Action plan due March 31, 2003
92.	The House of Commons	Initial discussions with TBS underway	
93.	The Senate	Initial discussions with TBS underway	
94.	Transport Canada	Action plan implementation	Implementation ongoing
95.	Transportation Safety Board of Canada	Action plan implementation	Implementation ongoing
96.	Treasury Board Secretariat of Canada	Action plan implementation	Implementation ongoing
97.	Veterans Affairs Canada	Action plan implementation	Implementation ongoing
98.	Veterans Review and Appeal Board	Capacity assessment underway	Capacity assessment report due March 31, 2003
99.	Western Economic Diversification Canada	Action plan implementation	Implementation ongoing

Number of departments and agencies required to implement the Modern Comptrollership Initiative as defined by Schedules I.I and II of the <i>Financial Administration Act</i> :	99
Number of departments and agencies actively participating as of December 31, 2002:	88
Initial discussions underway	11

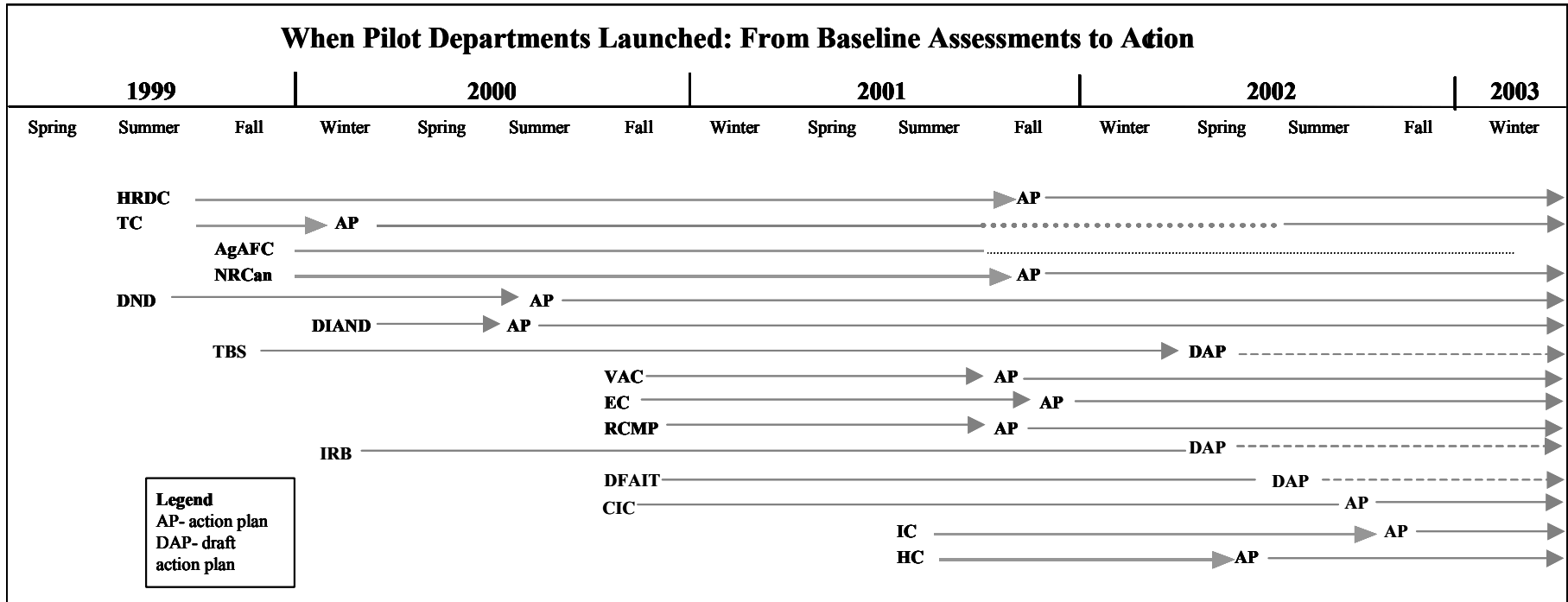
Appendix 2: Risk Management Lead Departments and Agencies

The following departments and agencies are implementing the *Integrated Risk Management Framework* by participating on the Risk Management Implementation Council.

Agriculture and Agri-Food Canada
Canada Customs and Revenue Agency
Citizenship and Immigration Canada
Environment Canada
Fisheries and Oceans Canada
Health Canada
Human Resources Development Canada
Immigration and Refugee Board
Indian and Northern Affairs Canada
Industry Canada
National Defence
Natural Resources Canada
Royal Canadian Mounted Police
Transport Canada
Treasury Board of Canada Secretariat
Veterans Affairs Canada

Appendix 3: Pilot Departments 1998–99 to 2001–02

Pilot departments and agency: Human Resources Development Canada (HRDC), Transport Canada (TC), Agri-Food and Agriculture Canada (AgAFC), Natural Resources Canada (NRCan), National Defence (DND), Indian Affairs and Northern Development Canada (INAC), Treasury Board of Canada Secretariat (TBS), Veterans Affairs Canada (VAC), Environment Canada (EC), Royal Canadian Mounted Police (RCMP), Immigration and Refugee Board (IRB), Department of Foreign Affairs and International Trade (DFAIT), Citizenship and Immigration (CIC), Industry Canada (IC), and Health Canada (HC).



