



Veterans Affairs Canada

Modern Management Practices Assessment

FINAL--September 2000



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Study Background

- ❑ The assessment of Veterans Affairs Canada's modern management practices is one of two being conducted concurrently with other federal government departments in the second wave of pilot departments for Modern Comptrollership.
- ❑ It is increasingly recognized that "Modern Comptrollership" is good management practices. Hence, at Veterans Affairs Canada, the assessment looked at "modern management practices" more broadly.
- ❑ The Veterans Affairs Canada Comptrollership Capacity Check included the input from 32 Veterans Affairs Canada managers across Head Office and the Regions. The assessment was conducted in two phases.
- ❑ This is a management self-assessment not an audit.
- ❑ No action plans have been identified at this stage, pending the completion of the Gap Analysis.



Overview of Modern Management Practices Capacity Check Assessment





Objectives of the modern management practices capacity check...

- ❑ **Assess state of modern management practices within each department against a common standard.** Assess current management practices against recognized best practices and principles as outlined in the Report of the Independent Review Panel.
- ❑ **Bring together all the elements of the management framework.** The capacity check is intended to integrate the full range of capabilities necessary to implement “modern comptrollership”, including leadership, business planning, risk management, performance management, control systems, and accountability management.
- ❑ **Compare against best practices.** The capacity check is based on best practices of other leading organizations, and therefore provides an opportunity for organizations to assess where they stand relative to these best practices.



Key characteristics...

- Future oriented--focuses on what capabilities must be in place in the future to respond to emerging client demands/changing environment.**
- Focuses on expanding/improving capability rather than downsizing.**
- Recognizes that an organization can only focus on selected improvement areas at any one time, and cannot be “best” at everything.**
- Intended as a diagnostic tool for senior management of the organization.**
- Departmental focus--not intended to compare management practices between sectors/regions.**
- Directed self-assessment tool--not a review or audit. Information is collected through interviews, and then validated by the managers collectively.**
- Builds upon changes already underway to existing management processes.**



Key modern management practices elements examined

Modern Management Practices

- Strategic Leadership
- Motivated People
- Shared Values & Ethics
- Integrated Performance Information
- Mature Risk Management
- Rigorous Stewardship
- Clear Accountability



Strategic Leadership

- **Leadership commitment**
Commitment of Deputy head & senior management to establishing modern management practices environment
- **Senior Financial Officer's role**
Extent to which SFO's office is used for objective commentary and independent advice
- **Managerial commitment**
Awareness of managers of their modern management practices responsibilities, and commitment to implementing these responsibilities
- **Linkage to strategic planning**
Linkage of business planning and resource allocation to the strategic planning process

Integrated Performance Information

- **Business planning**
Business and operational planning systems and processes
- **Resource allocation**
Mechanisms for ranking program options, identifying resources required, and allotting limited funds
- **Budgeting and forecasting**
Systems, procedures and processes for identifying funding requirements and allocating resources
- **Corporate performance information**
Extent to which key measures exist to monitor overall organization-wide performance
- **Operating information**
Measures and systems to monitor service quality and efficiency of program delivery
- **Measuring client satisfaction**
Utilization of client survey information on satisfaction levels, and importance of services
- **Evaluative information**
Utilization of non-financial information related to program effectiveness and outcomes
- **Service standards**
Monitoring against client service standards and maintaining and updating standards
- **Financial information**
Extent to which financial information is available in a timely and useful fashion
- **Cost management information**
Mechanisms for capturing activity/product costs

Motivated People

- **Modern management practices competencies**
Extent to which modern management practices competencies are defined and managers have access to training
- **Employee satisfaction**
Mechanisms in place to monitor employee morale and staff relations
- **Valuing peoples' contribution**
Extent to which corporate culture fosters staff participation, team building, sharing of ideas, risk taking, innovation, and continuous learning
- **Specialist support**
Availability of top-flight counsel to help managers make judgement calls on modern management practices issues

Mature Risk Management

- **Risk management**
Processes and systems for identifying and assessing risk, and determining acceptable level of risk
- **Authority levels**
Appropriateness of manager's authorities and resource controls to fulfill accountabilities

Clear Accountability

- **Clarity of senior management responsibilities and organization**
Clarity of assignment of modern management practices responsibilities throughout the organization
- **Performance agreements and evaluation**
Extent to which the achievement of financial and operating results is embedded in agreements
- **Incentives**
Existence of incentives for good modern management practices
- **External reporting**
Extent to which Parliamentary & central agency information reporting requirements are met

Shared Values & Ethics

- **Ethics and values framework**
Existence of policies and activities that visibly support the ethical stewardship of public resources and give priority to "modern management practices"

Rigorous Stewardship

- **Business process improvement**
Extent to which processes are clearly understood, are conducted in a uniform fashion, and are continuously improved in line with best practices
- **Tools & techniques**
Range of analytical techniques (e.g., cost-benefit, sensitivity, life-cycle, benchmarking) available
- **Transaction tracking systems**
Assessment of systems used for tracking financial transactions and operating results
- **Knowledge enabling technology**
Performance information is readily accessible to internal and external users via technology
- **Consistency of information**
Extent to which financial and operating information is collected and reported consistently across units
- **Internal controls**
Systems and processes to protect against fraud, financial negligence, violation of rules and principles and loss of assets
- **Accounting practices**
Extent to which records of financial transactions are kept on consistent and useful basis for purposes of audit and reporting, and consistency with generally accepted accounting practices
- **Internal audit and review**
Process for ensuring adequate attention to results and recommendations of internal review, audit, and program evaluation
- **External audit and review**
Process for ensuring adequate attention to of external audits and reviews of Departmental operations



The mechanics of the capacity check checklist—How it Works

- ❑ Current capabilities are assessed based on key elements of the Comptrollership Capacity Check, and criteria provided for each key element.
- ❑ The capabilities depicted within each criteria represent different states or plateaus that the organization may strive to achieve. The descriptions are incremental.
- ❑ The capability descriptions are based on generally recognized best practices, but have been customized to reflect the Independent Review Panel Report and TBS Assessment Framework.
- ❑ A rating system of “1” to “5” is used. A high rating does not necessarily mean “goodness”, but rather, formality or maturity of capability. The ideal rating for any area is dependent on the needs and goals of the organization. Level “3” is considered the norm.

TOPIC	1	2	3	4	5
corporate performance information	No corporate performance measures.	Each Sector measures performance at corporate level. Organization-wide priority areas to be measured have been identified.	High level strategic measures are in place, and are linked to key strategic vision and priorities. Results to be measured under corporate measures have been identified, and are linked to measures throughout organization.	Performance results exist for the organization as a whole. Results are interpreted using a balanced scorecard philosophy. Results are monitored over time. Corporate measures are refined on an ongoing basis.	Results of corporate measures are monitored over time. Strategic and business plans are modified accordingly. Results of corporate measures are used to make trade offs in priorities. Information is readily accessible through executive information systems.

Existing capability ● → Future capability

Where the organization may strive to be in the future





Note to reader

- This report represents the consensus of representatives across the Department on the assessment of modern management practices.
- To the extent possible, we identify examples of practices at Head Office and within Regions.
- The key information, issues and opportunities stated represent the predominant perspectives of managers. The rationale supporting the assessment is based on the information they reported.
- The study looks at the capacity of the Department—that is, Veterans Affairs' actual or potential ability to perform. Capabilities (e.g., competencies, potential, aptitude) are part of overall capacity.



Executive Summary



Executive Summary

Introduction

The government is undergoing rapid and significant change in the ways in which it both goes about its business, and chooses to manage itself. It is changing its culture and the way it manages resources. Modernized comptrollership is key to that transformation. This has involved a shift in emphasis from controls and compliance to results and values. Central to this theme is a shift of primarily financial focus to a broader management perspective.

In 1997, an Independent Review Panel was created to facilitate renewal and change of the comptrollership function in government for the future. Based on the criteria identified in the Panel's report, KPMG Consulting LP developed a self-directed assessment tool to allow departments to assess their current practices against the recommendations and findings of the Panel.

Modern Comptrollership means sound management practices. Traditionally, comptrollership in government has focused on financial controls and accounting functions such as processing transactions, reporting totals and keeping track of funds. It has been regarded largely as the preserve of functional specialists. Modern Comptrollership changes the emphasis from controls and compliance to results and values. It represents a shift from a centralized financial focus to a broader management perspective and, thus, becomes an integral part of each manager's responsibilities. It is about vigorous management of public resources with emphasis placed on performance and not just on following the rules. It is also about linking financial information (budgets, expenditures, revenues, assets, etc.) with non-financial information (planned results, performance, outputs, etc.). It focuses on effective decision-making with sound management of resources, ranging from human, financial, capital and technological.

Veterans Affairs Canada (VAC) is one of twelve pilot departments leading the implementation strategy of Modern Comptrollership. The first group of pilot departments were Agriculture and Agri-Food Canada, Indian and Northern Affairs Canada, Natural Resources Canada, National Defence, Human Resources Development Canada and Treasury Board Secretariat. The second group of pilots are Veterans Affairs Canada, Immigration and Refugee Board, Transport Canada, Health Canada, Environment Canada and the RCMP. Each of the first group, the IRB and VAC pilot departments undertook a self assessment of their practices in relation to the recommendations in the panel report using the Comptrollership Capacity Check Tool. This report reflects the results of interviewing thirty-two managers within VAC.



Executive Summary (cont'd)

The Department's Context

Clients and Business

- ❑ The Department is facing a changing clientele:
 - The Veteran population is aging
 - The client base is declining rapidly
 - The needs of Veterans, as they age, change. Staff must constantly remain informed of and understand the needs of aging Veterans.
 - There is an increase in Canadian Forces clients. The Department's traditional programs and services are not geared to the needs of this client group.
 - There are new requirements to serve the needs of Peacekeepers.
 - The skills required to deal with Peacekeepers vs. elderly Veterans are very different.
- ❑ The business lines are facing changes
 - Developments in medical technology and pharmaceuticals require constant adjustments to policies and benefits.
 - Health care reform challenges program delivery. The Department must be continually aware of changes in provincial services.
 - The relationship between Department of National Defence (DND) and VAC is changing. There is increased partnering between DND and VAC.



Executive Summary (cont'd)

The Department's Context (cont'd)

- ❑ There is a heightened concern among managers about the future vision/end state of the Department. The uncertainty around the Department's future raises questions about its core business, capabilities and clients.

Organization

- ❑ VAC is the only department with Head Office outside the National Capital Region (NCR).
 - Partly because it is outside the NCR, the Department has been more focused on client service than on government-wide strategic initiatives.
 - The opportunities for developmental exchanges for staff elsewhere are limited.
 - Functional specialists have few opportunities to exchange ideas and best practices with peers in other departments and professional communities.
 - The Department's service delivery operations include Ste. Anne's Hospital. The Hospital is very unique within the VAC organization. It operates fairly autonomously with its own internal management capacity. The Hospital has strong linkages with the health care system in Quebec.



Executive Summary (cont'd)

The Department's Context (cont'd)

Key Management Initiatives

- ❑ The Deputy has launched a number of initiatives to improve management practices. These include:
 - Strategic Plan: is critical to determining the direction of the Department. To date, there has been no Department-wide strategic plan.
 - Client-Focused Ethics Committee which will include Veterans, Canadian Forces members, etc.
 - Coordinated IT Transition Plan which adapts the Enhanced Management Framework Model and is critical for key IT and client-service initiatives.
 - Human Resources Corporate Review, which will review and, where appropriate, recommend changes to the Department's HR governance structure and service delivery mechanisms. This will lay the foundation for the Department's implementation of a framework for good HR planning and management. The review includes an assessment of HR capacity.
 - The Financial Information Strategy, which will adhere to the accrual accounting method (GAAP) as per Treasury Board requirements.



Summary of Findings

		Non-existent / Undeveloped 1	Early Stages of Development 2	Good Management Practice 3	Advanced Practice 4	Industry Best Practice 5
Strategic Leadership	Leadership commitment			██████████		
	Senior Financial Officer's role			██████████		
	Managerial commitment		██████████			
	Linkage to strategic planning		██████████			
Motivated People	Modern management practices competencies		██████████			
	Employee satisfaction		██████████			
	Valuing people's contribution			██████████		
	Specialist support				██████████	
Shared Values & Ethics	Ethics and values framework	██████████				
Integrated Performance Information	Business planning		██████████			
	Resource allocation		██████████			
	Budgeting and forecasting		██████████			
	Corporate performance information		██████████			
	Operating information			██████████		
	Measuring client satisfaction				██████████	
	Evaluative information		██████████			
	Service standards		██████████			
	Financial information			██████████		
	Cost management information	██████████				
Mature Risk Management	Risk management		██████████			
	Authority levels			██████████		
Rigorous Stewardship	Business process improvement		██████████			
	Tools and techniques		██████████			
	Transaction tracking systems			██████████		
	Knowledge enabling technology			██████████		
	Consistency of information			██████████		
	Internal controls			██████████		
	Accounting practices		██████████			
	Internal audit and review				██████████	
External audit and review			██████████			
Clear Accountability	Clarity of senior management responsibilities and organization		██████████			
	Performance agreements and evaluation		██████████			
	Incentives		██████████			
	External reporting			██████████		

Note that:

Level 5 is based on a high standard of world class best practices, and is therefore the exception.

Level 3 is considered to be the norm.

The ideal rating for any area is dependent on the needs and goals of the organization.



Executive Summary (cont'd)

Key messages

Strategic Leadership

- ❑ The Department is extremely focused on its clients--staff are extremely committed to providing excellent client service.
- ❑ Managers do not have a good understanding about Modern Comptrollership and how their role should be changing.
- ❑ With increased fiscal pressures, there is a renewed appreciation for the development of sound financial management practices as well as attention to client service.
- ❑ Continued attention to strategic planning can help reduce operational pressures though the challenge remains to rank Departmental priorities to facilitate planning and resource allocation.

Motivated People

- ❑ Training and competencies needs attention. In particular:
 - Further define competencies required of managers in modern management practices.
 - Develop and offer training in Modern Comptrollership and the implications of the Financial Information Strategy (FIS) for managers, specialists and staff. The challenge, however, will be to train on the essentials without placing an undue burden on operations.
 - Provide guidance on how to apply management tools and techniques such as business cases and cost-benefit analysis.