Appendix 4: Innovations Fund Projects since Government-wide Implementation

	Project Name	Departments/ Agencies*	2001–02	2002–03	2003–04 funding requirement
1.	Comprehensive Curriculum for Modern Comptrollership	CCMD	\$350,000	\$840,876	yes
2.	Guide to Accrual Accounting in Partnered Relationships	RCMP	\$70,000		
3.	Linking Resources and Results — International Approaches	RCMP/DFO/IC	\$91,000		
4.	Performance Measurement Framework for Small Agencies	NRTEE/CTA/ CEAA		\$93,000	
5.	Cost Accounting Implementation Strategies	CCRA		\$450,000	
6.	Identifying Cultural Barriers to Modernizing Management	IC/HC/HRDC/ NRCan		\$160,000	
7.	University Consortium for Modern Comptrollership Education	HRDC		\$52,500	yes
8.	Integrated Control Framework for Regional Managers	EC		\$116,000	yes
9.	Implementing Horizontal Accountability in Federal Councils	QCSFO	\$25,000	\$201,200	yes
10.	Competency Standards for Materiel Management	PWGSC		\$71,636	yes
11.	Regional Forums (9) on Changing Management Culture	CCMD/TLN/ HRDC		\$343,600	
12.	MC Communications and Culture Change: DMs' Guide and Case Studies	TBS		\$161,000	
13.	Financial Management Monitoring Framework for Revenue Collection	CCRA		\$230,000	yes
14.	MC Competencies for Corporate Planning and Reporting Staff	CCRA		\$29,000	yes
15.	Integrated Risk Management Linked to Strategic Outcomes	CCRA		\$145,000	yes
16.	Performance Management Framework for Regulatory Agencies	CFIA		\$120,000	yes
17.	Performance Reporting for Small Agencies	TSB/CEAA/CTA/RCT/ PSSRB		\$124,200	yes
18.	Risk Management in Small Agencies	CTA		\$40,000	yes
19.	Professional Standards for Assurance Auditing	DFAIT		\$40,000	yes
20.	Performance Management and Measurement Learning Materials and Tools	DFAIT		\$75,000	yes
21.	Guide to Develop Corporate Risk Profiles	EC		\$75,000	yes
22.	Guide and Strategy to Conduct an Assurance Audit on MC Implementation	HRDC		\$90,000	yes
23.	Integrated Results Management and Accountability Frameworks and Risk-based Audit Frameworks	CH/INAC		\$91,100	yes
24.	Comprehensive Web-based Tool on Delegations and Accountabilities	NRCan		\$45,000	yes
25.	Evaluation Function in Small Agencies	OCOL		\$35,000	yes
26.	Case Studies on Developing Integrated Management and Accountability Frameworks	RCMP		\$175,000	yes
27.	Information Management for Decision Making	ACOA		\$50,000	yes
28.	Asset Life Cycle Strategy and Capital Asset Planning System	CFIA		\$120,000	yes
29.	Integrating Quality Assurance in Modern Management Practices	CFIA		\$80,000	yes
30.	Manager's Financial Tool Kit	CFIA		\$123,000	

31.	Business Activity-based Records Classification System	ARC/NLI			<i>yes</i>
32.	Integrated Risk Management Framework and Tools for Sciences and Technologies Organizations	NRC	\$77,500		<i>yes</i>
33.	Integrated Performance Management Framework and Software for Sciences and Technologies Organizations	NRC	\$87,500		<i>yes</i>
34.	Training in Risk Management and Loss Control for Real Property and Facilities Managers	PWGSC	\$50,000		
35.	Communicating Modern Comptrollership as the foundation for Modern Management	TBS	\$90,000		
36.	Integrated Control Framework	TBS	\$25,000		<i>yes</i>
37.	Values and Ethics in Small Agencies — Independence Versus Partnering	TSB	\$75,000		
38.	Learning Sessions for Young Public Servants in Western Provinces	WED	\$15,000		
39.	Assurance Audit Guide for Grants & Contributions	DFO	\$88,000		
Totals			\$536,000	\$4,685,112	

*** Acronym Department/Agency**

ACOA	Atlantic Canada Opportunities Agency	HRDC	Human Resource Development Canada
CCRA	Canada Customs and Revenue Agency	INAC	Indian and Northern Affairs Canada
CCMD	Canadian Centre for Management Development	IC	Industry Canada
CEAA	Canadian Environmental Assessment Agency	ARC	National Archives of Canada
CFIA	Canadian Food Inspection Agency	NL	National Library of Canada
CH	Canadian Heritage	NRC	National Research Council of Canada
TSB	Transportation Safety Board of Canada	NRTEE	National Round Table on the Environment and the Economy
CTA	Canadian Transportation Agency	NRCan	Natural Resources Canada (NRCan)
OCOL	Office of the Commissioner of Official Languages	PSSRB	Public Services Staff Relations Board
DFO	Fisheries and Oceans Canada	PWGSC	Public Works and Government Services Canada
EC	Environment Canada	QCSFO	Quebec Council of Senior Federal Officials
DFAIT	Department of Foreign Affairs and International Trade	RCMP	Royal Canadian Mounted Police
HMIRC	Hazardous Materials Information Review Commission Canada	TBS	Treasury Board of Canada Secretariat
HC	Health Canada	WED	Western Economic Diversification Canada

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