Executive Summary (cont'd)

Key messages (cont'd)

Motivated People (cont'd)

- Provide training in risk management.
- ❑ Workload pressures constrain the time available for professional development of staff.
- ❑ Functional specialists are extremely knowledgeable about the Department's programs and services. However, due to the location of the Department outside the National Capital Region, there are limited opportunities for them to exchange ideas with and learn about new techniques and best practices with peers in other departments and professional communities.

Shared Values and Ethics

- ❑ Staff have a high level of integrity and value excellent client service. Although the Department does not have a formal ethics statement, managers and staff use other statements to guide their behaviour including Central Agency guidelines and professional codes of conduct. It is recognized that the nature of client service decisions is becoming more complex as veterans age: the Department does not have ethical frameworks to help guide employees facing sensitive decisions.
- ❑ More work needs to be done in addressing issues/styles for dealing with younger clientele and assessing ethics and values performance.



Executive Summary (cont'd)

Key messages (cont'd)

Integrated Performance Information

- ❑ To date, business planning has been conducted primarily to satisfy Central Agency requirements. There is a recognition that a formal Department-wide business planning process can help address resource pressures and competing priorities.
 - With the growing number of priorities, resource allocation and reallocation is becoming increasingly more difficult.
 - Business planning, resource allocation, and forecasting processes need to be more closely linked.
- ❑ More work is needed for performance information:
 - It is generally recognized that the Department needs to do a better job of defining results and outcomes indicators.
 - Senior management does not always have all the information necessary to know how the organization is performing. A prerequisite for developing a meaningful set of indicators is a clear strategic direction.
 - Various elements of operating information is available and are used by managers to improve performance (e.g., client service). However, there is no consolidated source of this information to meet managers' needs at the level of detail required. Senior management requires a consolidated view of operating performance.

Executive Summary (cont'd)

Key messages (cont'd)

Integrated Performance Information (cont'd)

- Changing clientele suggests that different client satisfaction measures and methods of tracking their satisfaction are appropriate.
- The Department has published service standards, primarily quantitative in nature, that are monitored. There is a growing recognition of the benefit of evolving from quantitative indicators to more qualitative indicators.
- Better cost information could enhance resource allocation, and analysis of program and service delivery.

Mature Risk Management

- ❑ Risk management practices vary across the Department. At the Hospital, risk management has a very high profile and is formalized. Some areas of the Department (e.g., ITD), use risk management methodologies. However, there is no formal approach for managing risks.

Rigorous Stewardship

- ❑ Business process improvement has not been an ongoing process. Rather, it has been triggered by external factors and resource pressures. There is an awareness that the Department is facing pressures that demand a more concerted approach to improving business process. It is extremely important that there is a strong, coordinated change management approach when conceptualizing and implementing business process improvement. Also, a high level of client service should be maintained throughout any process improvement initiative.



Executive Summary (cont'd)

Key messages (cont'd)

Rigorous Stewardship (cont'd)

- ❑ Technology is a key driver for the future: technology advancement will enable integration of existing systems to produce an integrated client file, improving business processes and improving clients' access to the Department through web-based technology.
- ❑ Further integration is required to link financial and non-financial information.
- ❑ Managers believe the Department has good internal controls. However:
 - The controls are not integrated into an overall control infrastructure i.e., strategic and business plans, risk management.
 - Some regional managers have a concern whether there is sufficient monitoring in the regions and auditing of client accounts.
 - There is an opportunity to establish more of a quality assurance capability around service delivery (e.g., follow-up with client contacts), to establish quality assurance controls before problems occur.
 - Regional managers indicate there could be a greater focus of internal audit on field/operational issues.
 - External audit observations affecting client programs pose a challenge in balancing client service with adequate control.



Executive Summary (cont'd)

Key messages (cont'd)

Clear Accountability

- ❑ Comptrollership roles are not clearly defined and understood.
- ❑ The Department's external reports are generally perceived to accurately reflect the Department's business; they are important documents for stakeholders. However, though the Department does well on reporting on services delivered, there is room to improve reporting on results.



Executive Summary (cont'd)

Opportunities

The following are opportunities that the Department could pursue to enhance and improve its key management practices. Senior management will need to prioritize these opportunities and select the most appropriate ones to be pursued within current resource capabilities.

Develop performance measurements:

Have a coordinated, effective performance measurement system linked to strategic and business planning. This will enable managers to monitor the Department's performance and make appropriate changes to meet business requirements.

Communications:

Ensure management understands the Modernization of Comptrollership initiative and their resulting roles and responsibilities. This will help define expectations and contribute to the successful adoption of modern management practices within the Department.

Train in modern management practices and FIS:

Identify and provide appropriate training that helps managers, specialists and staff acquire the appropriate competencies for modern management practices, including the Financial Information Strategy.

Implement an organization-wide risk management initiative:

Develop an organization-wide risk management framework and policy to help the Department better manage, contain, and monitor its risks. This will lead to a more consistent approach to risk management in the Department.

Review client satisfaction programs:

Ensure an appropriate framework exists to gather and monitor the satisfaction of VAC clients and to make certain the client needs and requirements are being met appropriately and to monitor client satisfaction over time. Better collection, consolidation and analysis of client satisfaction information could help VAC better meet client expectations.

Maintain and enhance functional support capabilities:

Ensure adequate and responsive functional support that maintains an appropriate balance between control and service. Also, ensure there are sufficient opportunities for ongoing learning and professional development. This will improve the level of technical assistance for managers and staff and result in timely and effective decision-making.

Enhance service standards:

Ensure adequate service standards (for internal and external clients) have been established and are applied consistently across the Department. An increased focus on qualitative measures could help provide more meaningful information for decision-making purposes.

Monitor employee satisfaction:

Regular staff surveys with trend analysis can help monitor employee morale and staff relations. This contributes to motivated people.

Refine performance evaluation:

Modern management practices as a key element of performance contracts and rewards and recognition helps generate accountability for results.

Develop values and ethics statement:

The development of a Departmental values and ethics statement could lay the foundation for a values and ethics framework. This will help managers and staff deal with issues for various clientele.

Review authority and accountability structure:

Ensures accountabilities are clear and that managers and staff have the appropriate levels of authority for their accountabilities and service delivery requirements. This helps improve service delivery.

Provide integrated information for decision-making:

Implement systems to provide managers with the information they require for planning, decision-making and improving services.

Expand use of evaluative information:

Develop and apply evaluation frameworks as a part of program management to improve the information available for measuring program performance and linking results to resources.

Implement tools and techniques:

Develop and implement tools and techniques for modern management practices (e.g., business cases, cost-benefit analysis, benchmarking, use of best practices) to improve management decision-making, service delivery, and business processes.

Assess balance of internal controls:

Assess the internal controls across the Department to ensure the level of control and coverage is appropriate for the risk and requirements of managers.



Project Objectives, Scope and Process Overview





Project Objectives, Scope and Process Overview

□ Project Objectives

- The objective of this project was to carry out a comprehensive assessment of management practices in Veterans Affairs Canada in relation to the recommendations made in the Report of the Independent Review Panel on Modernization of Comptrollership in the Government of Canada. The team was to gather and analyze data to allow management to identify existing strengths and weaknesses in this regard.
- The assessment was to build upon existing processes and practices and assist in the identification of those areas where capability improvements are required in the Department.
- The KPMG project team was to work with VAC staff to ensure a knowledge transfer of both the use of the Capacity Check tool and process required so that the Department would be in a position to carry out future assessments using the KPMG Comptrollership Capacity Check Tool.

□ Scope

- The assessment covered all Branches and functions in Charlottetown and the regions and involved different levels of managers.
- The review was limited to the Department only and did not include partners (e.g., provinces, third parties).



Project Objectives, Scope and Process Overview (cont'd)

□ Methodology

- VAC and KPMG staff worked closely together to conduct this analysis. They carried out these steps:
 - The Comptrollership Office held a briefing with KPMG consultants on the business and structure of the Department and on the direction of the Department and the comptrollership initiative.
 - The Department team members identified the appropriate managers and functional staff to participate in the interviews. The KPMG team provided advice on cross-representation and levels. The VAC team prepared and distributed a communications packet to the interviewees.
 - KPMG consultants developed and tailored an interview guide to suit VAC requirements.
 - KPMG and VAC staff carried out interviews with managers (see Appendix A). To the extent possible, a VAC team member accompanied a KPMG team member to each interview. The interviews were conducted in two phases.
 - At the end of Phase I, the VAC and KPMG team held a project team workshop to consolidate all of the information from these interviews and documentation. The team made a preliminary rating against the criteria in the Capacity Check. The team also identified, for each criteria, the findings, issues and opportunities and a rationale. The team summarized the results in a Phase I Preliminary Report.
 - The VAC team identified the managers to interview in Phase II.



Project Objectives, Scope and Process Overview (cont'd)

- Following the Phase II interviews, the KPMG team consolidated the information received from the interviews into a Draft Report.
- The VAC team designed and integrated a validation process into the Capacity Check assessment. The team consulted managers to ensure that the Capacity Check report accurately reflects managers' perceptions on the current state of VAC's modern management practices.
- The validation process consisted of three steps in which managers were invited to provide feedback.
 - Step 1. A small group of managers (levels III & IV) were invited to comment on a Preliminary Report.
 - Step 2. A committee of Senior Managers (level I and II) were invited to provide feedback following modifications to the Preliminary Draft Report.
 - Step 3. Following completion of the Phase II interviews, a Draft Report was prepared incorporating the data collected during both Phase I and Phase II interviews. A wide range of managers were asked to provide feedback on the Draft Report including all those who had previously participated either through interviews or validation as well as some others not previously involved.

In each validation step, the VAC team asked managers to respond to four questions.

1. Are the ratings reasonable?
2. Do the rationales support the ratings?
3. Is the "Key Information" accurate and complete?
4. Are the "Issues and Opportunities" consistent with the ratings and "Key Information"?

Summary of Modern Management Practices Capacity Check Assessment





Key Information
<ul style="list-style-type: none"> ❑ The Department is a Comptrollership pilot and has set up a Comptrollership Modernization Office to move the initiative forward. In moving forward with modern management practices, the Department is conscious of impacts on its clients. ❑ Changing client demographics and fiscal constraints are catalysts for change. The Deputy has launched a results-oriented management improvement agenda for the Department. ❑ The Department is in a rather unique situation. It is extremely focused on its clients -- providing excellent client service. Staff are extremely committed to client service. It is the only Departmental Head Office outside the National Capital Region. Partly because it is outside the NCR, the Department is more focused on client service than on government-wide strategic initiatives. ❑ The Deputy has started a number of new initiatives (e.g., joining as a pilot, a revised strategic/business planning process, a commitment to follow up on the recent Public Service survey, a rationalization of the IT/IM governance model, a client-focused ethics committee). ❑ The Deputy has expanded the membership of the Departmental Executive Board to include regional operations. Records of decisions are now available on the DM's intranet site. ❑ The Department is making heavy investments in IT to provide client service. The return on these investments contribute to process improvements. Additionally, there is potential for the integration of financial and non-financial information and improved reporting.

Issues/Opportunities
<ul style="list-style-type: none"> ❑ Managers do not have a good understanding about the Modernization of Comptrollership initiative and how their role should be changing. ❑ There are numerous initiatives competing for limited resources.

TOPIC	1	2	3	4	5
Leadership commitment	Deputy Head and senior management have only limited knowledge of the comptrollership focus.	Deputy head has a broad understanding of the concept of comptrollership, and recognizes the need for change. Deputy head has initiated steps to report performance on an integrated and consolidated basis, including financial and non-financial. Deputy head has developed a short and longer-term plan for comptrollership, and has put in place an organization for effective comptrollership. Performance information, accountability and stewardship are high on senior management's agenda.	Deputy head and senior management are highly committed and supportive of comptrollership mindset, and commit resources to implementing comptrollership best practices. Senior management has established mechanisms to report performance on an integrated and consolidated basis. Deputy head is able to report on extent to which government-wide standard for comptrollership has been met in the organization, and makes periodic representations to the Minister and Central Agencies.	A comptrollership ethos permeates the organization and its decision-making process. Deputy head and senior management have created a climate wherein creativity and managed risk taking are encouraged, barriers are broken down between functions, and business decisions are challenged. Risks are discussed openly by senior management. Senior management is actively sponsoring the adoption of new service delivery mechanisms. Deputy head is able to report to the Minister and Parliament with confidence on performance results achieved.	Organization is recognized amongst peers for leadership in implementing modern comptrollership practices. Deputy head has earned a high level of trust from Central Agencies and Parliamentarians, who have high level of confidence in the effectiveness and integrity of the systems used to administer programs, and in the accuracy and completeness of the information about that administration. Deputy Head and senior management have established a forward-looking approach to comptrollership to assess organization's capacity to sustain desired performance levels in the future.

Rationale

- ❑ *The Deputy has demonstrated strong commitment to moving forward with modern management practices and recognizes the need for change. The deputy has initiated steps to improve strategic and business planning.*
- ❑ *The Deputy and senior management are highly committed and supportive of the comptrollership mindset.*
- ❑ *An organization has been set up to facilitate modern management practices.*
- ❑ *While a commitment is evident, many initiatives promoting modern management practices are in their preliminary stages.*
- ❑ *Many of the elements related to integrated performance reporting are planned or in development but do not yet provide performance reporting that integrates financial and non-financial information.*





Senior Financial Officer's role

Key Information

- ❑ The SFO is the ADM Corporate Services and is a full member of the Departmental Executive Board and participates in program as well as financial decision-making. The SFO also chairs the DEB Finance Sub-Committee. The roles played by the SFO are broad and varied. The SFO has a wide span of responsibility covering finance, materiel, human resources, information technology/information management and administration.
- ❑ In addition to the traditional financial responsibilities, the Finance Division administers contracting and procurement.
- ❑ Branches have Senior Financial Advisors (SFA) (formerly known as Resource Management Advisors). Managers rely on the SFAs for planning and budgeting, forecasting, assistance with TB Submissions and supplementary estimates. Often, the SFA is an integral member of Branch management. Each region has a Regional Director of Finance (RDF) and a financial unit that provide financial services for the region and the districts. The RDF provides financial advice to regional managers. District offices have a Chief of Support Services (admin.) who takes functional direction from the Regional Office.
- ❑ Regional Directors of Finance (Regional SFO) sit on the management team and have input to a range of decisions. Regional finance is involved in a range of activities--audits, trend analysis, budgeting, post-audits, quality assurance. At the Hospital, the Director of Finance is responsible for producing performance measures and showing/analyzing overall trends. Regional SFOs are in contact with Head Office, have good relationships with each other, and there is a formal meeting annually.
- ❑ Finance has carried out cost-benefit analysis on service delivery options in the service delivery portfolio (e.g., TAPS, VIP).

Issues/Opportunities

- ❑ Managers are selective from whom they seek advice.
- ❑ Managers indicate that most controls are adequate but some may be too stringent (e.g., travel, contracting).
- ❑ With the centralization of administration and finance in the regions, it is beneficial to have clear support mechanisms between the Regions and Districts.

TOPIC	1	2	3	4	5
Senior Financial Officer's role	No official comptrollership role within the organization. Financial management role is seen primarily as that of maintaining accounting records and controls.	Senior Financial Officer and staff assists the executive team in assessing financial implications of major decisions.	Senior Financial Officer and staff are a senior member of the executive team, and are often called upon to provide strategic advice and support in initiating new program initiatives. Scope includes not only financial management, but effectiveness & efficiency of service delivery and organization-wide controls required.	Senior Financial Officer and staff assume a leadership role within the organization in integrating processes and systems to ensure the organization is making sound business decisions, maintaining appropriate controls, managing long term risks, and achieving high standards of performance.	Comptrollership organization is recognized as a leader amongst peers, and is perceived within organization as having strong technical and expert advisory capabilities.

Rationale

- ❑ SFO and SFAs are members of management teams. Increasingly, they are being called upon to provide strategic advice in initiating new program initiatives and rationalizing the continued delivery of existing programs.

Managerial commitment



Key Information

- ❑ Managers have a limited awareness of Modern Comptrollership but lack a good understanding of its objectives and how it relates to them. Managers are confused about the term “Modern Comptrollership”.
- ❑ For the most part, managers are sincerely interested in improving their management practices and are sensitive to the need to change as a result of pressures affecting the Department. Managers that implement sound management practices, do so through their own initiative rather than through a systematic Departmental approach.
- ❑ The financial responsibilities/authorities of managers are documented and communicated (under the Finance icon on Acroread).
- ❑ There has been a common practice for managers to launch projects and initiatives without adequate consideration of financial implications. The Department is becoming more aware of the need for sound business cases to support proposed initiatives and is putting appropriate practices in place.
- ❑ Relationships between specialists and managers vary widely. Less senior level specialists are not always seen as working in partnership with managers. The control vs. advisory role varies by individual.
- ❑ The Department does not have a training program in place specifically for middle managers. Managers have not had exposure to good training on management practices including financial management. The Department recognizes this as a need and is beginning to address it.

Issues/Opportunities

- ❑ It is beneficial to get staff, as well as managers, engaged in the initiative.
- ❑ While information may be generally available on the initiative, (e.g., through the intraweb) managers often do not have the time to review it.
- ❑ In the past, there was minimal pressure on managers to focus on financial considerations related to operations. Given the current fiscal pressures, there is a renewed appreciation for the development of sound financial management practices, as well as attention to client service.
- ❑ It is beneficial to managers to more actively promote and exchange best practices.

TOPIC	1	2	3	4	5
Managerial commitment	Control is seen as “compliance” and is still considered the main ingredient in comptrollership by both operational and financial managers. Operational managers focus on running the business and count on “corporate” to ensure that the rules, regulations and reporting requirements are being met. They are not familiar with comptrollership policies. Financial concerns primarily evolve around availability of funds to carry out initiatives.	Managers understand their financial authorities and those of their staff. They are aware of their responsibilities for probity and prudence and the protection of assets under their control. Plans and initiatives are not subject to analysis of financial implications beyond the funding issue. Program initiatives are developed without any financial input. Financial specialists are not always familiar with the operations and vice versa.	Managers see comptrollership as part of the job and seek the support of performance and review specialists as well as financial managers. Managers are aware of their comptrollership responsibilities, and accept accountability for resources entrusted to them. Financial implications are assessed in operational plans and new program initiatives. Input from financial specialists in decision making is perceived to add value.	Managers are highly committed and supportive of comptrollership mindset, and commit resources to implementing comptrollership best practices.	Managers see controls as mechanisms to identify risks, opportunities and respond to the unexpected. They apply the concepts of comptrollership in their day-to-day operations. Managers consider financial and non-financial information in their decision-making.

Rationale

- ❑ Managers rely on “corporate” to ensure that rules and requirements are being met.
- ❑ Program initiatives are increasingly being developed with financial input. However, in practice, there is no consistent method for assessing the financial implications of management decisions.
- ❑ The extent to which specialists and managers are aware of each other’s world varies across the Department.
- ❑ There is inconsistency in the level of awareness and practices of managers regarding their comptrollership responsibilities.



Linkage to strategic planning



Key Information

- There is no Department-wide strategic plan.
- The Department is developing a strategic plan that is scheduled to be completed in Fall 2000. The plan will be available for the 2001-2002 business planning cycle. It is expected that branches and divisions will link their planning to the Department's strategic plan.
- The development of the plan has included an environmental scan, organizational assessment and a consultative process (internal and external with representatives from other government organizations, client groups) along with scenario building.
- Various groups have been working on elements of strategic planning independently (e.g., projections of client volumes, Region of the Future, BRP multi-year planning).

Issues/Opportunities

- There is a heightened concern among managers about the future vision/end-state of the Department. The uncertainty around the Department's future raises questions about its core business, capabilities and clients.
- Greater emphasis on strategic policy development could enhance the Department's relationships with other organizations.
- More attention to monitoring the environment for issues that affect the Department, and analyzing their impacts could improve the planning process.
- The strategic plan will greatly affect Human Resource Management (recruitment and retention, productivity, morale).
- Identifying and assessing risks as an integral and ongoing part of the planning process could benefit business planning.
- The strategic plan can help ameliorate operational pressures.
- The challenge remains to rank the priorities to facilitate planning and resource allocation.

TOPIC	1	2	3	4	5
Linkage to strategic planning	Business plans are developed independently of strategic plan. Little or no effort is made to reconcile the two.	Strategic and business plans are prepared by independent groups. Some effort is nevertheless made to ensure consistency between business plans and strategic plan. Anomalies are raised with senior organizational heads (e.g., Sector/Regional/ADMs).	Strategic priorities are stated and ranked in business plans. Business plan objectives are linked to strategic priorities. Organizational strategies are reflected in operational/ work plans. Results achieved in business plan are monitored against strategic priorities.	Resources and performance targets in business plan reflect strategic priorities and key success factors. Assumptions are periodically challenged to ensure continued relevance. Results achieved are monitored on a trend basis against strategic priorities, and resources modified accordingly.	Program outcomes are reported regularly against both strategic and business plans on a trend basis. Perceived to be single highly integrated plan and process.

Rationale

- A strategic plan is being developed. Once completed, the strategic plan will set strategic priorities that can be used in business planning.
- Concerted effort is being made to implement a process to integrate strategic and business planning.
- To a large extent, individual Branches have developed and communicated their strategic priorities across the organization.



Modern management practices competencies



Key Information

- Leadership profiles have been developed and expanded to include managerial competencies. However, the profiles are still not widely used or applied.
- Skills gap identification for modern management practices has yet to occur, although some skill Gap Analysis is being done for FIS.
- Awareness sessions on FIS are being offered. Awareness sessions on Modern comptrollership have been provided to managers on a more limited basis.
- Training will accompany FIS implementation (e.g., accrual accounting and components of comptrollership). The challenge will be to train managers on the essentials, without placing undue burden on operations.
- While no specific training programs are available in-house for modern management practices, managers do access various sources for training opportunities. For example, managers have access to the CCMD (Canadian Centre for Management Development). Regional staff have attended courses on client-centered service.
- There are many tools and training available for managers, but there is no coordinated/systematic process to identify training needs and/or requirements and to arrange delivery.
- Previous Departmental programs such as MOP (Management Orientation Program) and SOP (Supervisor Orientation Program) are no longer available.

Issues/Opportunities

- The Department needs to consider training of staff as well as managers in Modern Comptrollership.
- Effective empowerment entails an accountability framework, and managers and staff need appropriate training to enable them to understand and perform their roles.
- Managers expressed concern about the time commitment required to take formal training, given operational pressures. Staff often develop their skills through experience and coaching, especially in the Regions and Hospital. Some managers would like to see the supervisor and middle manager orientation courses re-introduced.
- Because the Department's Head Office is located outside the NCR, the opportunities for development experiences elsewhere are limited.
- Regions have pursued training on their own in the absence of a centralized training regime.
- Web-based technology may provide an opportunity for cost-effective training.

TOPIC	1	2	3	4	5
Modern management practices competencies	Little or no information exists on competency requirements for either functional specialists or managers.	Additional knowledge requirements have been identified. Awareness sessions have been carried out and skills gap established. Little or no training has been done.	Awareness sessions have been held for functional staff and managers. Skills gap is being addressed for all. Training requirements are being sourced. There is "cross-fertilization" between functional specialists and line managers.	Training and funding in comptrollership have high priority. Functional specialists and managers have been trained and skills gaps have been addressed. Comptrollership competencies have been added to the departmental training schedule on a permanent basis.	Comptrollership competencies and training are an integral component of goal setting/ performance evaluation. Managers have suitable knowledge of comptrollership functional disciplines. Functional specialists are knowledgeable of programs and operations.

Rationale

- Some awareness sessions have been given on FIS and modern management practices.
- Leadership profiles have been expanded to include managerial competencies.
- Some preliminary analysis of skills gap relating to FIS, but overall skills gap remains to be addressed.
- Little training has been done relating to modern management practices.

Employee satisfaction



Key Information

- ❑ It is generally considered that the Department has a very good union/management relationship. There are well developed processes for consultation at the local, regional and national levels. These consultations provide a useful indicator of employee satisfaction and a regular opportunity for interaction and feedback.
- ❑ Employee feedback was collected from the recent Public Service survey and results showed a high level of employee satisfaction. There is an active process in place to respond to issues raised in the PS survey involving both management and employees. The Deputy Minister established a process whereby all managers were required to discuss results of the survey with employees and develop action plans. A national committee was also established to manage the issues at a Departmental level.
- ❑ Throughout the organization, various informal mechanisms exist to solicit employee feedback which vary by manager: regular employee meetings, fireside chats, informal consultation, manager open-door policies, monthly union-management meetings, regional surveys, tour by the RDG.
- ❑ The Department has reviewed its Conflict Resolution process and is refocusing it on early conflict resolution with greater emphasis on mediation services.
- ❑ Interpretation of the results from the PS survey is problematic in some areas due to the design of the survey questions. As a result of ambiguities in the PS survey, the Department is planning its own follow-up employee survey.

Issues/Opportunities

- ❑ There was limited follow up to the 1993 VAC employee survey. Also, various Public Service wide initiatives, like PS2000 and UJEP, promoted positive change that did not materialize. As a result, employees may be cynical with respect to change initiatives. This could present a challenge for the Department in responding to the PS survey.

TOPIC	1	2	3	4	5
Employee satisfaction	No formal employee satisfaction surveys are carried out. Information is collected on an informal and ad hoc basis.	Different arrangements for surveying employee satisfaction exist across the organization. Limited monitoring and analysis of results on a trend basis.	Formal employee satisfaction surveys are carried out on a regular basis, and results are tracked over time. Results are publicized across the organization. Improvement teams are created to develop plans to address high priority issues.	Employee satisfaction is a key consideration in strategic and business planning, and in the performance evaluation of managers. Ongoing efforts are made to address employee satisfaction issues.	Employee satisfaction survey tools are regularly reviewed and improved. New programs are constantly being introduced to improve employee satisfaction. Are quantifying linkage between employee satisfaction and organizational performance? The organization is recognized externally for its leadership in this area.

Rationale

- ❑ Various mechanisms are in place across the organization to survey employee satisfaction.
- ❑ Some analysis has been conducted comparing the current Public Service Survey to past Departmental surveys.
- ❑ The Deputy has established a national committee to respond to the PS survey and employee/management teams are in place throughout the organization to make improvements to the workplace.
- ❑ The Department has not conducted a recent formal employee satisfaction survey.



Valuing peoples' contribution

Key Information

- There is an overall feeling that people are valued and the Department is perceived as a good place to work.
- The Departmental culture generally does not support or reward appropriate risk taking by employees.
- The Associate DM is leading an initiative to promote a family-friendly workplace.
- The Department values sharing information and obtaining feedback from staff. In one region, senior management solicited feedback from employees on how to improve service delivery. They received over 300 suggestions. However, some managers indicated that staff, in general, may not always feel that their views are taken into account.
- The Department promotes and utilizes work teams and the participation of staff for many initiatives.
- There is good communication with stakeholders and clients through the Department's external reports and involvement in focus groups and for regular and special events of interest to veterans.

Issues/Opportunities

- Due to workload pressures, there is inadequate time for professional development of staff.
- Due to the long-term relationships that many staff develop with elderly veterans, there is an important need to provide support to employees when dealing with issues surrounding death, illness and dying.
- Some balance is required in sharing information to avoid "information overload".
- Some consideration could be given to reviewing the PS Survey in relation to the findings contained in the Capacity Check.

TOPIC	1	2	3	4	5
Valuing peoples' contribution	Traditional "we-they" relationship exists between management and staff. Considerable resistance to change. High level of skepticism exists within organization. Mixed messages are given to staff. New initiatives tend to be delayed or never implemented. Little or no interaction between organizational units.	People are consulted and given opportunity to participate in major change initiatives. A cautious approach is taken to implementing change. People tend to be risk averse. Organizational units tend to work independently with some interaction.	People in the organization are treated with value and respect. People are able to speak out and participate in discussions without fear of reprimand. Information is shared openly within the organization, and with external clients/stakeholders. Strong sense of teamwork exists across the organization.	People are empowered to take risks and are encouraged to be innovative. Culture barriers that prevent efficient delivery of services by staff are removed. Organization fosters a culture of continuous learning and participation. Pro-active effort is made to share new ideas and approaches across the organization. Major investments are made in the development of people.	People are highly committed to the success of the organization. High level of pride exists in the organization. Strong fit exists between organizational and individual aspirations. Organization is continuously renewing competencies required. Value of human capital in the organization is measured and tracked over time. People are continuously cited for their exemplary behaviour.

Rationale

- Staff and clients are treated with value and respect.
- People are encouraged and are able to provide input.
- Information is shared openly with employees, clients and stakeholders.
- There is a strong sense of teamwork throughout the organizations.





Specialist support

Key Information

- Overall, there is a high degree of satisfaction with the level of support from specialists.
- The relative stability of the Department's core business and processes has contributed to a high level of the specialists' knowledge about the Department's programs and services.
- A better understanding of each other's world would enhance the relationship between specialists and managers.
- Regions rely on the client services section (of the region) extensively. Head Office provides assistance in specialized areas.
- The Hospital has developed a strong in-house specialist capability (e.g., risk management, staff relations) largely due to the unique nature of its operations.

Issues/Opportunities

- Due to the location of the Department outside of the NCR, there are limited opportunities for functional specialists to exchange ideas with and learn about new techniques and best practices with peers in other departments and professional communities. Similarly, given the location of the Department, the e-Government initiative will present a challenge in recruiting individuals with the appropriate skills.
- In some instances, managers are selective about whom they approach for assistance, indicating the existence of pockets of fully developed expertise with a service orientation.
- There is some dissatisfaction with the balance between service, advice, and control provided by HR. Managers perceive there is too much emphasis on control, however, it is recognized that managers may not always have a clear appreciation for the constraints on the function.
- In some cases, especially in the districts, functional guidance could be more proactive, i.e., as it relates to new initiatives and being prepared for questions from clients.
- A list of resources/experts within the Department (or externally) would help managers know who the experts are and where to find them.

TOPIC	1	2	3	4	5
Specialist support	Functional specialists carry out basic analysis of information required by management to support decision-making in response to specific requests and as part of their control mandate.	Departmental capacity in analytical techniques has been updated within comptroller's organization.	Service is responsive. Specialists advice readily available when required. The functional specialist is technically competent and works with line managers in providing analysis and advice. Is seen as a value added partner in analysis rather than an barrier.	Functional specialists work with managers to help them fulfill their responsibilities by providing value added information and technical analysis to better use and protect resources. Although a financial specialist, they are cognizant of the business and knowledgeable of the analytical techniques to support the line manager.	Challenge and expert advisory role of specialists is valued by all levels of management. Specialists are seen as a key enabler in initiating change. Functional specialists are often called upon by their peers to provide advice and support in other organizations, or to speak at conferences on new comptrollership trends or best practices. Recognized as a leader amongst peers.

Rationale

- Functional specialists work with managers in a partnership to help them fulfill their responsibilities. Many specialists provide value-added information and technical analysis.*
- Overall, service is responsive.*
- Specialists are perceived to have the required competencies.*
- Many specialists understand the business and have the required analytical capacities.*



Key Information
<ul style="list-style-type: none"> <input type="checkbox"/> Staff members have a high level of integrity, and value excellent client service. Staff are driven by the client focus. Staff are required to interpret stringent regulations and policies in order to keep pace with emerging client needs. <input type="checkbox"/> The Department does not have a formal ethics statement. However, there are other statements that managers may use to guide their behaviour, such as the Departmental Mission Statement and TB Guidelines on Conflict of Interest. There are initiatives at the local level, as well (e.g., the team charter for the Prairies Management team). <input type="checkbox"/> At present, there is a Client-Focused Ethics Committee in place with membership including clients (both traditional and new). There is the intention to establish a parallel committee dealing with employee ethics (e.g., Code of Conduct and conflict of interest guidelines). It is expected that both committees will be overseen by a Steering Committee chaired by the Associate Deputy Minister and other members of senior management. <input type="checkbox"/> The Department follows central agency Conflict of Interest and Code of Conduct policy. In addition, the Department staff includes professionals (e.g., physicians, nurses, social workers), who operate under Codes of Professional Conduct. <input type="checkbox"/> Ste. Anne's Hospital has a multi-disciplinary committee to handle questions of bio-ethics. There is also a Charter of Rights and Freedoms for patients. <input type="checkbox"/> There is a an Office on Conflict Resolution that helps promote a healthy and ethical work environment free of harassment. <input type="checkbox"/> There has been no assessment of ethics and values throughout the Department.

Issues/Opportunities
<ul style="list-style-type: none"> <input type="checkbox"/> The nature of client service decisions is becoming more complex as Veterans age. The Department does not have ethical frameworks in place to help guide employees facing these sensitive, critical decisions. Additionally, employees will require training in interpreting and applying these frameworks. The frameworks should be linked to client-centred service. <input type="checkbox"/> There is general agreement from managers that more work needs to be done in this area (e.g., issues/styles for dealing with new, younger clients). <input type="checkbox"/> Formal development of any value and ethics statement could serve to strengthen a philosophy of management for the Department.

TOPIC	1	2	3	4	5
Ethics and values framework	No ethics policy or guidelines in place. Policy statements are issued on an ad hoc basis. No clear statement of shared values or principles.	Organization has an ethics statement. Written policies are communicated across the organization, but are applied inconsistently.	Ethics and values assessments and surveys are carried out regularly, and publicized throughout the organization. Results are analyzed on a trend basis, and teams established to address specific issues.	Ethics and values principles/guidelines are well understood by employees, and are reflected in organization-wide documentation and communications. Valued behaviors are rewarded as part of performance evaluation. Atmosphere of mutual trust exists at all levels. Few infractions or incidents occur.	The organization is recognized externally as a leader in establishing an ethics and values program. Ethics and values are consistently reflected in organization practices and actions. All levels in the organization participate in the development of ethics and compliance related policies and programs.

Rationale

- While there is no written statement, managers and staff have client service as a key shared value. The Department follows central agency guidelines and policies. The Department does not have an ethics statement.
- Staff must operate with their own ethical frame of reference often in isolation and in stressful and sensitive situations.



Key Information

- Planning has been done primarily to satisfy Central Agency requirements, i.e., the Report on Plans and Priorities document and the Departmental Performance Report.
- The Department does not have a department-wide business planning process. Various degrees of business planning is conducted within each branch. Although there are various Branch planning documents, they are not formally consolidated.
- This year, the Department is conducting a modified business planning process to deal with resource pressures. There is an expectation that the Department will put a formal business planning process in place. The concurrent initiative to develop a strategic plan will facilitate future business planning for the Department.
- Extensive consultation mechanisms with clients and stakeholders (e.g., Veterans groups), strongly influence the development of plans and priorities.
- Centrally-driven initiatives (e.g., e-Government, FIS), have a significant impact on the Department's priorities and its capacities.
- Regions have business planning processes, to various extents: directional documents which state priorities; business plans that link to HO goals and priorities. District Directors are involved in identifying regional objectives. Districts have action plans for regional and district goals.
- At the regional level, provinces and stakeholders are often consulted in developing regional and/or district priorities.

Issues/Opportunities

- Managers feel overwhelmed with the level of competing priorities.
- The new movement towards performance contracts can strengthen the relationship between compensation, accountability and business planning.
- The Department recognizes the challenges in understanding the needs of its new clientele (e.g., CF), and how these needs will affect the Department's priorities.
- There is a tenuous link between priorities and resource allocation.

TOPIC	1	2	3	4	5
Business planning	Business planning is done on an inconsistent basis across the organization. Corporate business plan meets central agency reporting requirements but is primarily focused on financial information. No effort is made to link/reconcile Sector business plans. Plans, once prepared, are seldom used in support of program delivery.	Sectors prepare business plans independently. HR, IM, and other horizontal issues are addressed on a project-by-project basis, and are only partially reflected in organization business plans. Business plans are primarily focused on meeting central agency reporting requirements. Some effort is made to consolidate or reconcile Sector business plans.	Desired results, priorities and resources are clearly stated in business plans. Priorities are ranked. The plans are comprehensive and reflect resources from all functional areas. Resources are adjusted annually to reflect priorities. High interrelationship between Sector business plans. Business plan priorities are reflected in workplans and budgets.	Business plans highlight organization-wide issues and risks that are most critical to the success of the organization, and their resource implications. Plans are adjusted to reflect priorities and feedback from performance reviews/results. Plan reflects different requirements of clients/stakeholders who are consulted as part of process.	Clients participate in business planning process. Plans are used as an integral component in program management. Plans and resources are revised periodically to reflect performance results. Plans are cascaded across the organization, and are easily accessible through organization-wide information system.

Rationale

- Branches conduct planning independently and in different ways. There is little effort to consolidate planning outputs.
- The Department's business plan is focused on meeting central agency reporting requirements.
- Priorities have been identified but not ranked.
- The linkages between priorities and resources is not transparent.
- Requirements of clients/stakeholders and Central Agencies are reflected in the priorities.



Key Information

- The Department did not experience the pressures of Program Review. Thus, resource allocation has not been a significant concern for the Department. Resource allocation to date has been primarily historically based and there has been minimal use of resource allocation models for operating funds. Most reallocation exercises have been internal to Branches.
- The VS Branch has undertaken a number of initiatives to promote better resource allocation. A new Resource Analysis and Allocation Model was used to redistribute resources at the district office level (Phase I). Phase II and III will consider Regions and Head Office. The Branch has addressed resource allocation through a Resource Allocation Committee, with limited success.
- Some areas of the Department are under funding pressures (e.g., Commemoration, IT).
- The Departmental Executive Board (DEB) is taking positive steps to look at allocation across Branches as a consequence of resource pressures. DEB has the final authority for resource allocation and reallocation decisions at the Department level based on recommendation from the Finance Sub-Committee. At the Branch level, the ADMs have the authority. Resource adjustments have been made to deal with major projects (e.g., Y2K, BRP).
- The Department is starting to utilize business cases for resource allocation decisions.
- At the regional level, resources are shifted between districts to cover workload demands.

Issues/Opportunities

- There is a growing awareness of a need for an A-base review.
- There is a tenuous link between priorities and resource allocation. With the growing number of priorities, resource allocation and reallocation becomes increasingly difficult. The number of priorities makes it hard to assemble a critical mass of resources in support of each priority. There is an awareness that resource reallocations could lead to efficiencies.
- The Client-Centred Service Approach (CCSA) is a key priority that may demand additional resources.
- Cutbacks in provincial programs (e.g., home care), are putting pressure on VAC resources. To the extent possible, regions are continuing to pursue partnering with provinces or other federal departments.
- Managers have concerns about the transparency of resource allocation decisions and budgets of regions.
- Resource allocation is by far, the issue of greatest concern at the regional level.

TOPIC	1	2	3	4	5
Resource allocation	No systematic or formal approach to resource allocation. Resource levels are adjusted on an incremental basis from year to year. Financial information and analysis is not integrated into the evaluation of program options and priorities.	Resource levels are reviewed periodically through program and other funding base reviews. Resource levels are adjusted for new activities and priorities. Resource levels are managed independently by each organizational unit (e.g., Sector, Region).	Resource planning models are in place in each Sector/Branch to estimate resource requirements. Mechanisms are in place to facilitate re-allocations of resources across the organization based on priorities. A business case approach is used to allocating resources. SFO and staff provide both a challenge and advisory function to managers.	Mechanisms are in place at the organization level to help make choices between competing priorities. Managers at all levels are involved in resource allocation/re-allocation decisions. Budget re-allocations decisions are fully transparent. The resource allocation culture supports openness and flexibility.	Resources are re-allocated between programs based on priorities that reflect results achieved and "value-for-money". All management levels are highly committed to, and participate actively in, the resource allocation process.

Rationale

- Resource levels are managed independently by each organizational unit.
- Resources are adjusted for new activities and priorities and are reallocated.
- Use of business cases in allocating resources is growing and is required for new initiatives.
- The VS Branch has developed and rolled out a new resource allocation model.
- There are limited mechanisms for facilitating re-allocation across Branches and Regions.



Key Information

- ❑ There is an established budget process in place. Senior Financial Advisors (SFAs) provide advice and input to the process, and consolidate budgets at the Branch level. Finance is providing more of a challenge role due to the increased funding pressures.
- ❑ Operating budgets have been based primarily on historical expenditures.
- ❑ Program budgeting utilizes forecasting models (e.g., pensions, health, etc.). There is increasing pressure to ensure accuracy in forecasting to reduce dependency upon supplementary funds that are becoming more difficult to obtain from TBS.
- ❑ DEB discussion about the financial position of the Department has tended to be reactive in times of crisis.
- ❑ Forecasting in certain areas has proven to be difficult and solutions are not always obvious. The AG has, in the past, identified weaknesses in the Department's ability to forecast potential new clientele and long-term bed needs of clients. Operational forecasts may not always be prepared with attention to precision.
- ❑ In many cases, managers rely on support staff to prepare/manage budgets and analyze variances.

Issues/Opportunities

- ❑ Historically, there has not been a pressing need to manage budgets due to a stable fiscal situation. As a result, some managers have not developed the skills required to manage and forecast budgets appropriately.
- ❑ There are no incentives for managers to report favourable variances. As well, there are no sanctions for those who overspend. There is an expectation that performance contracts may make managers more accountable.
- ❑ Better forecasting and budgeting is dependent on good information on client demographics and workload analysis down to the district level.
- ❑ The business planning and forecasting processes need to be more closely linked.
- ❑ There are some concerns on the timeliness of budget finalization at the regional level.
- ❑ Workload planning based on a workload standard, forecasted activity and classification may be a more accurate way for budgeting for financial resources.

TOPIC	1	2	3	4	5
Budgeting and forecasting	Budgets are primarily concerned with allocating expenditure or cash targets. There is no clear process for either budgeting or forecasting. There is a lack of consultation and involvement of operational staff in budgeting and forecasting. No commentary on budget or forecasts prepared and assumptions not documented.	There is a clear formal process for budgeting. Budgets are driven by the Finance function based on a broad understanding of longer term plans. Operational staff provide base assumptions to Finance who have the responsibility for preparing the budget and forecasts. Operational staff are involved in preparing opening budgets. Reforecasts are only used to update projected financial results, are infrequently prepared and in little detail. Reasonableness of forecast is not reviewed for realism of assumptions. Actual results rarely correspond to forecasts. There is limited commentary prepared for the financial assumptions.	Budgets are prepared by operational staff with advice and input from finance staff, and are clearly linked to strategic/business plans. SFO and staff are proactive in developing the framework and ensuring it is easily understood by operating management. The budget clearly identifies objectives and assumptions. Budgets reflect strategic priorities and operating unit objectives. Elements are budgeted on basis of assumed consumption and variances done accordingly. Forecasts are reviewed for realism of assumptions, and drive actions to improve results. Re-forecasts made quarterly but in little detail with little target reassignment. Managers conduct variance analysis and justify variances.	Budget is closely linked to costing approach, and links resources to activity and program/product costs. The processes for budgeting and forecasting are streamlined. Data is input directly into a financial planning mode (e.g., what-if analysis). Managers are held accountable for budget variances, and are rewarded/penalized accordingly. Business plan objectives and assumptions are periodically challenged, and changes made to reflect changes in external environment.	Budgeting approach is closely focused on outcomes and results. Budgets are closely linked with resource allocation priorities and performance results achieved.

Rationale

- ❑ *Forecasting models are used to determine program budgets, which represent over 90% of the Departmental budget. Forecasting for some areas such as potential new clients and long-term bed needs has been problematic.*
- ❑ *There is a clear, formal process for budgeting involving both line managers, admin staff and functional specialists (SFAs). Finance drives the process but managers are responsible for preparing their own budgets.*
- ❑ *For the most part, budgets are linked to operational priorities but some critical gaps do exist.*
- ❑ *For programs, elements are budgeted on the basis of assumed consumption and variances done accordingly.*

Corporate performance information



Key Information

- ❑ The Report on Plans and Priorities (RPP) states the key result commitments and the Department Performance Report (DPR) reports on the achievements in these performance areas, including client-based service standards.
- ❑ Senior management perceive gaps in current performance measures. It is a generally held view that the Department needs to do a better job at defining results/outcomes/indicators. Currently, most performance information is still quantitative (e.g., turnaround time) and not qualitative.
- ❑ The Improved Reporting to Parliament Project (IRPP) outlined a framework for reporting on corporate performance. This project has had mixed support and as a result, progress is slow towards defining and measuring corporate performance.
- ❑ The Department has published service standards in its “At Your Service” document, which is widely available to clients (the standards focus primarily on turnaround times).
- ❑ The Corporate Information System (CIS) provides corporate information of a general nature.

Issues/Opportunities

- ❑ Managers perceive a risk to measuring outcomes, because it may question the rationale for some programs.
- ❑ Senior management does not have all the information needed to know how the organization is performing.
- ❑ A prerequisite for the Department in developing a meaningful set of performance indicators is a clear understanding of its strategic direction.
- ❑ There is a concern about the relevance of Departmental indicators for the Hospital.

TOPIC	1	2	3	4	5
Corporate performance information	No corporate performance measures.	Each Sector measures performance at corporate level. Organization-wide priority areas to be measured have been identified.	High level strategic measures are in place, and are linked to strategic vision and priorities. Results to be measured under corporate measures have been identified, and are linked to measures throughout organization. Expected results and corresponding performance indicators have been communicated, understood and agreed upon. Measures cover both financial and non-financial, and provide historical and future oriented view in line with business cycles.	Performance results exist for the organization as a whole. Results are interpreted using a balanced scorecard philosophy. Results are monitored against targets and organization's strategic objectives. Information is valued by senior management and the Minister, and is often used for decision-making and external reporting. Corporate measures are refined on an ongoing basis.	Results of corporate measures are monitored over time. Strategic and business plans are modified accordingly. Results of corporate measures are used to make trade offs in organization-wide priorities. Information is readily accessible through executive information systems. Information needs and systems are periodically reassessed based on changing business needs and identified reporting gaps.

Rationale

- ❑ Some elements of corporate performance have been identified (e.g., key turnaround times).
- ❑ Performance information is reported in the RPP and DPR documents.
- ❑ High level strategic measures linked to strategic direction have not been identified.
- ❑ It is recognized that additional work is required on defining results indicators.

Operating information



Key Information

- ❑ Various elements of operational information are available, but there is no consolidated source of this information to meet managers needs.
- ❑ The Department is in the process of developing a major reporting database (RDB) that has the capacity to provide the necessary information to managers.
- ❑ Operating information is not being used to its full extent to forecast workloads.
- ❑ Regular reporting and analysis of key operational information in a user-friendly format is not readily available to senior management.
- ❑ The Department is developing a cadre of “power users” to access and assemble operational data to meet managers reporting requirements via sophisticated software.
- ❑ The Hospital uses a scorecard of indicators which is reviewed quarterly. Additionally, operational indicators exist in each area.

Issues/Opportunities

- ❑ Managers have been using the Corporate Information System (CIS) for operating information, to a limited degree. Since the CIS was not designed to provide information at the level of detail required (e.g., district/region), managers have been building their own databases.
- ❑ There is a question of who should be responsible for gathering, reporting and providing analysis on operational information.
- ❑ Senior management needs key operating information presented in a dashboard style to provide a consolidated view of operating performance. Managers at the operating level, too, would benefit from seeing the consolidated performance.

TOPIC	1	2	3	4	5
Operating information	Information on operating measures is not collected or reported on a systematic basis.	Operating measures exist to varying degrees by organizational unit (e.g., sector). Results of operating measures are monitored on an ongoing basis.	High level information is usually available for key operational indicators but with limited “drill-down” capability. Comprehensive operating measures are in place in all sectors. Information is monitored on an ongoing basis, and actions are initiated by program managers to improve results. Staff receive training in use of performance measurement systems.	Information on operating results is easily accessible in organization-wide performance information systems. Service delivery teams use results information on an ongoing basis to initiate process improvements. Action plans are developed to address problem areas. Strong linkage between operating results and business plans. Information is an integral element of resource allocation decisions. Operating information is a corporate asset and is fully transparent across the organization.	Operating results are monitored over time. Different measures are in place for different client groups. Measures are added and deleted as priorities change. Measures are cascaded throughout the organization and are linked to strategic objectives and measures. The majority of staff can easily obtain the management information they require through online access to drill down facilities or simple user friendly report writers.

Rationale

- ❑ *The CIS provides high level information on a number of indicators but it does not provide information at the level required by managers.*
- ❑ *Power users have received training in accessing/assembling data to meet reporting requirements.*
- ❑ *Various elements of operational information is available. Managers analyze it to improve performance (e.g., client service).*



Measuring client satisfaction



Key Information

- ❑ There are a variety of ways of collecting client feedback. The Department has conducted formal surveys of client satisfaction. Client comment cards are available and prominently displayed at all client points of contact. The Department consults extensively with various veterans groups (e.g., regular and frequent meetings with representatives from the Royal Canadian Legion, War Amps, Pacific Advisory Council, etc.) and listens closely to their concerns. Focus groups have been used for feedback on veterans' care needs. The Hospital administers a survey/questionnaire to patients on food, maintenance, and security every couple of years.
- ❑ The response rate to surveys is good, and clients express a high level of satisfaction with the level of service provided by the Department.
- ❑ Clients are involved in the development of service standards.
- ❑ The Department has a strong client focused culture.
- ❑ The Department has recently entered into a partnership with DND to improve VAC service to Regular Force clients (VAC - CF project).
- ❑ The Commemorative Services program has a robust client satisfaction monitoring process in place.
- ❑ There are various highly developed appeal and review mechanisms available to clients. Results are tracked over time. There is no formal complaint resolution process.
- ❑ Results of client comment card feedback are summarized, tracked annually and reported upon in the Departmental Performance Report. There is some tracking in the Districts of ministerial inquiries.

Issues/Opportunities

- ❑ Changing clientele (e.g., increase in CF clients) provide a new opportunity for the Department to meet these clients' needs. Additionally, this suggests that different client satisfaction measures as well as different methods of tracking their satisfaction are appropriate for younger clientele.
- ❑ While there is generally good satisfaction with services, an environmental scan has shown that clients feel there are still some improvements that could be made in programs and services.
- ❑ Some issues identified by clients relate to shared jurisdiction which makes it difficult for the Department to act.

TOPIC	1	2	3	4	5
Measuring client satisfaction	Client satisfaction information is collected on an informal and ad hoc basis.	Approaches to collecting client satisfaction vary across organization, and tend to vary from year to year depending on management priorities. Limited monitoring and analysis of results.	Formal systems exist across organization to survey clients on level of satisfaction. Results are tracked over time, and are considered in strategic and business planning. Limited analysis of results on an organization-wide basis. Complaint information is consolidated and reported, and a complaint resolution process exists.	Client satisfaction information is collected through a wide range of techniques. Information is collected on a consistent basis across program areas. Results are consolidated on an organization-wide basis, and overall trends analyzed. Results are a key element of strategic and business planning, and are used to assess service standards and service improvements.	Client satisfaction measures are published externally, and are well known to clients. Client satisfaction is a key driver of strategic and business planning, and is considered in performance evaluation and incentives. Techniques used to collect client satisfaction information are constantly being improved.

Rationale

- ❑ Client satisfaction information is collected through a wide range of techniques. However there is little evidence that the information is consolidated on an organization-wide basis and that overall trends are analyzed.
- ❑ Client satisfaction is a key element in business planning.
- ❑ Results of feedback mechanisms are used to assess service standards and service improvements.
- ❑ Various complaint resolution processes exist.





Key Information

- Program managers have the discretion to ask for the development of evaluation frameworks. Most programs do have evaluation frameworks.
- While there may be frameworks, evaluations do not necessarily follow.
- Evaluations have been done in a variety of areas (e.g., VIP, health promotions, CCSA pilots, pensions). The Pension Review Study currently underway is the biggest review with evaluative overtones undertaken by the Department in the past five years.
- Previous evaluation of the pension process (92/93 Pension Study) helped lay the groundwork for pension reform.
- The extent to which managers value and make use of evaluation results varies. However, managers perceive evaluators' support positively and value their contributions. Some managers call upon evaluators for assistance and advice with a sincere interest in improving the process.
- The Audit and Evaluation Committee has recently established stronger direction for program evaluation.

Issues/Opportunities

- Evaluation frameworks generally work best on new programs so what is to be evaluated needs to be identified from the outset. There is an increasing need to link evaluation frameworks to strategic priorities.
- A&E resources are best utilized in developing evaluation frameworks for major program areas. Program development staff should be trained in the basics of designing evaluation frameworks.
- Managers may not always make the distinction between audit and evaluation.
- The establishment of outcome measurement and systems as a uniform part of management culture could enhance performance measurement.
- Regions are not aware of the extent to which program evaluation is occurring and receive limited information on the results.

TOPIC	1	2	3	4	5
Evaluative information	No formal approach to program evaluation. Evaluations are carried out on an ad hoc basis. Information on program outcomes is limited. Methodologies for collecting the information need to be put in place.	Evaluation frameworks are in place for some program areas. Evaluations are carried out as issues arise. Information on some program outcomes is available and not available in other program areas.	Evaluation frameworks, and data gathering procedures, are in place for all major program areas. Program delivery outcomes are clearly defined. Performance measures are in place to measure these outcomes, and performance information is collected to measure these outcomes. Evaluative information is included in external reporting documents.	Methodologies for measuring outcomes are periodically re-assessed. Evaluation results are commonly used by managers for decision-making and input into strategic and business plans. Evaluation is seen as an integral part of program/regional management. Evaluation prioritization is closely linked to business planning and organization-wide risk assessment.	The organization is seen as a leader in measuring program outcomes. Methodologies are "state of the art". Linkages between program outcomes and resource allocation are considered in strategic and business planning. Evaluation results play a major role in redirecting focus of program design, and in determining the type of information required by the organization to measure its success.

Rationale

- Frameworks are in place for most program areas.
- Evaluations are conducted on a regular basis within the context of the A&E plan.
- Some managers recognize the value of evaluations.
- There are dedicated resources for conducting evaluations.





Service standards

Key Information

- The Department has published service standards in its “At Your Service” document, which is widely available to clients. These service standards are monitored on an on-going basis. Performance on most standards is reported in the Departmental Performance Report.
- Client service standards include time frames for processing of claims and/or applications related to a variety of programs and services (e.g., pensions, health care, war veterans allowances). There are also general standards covering such services as hours of service and language of choice. The Hospital has its own service standards.
- Several organizations within the Department have or are in the process of developing internal service standards. However, internal service standards are not yet widely used within the Department.
- There was some consultation with clients in developing standards; some national client/stakeholder organizations participated. Some standards are reviewed annually.
- Managers find reports from HO on assessments related to Pensions useful.
- Some standards are monitored monthly (e.g., pension process), in district offices, to varying extents.

Issues/Opportunities

- The Department’s service standards are still primarily quantitative in nature. More work in the areas of results/outcomes/indicators could further the development and measurement of qualitative service standards.
- In order to maintain consistency in standards, more work is needed to clearly define the process to measure turnaround times. The Client-Centered Service initiative could provide the back drop for reviewing/rationalizing standards.
- Managers have expressed the view that corporate services (i.e., HR, ITD, Finance, etc.) could be improved with a greater focus on internal service standards.
- The CSDN and online systems will help make service faster and more responsive.
- There is a growing recognition of the benefit of evolving from quantitative indicators i.e., turnaround time, to more qualitative indicators.

TOPIC	1	2	3	4	5
Service standards	No formal service standards exist. Quality of service is monitored on an informal basis.	Service level arrangements and standards exist on an inconsistent basis across the organization. Systems to collect and maintain service level information are still under development. Clients have been involved to varying degrees in development of standards.	Formal service level arrangements and standards have been established for each business line, and results are tracked and analyzed over time. Clients participate in the development of the standards. Results are used to identify service improvements.	Service standards are periodically reviewed with clients/stakeholders and improved to reflect changing priorities. Service standards are assessed based on cost of service delivery. Service standards reflect different priorities of client groups. Results are a continuing source of pressure for new service and quality improvement initiatives.	Service standards of the organization are published externally, and are well known to clients. Achievement of service standards is a key consideration of management in strategic and business planning.

Rationale

- There has been some involvement of clients in developing standards.*
- Client service standards exist and are readily available to clients.*
- Mechanisms are in place to collect and maintain service level information.*
- Service standards are monitored for some areas (e.g., pension process).*
- Formal service standards are not well developed for the corporate services business line.*



Key Information

- ❑ Generally, managers expressed satisfaction with the relevancy, accuracy and timeliness of financial information.
- ❑ Financial information is available on-line from FMIS, BUCCS and SCAFS. However, manual intervention is still required to assemble useful data to meet business requirements.
- ❑ There is little real-time information available.

Issues/Opportunities

- ❑ Many financial reports are still only available in hardcopy. A new financial system is being implemented which may afford an opportunity to make more information available electronically.

TOPIC	1	2	3	4	5
Financial information	<p>Voluminous hard copy reporting dictated by financial reporting timetable with monthly/quarterly/annual reporting taking up to six weeks. Commentary on results prepared solely by Finance. There are persistent problems with data accuracy. Standard reporting from financial accounting system but its inadequacies lead other managers to produce their own records and reports which are not checked for consistency with other sources of information.</p>	<p>Mostly hard copy reporting to financial timetables with some on-line access to supporting data. Reporting based on information from various sources but coordination is haphazard and data integrity not assured. Detail to support high level information is not readily accessible and is often not available at all. Commentary on results prepared by Finance with limited input from operational staff. Financial reporting cycles are not always in sync with operating information reporting cycles.</p>	<p>Appropriate reporting frequency. Monthly information available within one to five days. All reports and data available in appropriate media. Data availability and accuracy are seldom an issue. Financial information is available from a single source, but requires manual intervention for interfacing with other operating information.</p>	<p>Fully integrated on line, real time systems with flexible reporting. Extensive integration of financial information with operating information (e.g., outputs, cycle time, workload) to meet business requirements. Financial information is considered to be a corporate asset, and is fully transparent across the organization. Finance work closely with operational managers to understand results and jointly prepare commentary.</p>	<p>Information is integrated from various sources (e.g., data warehouse) with data integrity assured and with senior management clearly responsible for integrity of output. Reporting systems are linked to allow drill-down to appropriate level of detail.</p>

Rationale

- ❑ *Data is considered accurate.*
- ❑ *Reporting frequency is appropriate.*
- ❑ *FMIS is the primary source of financial information. Other systems complement FMIS.*
- ❑ *The bulk of information is neither real-time nor integrated with operating information.*



Cost management information

Key Information

- Activity and product costing is limited. The Hospital does some cost analysis within each operational area, though not integrated between operational areas.
- The VS Branch has developed a model for costing delivery services based on workload analysis. It is recognized that this is Activity Based Costing at a very high level.
- In the past, the Department has experimented with a time reporting system, to limited success. Concerns surrounded reliability of the data and its usefulness for decision-making purposes.
- Management does not currently have sufficient cost information to analyze service delivery options.
- Various systems are in place that can track elements of program activity functions (CSDN, PSIS, SCAFS). However, there is no integration of this information.
- There is no formal process for management reporting on cost management. However, throughout the Department there are various groups working to assemble cost information for management decision-making.

Issues/Opportunities

- A cost management system can enhance resource allocation, help analyze the economy of program delivery, and improve the accountability for program costs.

TOPIC	1	2	3	4	5
Cost management information	Cost information is maintained based on traditional object-based ledger (e.g., salaries, travel, O&M, etc.) for each organizational unit.	Cost information is available at the activity level across the organization. Activity costs are rolled up to provide costs at the program level. Systems are in place to maintain this activity cost information. Additional analysis is done to obtain useful cost information for decision-making.	Costing systems are in place that trace costs from resources (salaries, O&M) to activities, and then from activities to specific products, services or programs. Employees update time spent on activities on a periodic basis. Product and service cost information is used for planning purposes.	Costing systems are supported by data warehouses that consolidate cost information from many sources. Employees update time spent through an automated interface. Cost information is readily accessible through server. Costing information is used to guide management decisions. Costing systems and budgeting approach are closely linked.	Activity, and product and service, cost information is an integral part of management decision-making. Cost information is readily accessible to all managers in a format that can be customized for process improvement, outsourcing decisions, cost recovery, business planning and performance measurement.

Rationale

- FMIS is capable of providing financial costs by organizational unit.
- High level unit costing is available in selected program areas.
- There is some analysis of cost information for decision-making.
- Financial cost information is rolled up to provide costs at the program level.
- For the most part, timely and useful information at the activity and service level is not readily available.





Key Information

- ❑ The Audit and Evaluation Division prepared and issued a paper aimed at providing an overview of risk management in the public sector, discussing various options for Veterans Affairs.
- ❑ Risk management at the Hospital has a very high profile and is formalized--there is a dedicated risk manager, and a set approach for identifying, documenting, preventing and addressing risks. There are performance measures on risk management.
- ❑ While some areas of the Department (e.g., ITD and BRP), employ various risk management methodologies, there is no practical and common framework for the Department. The Department does manage corporate risks such as Y2K through business resumption planning and contingency plans.
- ❑ While there is no formal Department-wide risk management framework, managers tend to manage risks intuitively and informally. This may be more difficult for staff who are less experienced or who have been in the Department only a short time. Managers generally use their own approach and generally do not document their assessment.
- ❑ Various high profile projects (e.g., Y2K, BRP), have helped the Department develop its capacity to understand and manage risk (e.g., risk assessment of significant risks before the project is undertaken).
- ❑ Overall, there has been no training in risk management offered by the Department. However, some staff have received training for specific projects.
- ❑ There are reserves for contingencies at the Deputy Minister and ADM levels. Some regions have reserves, too.

Issues/Opportunities

- ❑ There are diverse opinions on the culture for risk management in the Department. On the one hand, there is a concern that the Department may be overly risk averse. There is a tendency to manage by excessive consultation at the expense of taking action. On the other hand, there is a sense that managers do not have to live with the consequences of poor judgements.
- ❑ There is a dichotomy between the amount of risk assessment for larger issues versus the overemphasis on controls for smaller issues.
- ❑ While an informal approach to risk management is adequate in some situations, there is also a need for a more formalized approach (i.e., risk management policy, framework, methods, models, tolerances). There is no OPI identified for developing these elements.
- ❑ There is a need for more formal tools to assess risks on an enterprise-wide basis. The challenge is to design standards and tools that are simple and easy to use but effective.
- ❑ Technology can be an enabler to manage risk tolerances.

TOPIC	1	2	3	4	5
Risk management	No risk management measures are in place. Concept of risk management is not well understood.	Risk management policies and guidelines are in place for specific operational areas. No policy or guidelines exist at the department-wide level. Organization-wide issues are dealt with on a "one-off" basis as they arise.	Organization-wide risk management framework and policy are in place. Major risks are identified and plans developed to contain risks. Senior managers are familiar with risk management concepts and techniques. Risk assessment is done extensively at operational level and in the planning and carrying out of audits and reviews. Contingency/reserve funds are in place to deal with unforeseen events.	Major risks are highlighted in strategic and business plans. Systems are in place to monitor risks, and to determine acceptable risk levels. Mechanisms are in place for forecasting and managing contingency funds. All levels of the organization participate in implementing controls and risk assessment. Managers are trained in risk assessment techniques and tools.	Organization-wide risks are monitored on an on-going basis, and action plans are in place to better manage risks. Risk management is highly integrated into program/ regional management and planning. Significant risks and their implications are communicated to clients and stakeholders on an on-going basis. Effectiveness of controls are evaluated periodically.

Rationale

- ❑ *There are some risk management measures in place such as contingency planning, business resumption planning. For some major risks (e.g., Y2K, FIS), risks are identified and plans developed to contain them.*
- ❑ *Risk management is formalized at the Hospital. Otherwise, risk management practices exist to varying degrees in some functional areas (e.g., ITD/BRP); however, there is no policy at the Department-wide level.*
- ❑ *Managers deal with risks intuitively, but not explicitly.*
- ❑ *Contingency/reserve funds are in place to deal with events.*
- ❑ *Risk assessment, for the most part, is very informal.*





Authority levels

Key Information

- Each manager must sign a document that describes his/her financial authority level.
- Levels of authority with respect to HR and Finance are reviewed annually and changed as required.
- Delegation of authority is generally consistent with operating responsibilities. Contracting and staffing levels of authority are considered an irritant.
- Delegated authorities are clearly documented, accessible and available to all staff on Acroread.

Issues/Opportunities

- There is some concern whether the current authority structure supports responsive service delivery to the extent possible.
- In the regions, there are some concerns on the length of time required to change authorities. Also, there are concerns that staff on the frontline require more authority to perform their jobs effectively.

TOPIC	1	2	3	4	5
Authority levels	No authority structure in place.	Authority structure exists but is seen primarily as a control instrument. Authorities are applied inconsistently across the organization. Authorities are not seen as a strategic tool.	Comprehensive authority structure exists for most functions of the organization, and is updated periodically. Authorities are clear and understood by all staff. Authorities are commensurate with responsibilities.	Strong fit exists between the authority structure and the corporate values and culture of the organization. Authorities support responsive service delivery to clients, and are adjusted periodically on a pro-active basis by management.	Authority structure is closely related to risk management policy and approach of the organization. Authorities are used as a strategic enabler in the management of the organization.

Rationale

- Comprehensive authority structure exists and is updated regularly.*
- Authorities are clear and understood by all staff.*
- Authorities are generally commensurate with responsibilities, though there are some areas that require attention.*

Key Information

- Pension Reform was a major business process improvement initiative.
- Other examples of business process improvement activity include: WVA centralization, amalgamation of pay and benefit services, standardization of processes through the introduction of CSDN.
- Business process improvement is not an ongoing process, but generally triggered by external factors and resource pressures. There is a general awareness that the Department is facing pressures that demand a more concerted approach to improving its business processes. Changing clientele and IT developments (e.g., e-Government, CSDN), will be significant drivers for business process improvement. Resource pressures are also providing an impetus for increased commitment to process improvement.
- The Audit and Evaluation Division is ISO 9002 certified.
- Clients have been involved in process improvement activities to varying extents (e.g., focus groups for BPR). Staff have been involved, particularly in the regions.
- Veterans Services Branch is moving forward with the “Region of the Future” concept.
- One of the driving forces behind The Client-Centred Service Approach (CCSA) was to provide a consistent level of service across the country, and has spurred a lot of work.
- Regions are taking initiatives to improve service (e.g., reviewing work done, phone interviews, transactions from Finance, business process committees).

Issues/Opportunities

- Managers consider it extremely important that a high level of client service be maintained throughout any process improvement initiative.
- The Benefit Redesign Project was initially a business process improvement project that became an IT project. With the introduction of CSDN, there is an opportunity to revisit business processes to maximize system efficiencies.
- A strong coordinated change management approach is essential when conceptualizing and implementing business process improvement.
- Any business process improvement project will involve a review of Departmental priorities and a re-allocation of resources.

TOPIC	1	2	3	4	5
Business process improvement	Major differences exist in the way services are delivered among regions/programs. Processes are not well defined. There are no systems or processes which support the analysis and assessment of service delivery options.	Processes are defined to varying degrees depending on service area. Process improvement projects are initiated on an ad hoc basis. No or limited work done regarding “most efficient organization”. Little change in processes in last three years.	Main service delivery processes are well documented and understood across the organization within each service area. Some best practice assessment has been carried out and processes updated. Major process improvements and/or most-efficient organization analyses are underway to improve program delivery. Key processes are monitored to ensure consistency in program delivery.	There are systems and processes to identify and assess service delivery options. Processes are improved on an ongoing basis. A variety of analytical techniques are used to support process improvement including best practice reviews and benchmarking. Processes are assessed on a cross functional or cross organizational basis, with client/stakeholder involvement. Parts of the organization are ISO 9000 accredited.	All services of the Department are recognized across government for innovation and success in their service delivery processes. The organization is commonly benchmarked against, and is often called upon to provide advice and participate in interdepartmental fora to explain its business processes. Major parts of the organization are ISO 9000 accredited.

Rationale

- Recent improvements have been made to business processes (e.g., WVA, pension processes).
- Main service delivery processes are well documented and accessible.
- Business process improvement has been primarily reactive and ad-hoc.
- There has been little or no work done regarding “most efficient organization”.
- A&E is the only Division ISO9002 accredited.

Tools & techniques



Key Information

- ❑ Managers use a range of tools to support their decision-making in specific areas: spreadsheet analysis. Managers are expressing an interest in developing the knowledge and skills for preparing business cases and cost-benefit analysis. They also see benefit to using a consistent approach in the content and style of the cases across the Department.
- ❑ Managers know who to call if they require assistance. Functional specialists (statistical unit, finance, etc.) provide support to managers for specialized or “one-off” analysis.
- ❑ Audit and Evaluation has developed self-assessment tools for managers (e.g., Comptrollership, Work-Team Self-Assessment). The tools are readily available on Acroread.
- ❑ The Department has good technological tools available.
- ❑ In general, managers do not have a common, Departmental tool to help them identify, assess and manage risks (e.g., cost-benefit analysis, risk assessment).

Issues/Opportunities

- ❑ While technological tools are available, managers have not been able to use them to their fullest extent in part due to workload constraints that prevent them from obtaining the training. In some cases, managers may not be aware they are available. A list of tools available, with a good documentation of their use and potential benefits, could benefit operational managers.
- ❑ As the Department changes its managerial competency model, a review of supporting tools, practices and job aids is opportune.
- ❑ The Reporting Data Base has the potential to provide more integration of financial and non-financial information and “what-if” analysis.
- ❑ The Hospital has had to develop many tools, and information systems including adjusting departmental systems, to suit its unique context.

TOPIC	1	2	3	4	5
Tools & techniques	Limited tools and techniques available at a corporate level to assist managers in conducting business case analysis. Managers tend to use own individual approach.	Techniques such as life cycle costing, cost benefit analysis and benchmarking are primarily financially focused. Departmental capacity in analytical techniques has been updated within comptroller's organization.	Managers have access to various analytical models and techniques, and support decision making tools, that integrate financial and non-financial information. Managers at all levels are exposed to tools and techniques. Tools are used in close partnership with functional specialists.	Well developed and wide range of decision support tools and models. Analysis is done using integrated information database. There are well developed decision support tools and techniques fully understood and used by all staff. Tools are an integral part of decision-making by managers.	On-line access to management information through sophisticated decision support tools and models. Tools and models are assessed on a periodic basis and updated based on most recent trends and technology.

Rationale

- ❑ *Tools are used in close partnership with functional specialists.*
- ❑ *The Department has a solid base of tools, primarily information technology, available to managers.*
- ❑ *For key departmental initiatives and projects (e.g., BRP, Y2K), sophisticated tools have been used (e.g., risk analysis).*
- ❑ *In general, managers do not have a common, Departmental tool to help them: identify, assess and manage risks; prepare business cases; prepare cost-benefit analyses.*





Key Information	Issues/Opportunities
<ul style="list-style-type: none"> <input type="checkbox"/> There are many systems to track program information including the Pension Status and Inquiry System (PSIS), Client Service Delivery Network (CSDN), Benefit Delivery System (BDS). <input type="checkbox"/> Various corporate systems include Financial Management Information System (FMIS), Salary Costing and Forecasting System (SCAFS), Automated Materiel Management Information System (AMMIS), PeopleSoft (HR). <input type="checkbox"/> The implementation of FIS will bring about the integration of the finance and materiel systems. <input type="checkbox"/> For the most part, managers did not express a concern with the accuracy and reliability of corporate and operating tracking systems. <input type="checkbox"/> Existing tracking systems are stand-alone. One consequence is that multiple tracking systems often result in multiple data entry (e.g. finance and materiel). <input type="checkbox"/> Clinical areas (e.g., physio), in the Hospital have unique operational systems. <input type="checkbox"/> Central agencies view the quality of the Department's external reports favourably (RPP, DPR). <input type="checkbox"/> ITD has been tasked with the development of an integrated client file. <input type="checkbox"/> The Department has committed to complying with the government's <i>e-Government 2004</i> initiative. 	<ul style="list-style-type: none"> <input type="checkbox"/> BPR is developing a Reporting Database which has the potential to enable integrated reporting by drawing information from all Departmental systems. <input type="checkbox"/> CSDN has reduced the requirement for multiple entry related to client information.

TOPIC	1	2	3	4	5
Transaction tracking systems	Systems used for tracking financial transactions and/or operating results either non-existent or unreliable. Managers maintain their own set of records. There is no coordinated approach to data management. Systems rely extensively on manual data input.	Formal systems in place to track the financial and/or operating transactions. Managers maintain separate records for management purposes in addition to formal systems. Systems links and data flows for systems are not well understood. Responsibility for meeting overall organization financial information requirements is considered to be that of Finance.	Formal systems in place to track financial transactions and operating results are considered timely, accurate and reliable. Systems are "stove piped" (i.e., multiple expenditure or revenue systems, operating systems, finance, human resources, payroll, fixed assets etc.) resulting in multiple databases, and data entry. Systems links and data flows are well understood. Managers have strong sense of ownership of financial and operating information. External information and reporting requirements (e.g., Parliament, central agencies) are consistently met.	All transactions in financial, materiel, human resource and other operating systems are linked and interfaced/integrated. Rekeying and other manual intervention is rarely needed for data gathering. Management works closely together to coordinate approach to data management. Implementing electronic commerce technology.	Procedures are in place to assess automation options when new data gathering needs are identified. Low cost transaction processing providing accurate and timely information. Maximum use of electronic commerce (e.g., EDI, EAA).

Rationale

- There are formal systems in place to track financial transactions and operating results. These systems are considered to be timely, accurate and reliable.*
- Systems are stove piped, resulting in multiple databases.*
- Although systems are stove piped, the Department is pursuing the development of an integrated client file which can draw information from various systems.*
- Managers have a strong sense of ownership of operating information.*
- External information and reporting requirements are met.*





Knowledge enabling technology

Key Information

- The Department has the infrastructure, i.e., three areas are working on Reporting Data Base systems for data warehousing and sophisticated reporting on financial and non-financial information. Although the RDB is in development, the Department currently has the expertise to massage the data from various systems and massage the data to fulfill managers' reporting needs.
- The Department is upgrading many of its systems (e.g., PeopleSoft, Free Balance) that have the potential for integrated reporting. The Department has several stand alone program systems that do not provide integrated reporting.
- The Corporate Information System (CIS) provides corporate information of a general nature.
- The Department is making use of knowledge-enabling technologies:
 - The Department has an award-winning web-site which provides a broad range of information on the Department's programs and services, plans and priorities as well as a wide variety of educational information promoting commemoration. Also, Service Officers from the Legion can obtain information on the status of pension applications for their clients.
 - Through the Departmental LAN/WAN, employees can access the CIS, e-mail, most manuals, Departmental and Central Agency policies and guidelines, and various desktop applications.
- The Department has numerous applications (roughly 800 available on the desktop) that consume significant resources to maintain and support. Also, the Department has an extensive client-server environment. The Department is evaluating alternative delivery mechanisms to reduce IT operating costs and improve performance by utilizing its enterprise server capacity and web-enabled technologies.

Issues/Opportunities

- DEB sees technology as the key to the future. For example, technology advancement permits integration of existing systems in order to produce an integrated client file, linking enabling technologies to improved business processes will provide optimal return on technology investments.
- Senior management is sensitive to the needs of clients, in particular aging veterans, when introducing technological solutions. Newer clientele, as well as representatives for more traditional clients, are seeking better access to the Department though web-based technology.
- The Department is gearing up to serve Canadians better through the e-Government 2004 initiative.
- Some managers are interested in obtaining greater access to HR information electronically.
- Web enabling technology presents an opportunity for the Department to leverage capacity of existing applications rather than developing new systems from scratch.
- Finding an appropriate level of e-mail use is a challenge.
- Some regions expressed angst related to the new IT/IM centralized governance structure and concerns about the level of service that will be maintained in the future.
- The CSDN technology could generate new business for the Department.

TOPIC	1	2	3	4	5
Knowledge enabling technology	Performance information is stored with little structure or rigor; transmitted between programs for basic operational systems only. Redundant data is held in both PCs and Mainframes. Most systems are paper based. Technology is controlled by the IT department. Limited use of LANs and e-mail.	Program performance information systems exist in each Sector; no enterprise view of systems and data. Interfaces between program performance information systems are minimal or non-existent.	Key applications migrated to client server environment. Limited interface between Sector performance information systems. Main sectors have installed sector wide solutions and are discussing or planning integration of systems. Performance data and process models exist for sectors and possibly for the organization. Back-up and disaster recovery plans exist.	A data warehouse supports all departments analytical performance information needs, and interfaces with organization's transaction systems (HR, finance). High connectivity between sector systems. Paper is still used extensively though performance information in text-based material is digitized. Executive information systems capture summary corporate information.	Active well planned technological experimentation (data mining, expert systems, content creation/push tools). Data warehouse evolving into a knowledge repository with document management/ search retrieval technology implemented. Strategic approach is taken to IT investment, and performance of technology is monitored closely.

- There is extensive use of office automation and e-mail. Use of the internet by staff is growing.
- Currently, some key applications (CSDN, PeopleSoft, Free Balance) are in a "two tier" client server environment.
- Some summary performance data exists and is available on-line through the CIS.
- There is connectivity between the financial system and key program systems (e.g., VIP, TAPS, Pensions)
- The RDB has potential to provide the Department with data warehousing capability.
- Back-up and disaster recovery plans exist for all mission-critical systems.
- The Department does not have an integrated client file.

Rationale





Consistency of information

Key Information
<ul style="list-style-type: none"> <input type="checkbox"/> The CSDN has rectified data consistency problems in basic client information resident in stovepiped legacy systems. It ensures that users are viewing accurate information because there is one corporate client information system that provides basic client information. <input type="checkbox"/> Managers usually have access to the financial information they require; there is some concern about access to HR information. <input type="checkbox"/> Data is generally perceived to be consistent. <input type="checkbox"/> Forecasting models are available on the program side through CIS and other databases. On the O&M side, forecasting is primarily a roll-up from responsibility centres.

Issues/Opportunities
<ul style="list-style-type: none"> <input type="checkbox"/> Further integration is required to link financial and non-financial information. <input type="checkbox"/> Managers would like to have greater access to information important to their local operations, informants that meet their needs. <input type="checkbox"/> Information management is an issue for both paper and electronic documents. Effective mechanisms/procedures are still required to maintain a paper trail of key Departmental files/documents. Additionally, today, a lot of internal correspondence (including documenting meetings/decisions) is done through e-mail and there are no effective formal records keeping policies or methodologies for saving/filing these decisions. This is likely a government-wide issue.

TOPIC	1	2	3	4	5
Consistency of information	Budgeting and forecasting, accounting, and operating information systems are not compatible. Systems run independently at different sites with no controlled linkage.	Information originating at various sites is not automatically linked. There is data transmission through physical process only. Reconciliations are done with considerable manual intervention.	Budgeting and forecasting, accounting, and operating information systems are compatible. All sites are linked electronically. Reconciliations are automated and generally problem free. Report writing facilities are available but not always easy to use.	Systems for accounting, budgeting, operational performance, and the information from these systems, are integrated. User friendly report writer facilities are available.	Executive information system is in place. Easy access to all information through desktop PC. Drill down and trend analysis is available.

Rationale:

- Overall, the budgeting, accounting, operating and forecasting systems are compatible. There are standard report formats available throughout the organization. Ad hoc requests are accommodated where required. Access to information is efficient for functional specialists, but less so for managers. The WAN links sites electronically across the country.

Key Information	Issues/Opportunities
<ul style="list-style-type: none"> <input type="checkbox"/> In general, internal controls are deemed adequate. However, some areas (e.g., travel, contracting, staffing) are believed to be over-controlled. The Department is also looking into improving controls surrounding VIP advance pay and some of the smaller programs, such as the WVA. <input type="checkbox"/> Delegation of authority is generally consistent with operating responsibilities. Delegated authorities are clearly documented, accessible and available to all staff on Acroread. <input type="checkbox"/> Based on management representation, all legislation, regulations and executive orders applicable to financial management are generally complied with and spending limits are generally observed. <input type="checkbox"/> Internal control processes use statistical sampling to verify compliance with policy. <input type="checkbox"/> Some regions have a number of quality assurance practices in place (e.g., mentoring/coaching, call screening, quality monitoring of files). 	<ul style="list-style-type: none"> <input type="checkbox"/> There is concern whether there is an appropriate balance between the level of controls and risk, and the number of resources dedicated to internal control functions. <input type="checkbox"/> There is uncertainty as to whether the empowerment of staff is commensurate with service delivery requirements. Levels of authority related to program delivery could be reviewed in light of evolving conditions, new technology, currency and service delivery (e.g., field vs HO approvals, pension adjudication, medical devices, inflation). <input type="checkbox"/> The introduction of CSDN/CCSA/UCS will affect current levels of delegated authority. <input type="checkbox"/> While the Department has good internal controls, they are not integrated into an overall control infrastructure i.e., strategic and business plans, risk framework. There is an opportunity to establish more of a quality assurance capability around service delivery (e.g., follow-up with client contacts), to establish quality assurance controls before problems occur. <input type="checkbox"/> Increased focus on horizontal initiatives and partnerships challenge the internal controls. <input type="checkbox"/> Control self-assessment workshops offered by the A&E Division provide an opportunity to build on previous successes in fostering appropriate and effective internal controls. <input type="checkbox"/> To progress with quality assurance, there is a benefit to defining quality measures. <input type="checkbox"/> Some regional managers have a concern whether there is sufficient monitoring in the regions and auditing of client accounts (re: reimbursement of board and lodging fees). Administrative resources are important for ensuring for adequate recordkeeping.

TOPIC	1	2	3	4	5
Internal controls	Transaction controls are largely paper based. Centralized transaction approvals. Multiple approval levels in place that may or may not add value. Account verification is done on a 100% basis without regard to materiality or risk. Revenue controls are weak. Fixed asset records are incomplete and verification not done regularly. Delegation records not regularly maintained. Controls are restrictive and are perceived to be impeding decision making and operations. Policies and procedures are not up-to-date.	Systems in place to control overspending, manage accounts receivable and assets. Limited systems integration, and controls redundancies exist in operating systems. Limited use of statistical sampling based on risk. Approval levels documented and reviewed periodically.	Effective systems in place and integrated or interfaced where necessary. Taking materiality, sensitivity and risk into account, there is an adequate system of internal control over assets, liabilities, revenues and expenditures. All legislation, regulations and executive orders applicable to financial management are complied with, and spending limits are observed. Delegation of authorities are consistent with operating responsibilities. Clearly documented procedures are available, and understood and followed by all staff.	Control systems are in place and fully integrated. Controls are built into, not on to processes. Controls are working as intended, and are integrated functionally to avoid unnecessary duplication. Controls are regularly reviewed as to risk (potential benefit or amount of exposure to loss). Processes are in place to ensure that corrective action is taken. Alternative controls are developed, where appropriate, that maintain an acceptable level of productivity and give a reasonable assurance against loss. Use of shared service centers to consolidate similar control process activities (e.g., accounts receivables) for potential economies of scale.	Managers conduct self-assessments of controls required. Managers made aware of potential control weaknesses. Controls are used strategically to support strong ethics and values in the organization.

Rationale

- Systems are in place to control spending, liabilities and assets.
- Approval/authority levels are documented.
- Some use of statistical sampling.
- Legislation is followed (e.g., spending limits).
- For the most part, delegation of authority is consistent with operating authorities.
- Controls may require additional attention in some areas (e.g., VIP, WVA).



Accounting practices

Key Information

- There is good documentation of financial decisions on program expenditures.
- Managers are confident that accounting practices are compliant.
- Most managers rely on their admin. staff to perform basic accounting functions (e.g., coding, approvals, reconciliation), and have only basic knowledge and understanding in this area.
- The Auditor General has not reported any deficiencies in accounting practices in recent years.
- The Department is implementing FIS for April 1, 2001, which will adhere to the accrual accounting method (GAAP) as per Treasury Board requirements.

Issues/Opportunities

- The Department has highly qualified financial staff who will ease the transition to accrual accounting (FIS). However, given the scope of change resulting from FIS, the Department's financial expertise could be stretched to capacity. Similarly, there is a concern whether managers are fully sensitized to its implications.
- The Department has a TBS-approved FIS implementation plan that includes "just in time" training for managers. Delivery of this training represents a significant effort.

TOPIC	1	2	3	4	5
Accounting practices	Basic financial records are maintained. The program structure does not reflect the organization and responsibility of the organization. Significant effort is required each year to produce basic government reporting requirements including the public accounts. Cost information, when used, is expenditure based. Records are maintained primarily to meet the needs of the finance organization. Little or no use of technology enablers (i.e., credit cards) for process consolidation.	Legislative procedural and control requirements are met and transactions are accounted for as required. The program structure reflects the organization and responsibilities for program delivery. Costing information is primarily expenditure and/or FTE based. Coding structures are basic and do not meet the needs of managers for financial information. No consideration has been given to implementing GAAP.	The cost assignment framework is largely aligned to the activities of the organization. Acceptable level of accuracy in costing records maintained. Most of manager's needs are met. Records are maintained on a consistent and useful basis for purposes of audit and reporting. Chart of accounts reflects the organizational structure, and is regularly reviewed. The Department has taken initial steps to implement GAAP. Line managers are familiar with fundamental accounting practices.	Low cost transaction processing providing accurate and timely payments fully integrated with purchasing. High level of accuracy in costing records. All government accounting and reporting policies, directives and procedures are complied with. Accounting is done in accordance with GAAP. Finance specialists and line managers are fully aware of GAAP requirements and implications.	Auditable financial statements are prepared in accordance with GAAP. Maximum use of electronic commerce (e.g., EDI, EAA, purchasing cards).

Rationale

- Managers' needs for accounting information are met.*
- Adequate records are maintained.*
- An acceptable level of accuracy is maintained.*
- Steps are underway to implement GAAP.*
- Costing information is primarily expenditure and FTE based.*

Internal audit and review



Key Information

- ❑ There is a formal process in place to obtain input from senior management when developing the audit plan. The audit plan is developed on a risk-based approach and is updated every six months. Managers are consulted by A&E on the types of reviews for consideration in the audit plan. However, the demand for A&E support exceeds the available capacity. The final plan is approved by the A&E Committee.
- ❑ A&E Division is the first of its kind in the federal government to be ISO 9002 certified. ISO 9002 guidelines are the quality standards followed by the Division. The Division is often involved in innovative collaborative work with the AG and central agencies.
- ❑ There is an active Audit & Evaluation committee chaired by the Deputy Minister with representation from senior management, the OAG and Treasury Board. This committee approves the audit plan and receives copies of the audit reports.
- ❑ DEB approves the audit reports and can request a briefing by A&E if warranted. Some managers may not understand the process for approval of audits.
- ❑ Managers perceive A&E's support positively and value their contributions. Managers often call on A&E staff for assistance and advice with management issues. The demand for A&E to be involved in "management assist" activities represents a delicate balance with the requirement for more traditional independent reviews.
- ❑ A&E Division reports directly to the Associate DM. The reporting relationship was changed from the ADM Corporate Services to strengthen its independence.
- ❑ Some managers may not always follow up on results of internal audits.

Issues/Opportunities

- ❑ Cross-fertilization between A&E staff and managers is viewed positively. To date, most movement has been from the A&E community to the management side. More planned interchange of managers to A&E would be beneficial.
- ❑ Although auditees do receive a debriefing shortly following an audit, there was some concern expressed with the timeliness of formal audit reports.
- ❑ Management action plans are not always timely in response to the report.
- ❑ A&E have in the past offered workshops related to work team self-assessments that have been perceived in a positive light. Future offerings could promote the development and maintenance of effective controls throughout the Department.
- ❑ Regional managers felt there could be a greater focus of audit on field/operational issues.
- ❑ Because of the size of the Department's Grants and contributions, it is important that control reviews and audits are a part of the A&E plan.

TOPIC

1

2

3

4

5

Internal audit and review

No formal approach to internal audit. Audits and reviews are carried out on an ad hoc basis. There is limited understanding of and use of, modern review techniques and tools. No departmental audit committee exists to discuss findings and ensure follow-up where required.

A yearly audit plan is developed with input from branch managers. Main focus of audits is on compliance.

Audit and review plans are closely linked to strategic and business plans. Audit plan addresses department-wide issues and risks as well as specific branch issues. Audits are comprehensive, and focus on all aspects of service delivery. Audit methodologies are in place and understood by managers. Reports are reviewed by audit/review committee, and a formal process exists for follow up action. A mutual respect exists between management and the internal auditor.

Audit provides assurance of financial and non-financial performance information used by management, and effectiveness of control mechanisms. Audit and review results are commonly used by managers as an integral part of program management for decision-making and input into strategic and business plans. High level of audit standards are maintained. Audit methodologies are constantly being refined and updated.

Audits and reviews have a results-based focus. Audit and review results play a major role in identifying improvements to program delivery, and in determining the type of performance reporting that should be used by the organization. Audit is seen as an attractive waypoint for top operational managers in their career progression. Innovation is pursued in audit approaches and methodologies (e.g., self-assessment teams). Organization is seen as a leader in internal audit among its peers.

Rationale

- ❑ *There is a mutual respect between managers and auditors.*
- ❑ *There is an audit plan that addresses risks linked to priorities.*
- ❑ *A high level of audit standards are maintained and audit methodologies are regularly updated.*
- ❑ *Innovation is pursued in audit approaches.*
- ❑ *Audit reports are reviewed by the A&E committee and there is a formal process for follow-up.*
- ❑ *The audit process is based on a more modern approach (e.g., VFM, reviews, partnerships with other departments), as opposed to the more traditional compliance orientation.*





External audit and review

Key Information

- Various reviews have been conducted by the Auditor General in recent years, including a review of the pension program in 1998 and VIP in 1996. The OAG has also conducted reviews on Y2K and annual reviews on the public accounts.
- There is a good working relationship between the Department and the OAG, particularly with the internal auditors. A member of the OAG sits on the A&E committee. Staff tend to be collegial and collaborative with the OAG.
- The AG reviews are seen as useful and important.
- Management responses to AG audits are coordinated through Audit & Evaluation. The Department is perceived to be very good at responding to audits.
- In addition to the AG reviews, managers have also had both required and discretionary independent external reviews conducted (e.g., BRP, Y2K).
- The Department is periodically reviewed by Central Agencies for compliance with government policy (e.g., official languages).
- OAG observations sometimes relate to federal/provincial jurisdictional type issues which place constraints on the Department's ability to respond positively (e.g., Hospital transfer agreements).
- Regions have infrequent contact with the OAG, overall.

Issues/Opportunities

- Audit observations affecting client programs pose a significant challenge in balancing client service with sufficient control (e.g., VIP advance pay).

TOPIC	1	2	3	4	5
External Audit and review	Results of external audits and reviews are responded to in a "one-off" basis.	Coordination is carried out to ensure results of external audits/reviews are disseminated to managers, and follow-up is done.	Results of external audits/reviews are used as input into strategic and business plans. Action plans are developed to address Key Information of these, and project implementation teams are created where appropriate. Good linkages exist between internal audit and external audit and review. A good working relationship exists between the external and internal auditor.	Detailed follow-up is made to ensure decisions and plans resulting from audits/reviews are implemented in the long term, and results are reported back to external auditors. The Department is pro-active in identifying priority areas to be addressed by external auditors/evaluators/reviewers.	External audits/reviews are seen as a critical source of information for management, and are used to initiate changes to program delivery processes and performance measurement systems. A mutual respect exists between management and the external auditor.

Rationale

- Results of external audits are responded to by managers and coordinated by Audit & Evaluation.
- There are linkages between the internal and external auditors and there are good working relationships between them.
- Significant audit observations work their way into priorities.



Clarity of senior management responsibilities and organization

Key Information
<ul style="list-style-type: none"> <input type="checkbox"/> The Department has a clear understanding of its clients and a strong client focus permeates the overall management framework. <input type="checkbox"/> The Department does not have a good indication of potential new client populations. <input type="checkbox"/> Authorities are clear and well-documented. <input type="checkbox"/> Managers know and understand their roles, responsibilities and accountabilities. <input type="checkbox"/> Clear authorities exist for resource allocation. At a Departmental level, the authority is DEB; at the Branch level, the ADM is the authority; at the Divisional level, the DG is the authority. <input type="checkbox"/> The Department is implementing an IT/IM governance structure. This will help clarify roles and responsibilities for delivery of IT services. <input type="checkbox"/> The Department is planning to implement Treasury Board Secretariat's <i>Framework for Good Human Resource Management</i>.

Issues/Opportunities
<ul style="list-style-type: none"> <input type="checkbox"/> The accountability framework has some grey areas: <ul style="list-style-type: none"> – a mixture of operational and policy elements within organizations – the role of the Ottawa Head Office vs. Charlottetown Head Office – District vs. Region vs. NHO responsibilities – operational vs. functional authority. <input type="checkbox"/> Accountability is sometimes confused with responsibility. Accountability is a broader framework that addresses competence, resources, authority and control.

TOPIC	1	2	3	4	5
Clarity of senior management responsibilities and organization	Senior management roles and responsibilities as they pertain to comptrollership are generally not well understood in the organization. Confusion exists in accountabilities for reporting results.	Some confusion exists as to comptrollership responsibilities of senior management. Some overlap in roles and responsibilities among senior managers. Not clear as to who has final authority for resource allocation in case of disagreement.	Authority, responsibility, and accountability are clearly defined and aligned with organizational objectives. Comptrollership role is clearly defined at each management level and well understood throughout the organization. Little or no overlap in responsibilities. Accountability issues are resolved quickly. Accountabilities for controlling resources, and reporting and achieving results are clearly delineated.	Responsibility within the Department for dealing with new and emerging financial and non-financial issues is clear. There is a clear framework of responsibilities that provides the framework for Modern Comptrollership.	Senior management responsibilities are constantly reviewed in light of external client/stakeholder and Central Agency requirements. Changes to structure and responsibilities are made on a proactive basis.

Rationale

- Authority, responsibility and accountability are generally clearly defined. Authorities are aligned with organizational objectives.
- Accountability issues are being dealt with and resolved.
- There is clear authority for resource allocation in the event of disagreement.
- Generally, there is no overlap in responsibilities.
- Comptrollership roles are not clearly defined and understood at each management level.





Performance agreement and evaluation

Key Information

- This is the first year that performance contracts are in place. Performance agreements exist at the EX level. They are reviewed for consistency by a committee.
- The agreements define accountabilities, priorities, ongoing responsibilities and key initiatives.
- Each executive's goals are to cascade down to their staff. Some managers have created subordinate contracts with objectives that flow from the manager.
- Generally, managers view the performance contracts positively.
- Managers report on status against goals to the senior management.
- The Department has a streamlined performance appraisal process in place requiring only rudimentary information for fully satisfactory. The employee has the option of requesting a full appraisal.

Issues/Opportunities

- Though priorities shift, goals are less fluid.
- Some regions have plans to cascade the concept of performance contracts and goals down to staff.

TOPIC	1	2	3	4	5
Performance agreements and evaluation	No performance agreements are in place.	Performance agreements are in place that define accountabilities, and establish priorities and measures of performance vis-à-vis accountabilities. Systems to consolidate and report performance information against financial and operating goals are not yet in place.	Performance agreements reflect managers' business plans, work plans and budgets. Performance information is collected to measure achievement of financial and operating results as per priorities established in accountability agreements. Achievement versus accountability agreements is considered in evaluation of the performance of senior managers.	Performance information is available on a trend basis to measure achievement of financial and operating results specified in performance agreements. Performance agreements form the principal basis for the evaluation of performance of senior executives. Comptrollership goals are identified in accountability agreements.	Priorities and performance targets in accountability agreements are cascaded to the individual objectives and goals of staff in the organizations. Performance agreements are revised periodically to reflect new organizational priorities and changes in strategic and business plans. Achievement of comptrollership responsibilities is assessed and deviations explained.

Rationale

- Performance agreements are in place for executive and certain other classifications.
- Performance evaluations are not done regularly except for the EX category.
- Performance is linked to accountability for senior managers.
- Systems to consolidate and report performance are not yet in place.



Incentives



Key Information

- Pay-at-risk has been introduced for the EX and selected other classification levels. Senior managers and some higher level positions have performance pay.
- There are reward and recognition mechanisms for managers and employees throughout the Department--examples are instant rewards (awarded at a manager's discretion), acting assignments, retreats, Minister's Awards, coffee mugs, acknowledging staff at meetings. Interest in instant rewards and recognition is growing.
- Pride in a job well done is a prime motivator for many employees.
- For the most part, compensation is not linked to performance for levels below EX-1. Incentives at these levels is primarily non-monetary.

Issues/Opportunities

- As part of the public service, there is limited flexibility with promotions or financial incentives. Directors and managers have limited flexibility and budget for monetary compensation, for rewards and incentives.
- There are limited opportunities for upward career mobility.
- The linkage between modern management practices and executive compensation could be strengthened.
- As teamwork continues to grow in importance, appropriate mechanisms need to be developed to reward team performance.

TOPIC	1	2	3	4	5
Incentives	Compensation, and rewards and recognition, are not perceived to be linked to performance. Comptrollership is not considered in assessing and rewarding performance.	Superior performance is one of a number of factors considered in the determination of compensation. Rewards and recognition programs are in place. Performance in comptrollership is one of a number of factors considered.	A strong link exists between performance achieved and compensation and incentives. Comptrollership is a factor considered in assessing performance. Bonuses and other incentives in place for senior executives are related to performance achieved.	Remuneration of senior executives is related to performance achieved including excellence in comptrollership responsibilities. Incentives are place to reward consistently high performance levels in relation to objectives and priorities established in performance agreements.	Remuneration of senior executives reflects performance achieved as targeted in accountability agreements. High performance is recognized and rewarded. Incentive systems are constantly being improved, and customized to the needs of the organization. Sanctions exist for non-achievement.

Rationale

- The Department has a variety of rewards and recognition mechanisms in place.*
- Compensation is linked to performance for executives through bonuses and other incentives but not for staff in general (in the Public Service context).*
- Though not explicitly addressed, elements of modern management practices are considered in assessing and rewarding performance in particular at the executive level*





External reporting

Key Information
<ul style="list-style-type: none"> <input type="checkbox"/> Managers and staff are involved in preparing content. <input type="checkbox"/> A process exists for preparing external reports which includes several layers of sign-off including DG and ADM. <input type="checkbox"/> The documents are useful for managers and staff to obtain an overview on key activities. <input type="checkbox"/> Reports are perceived to be clear, accurately reflect the Department’s business and follow the guidelines. The Department ranks in the top quarter of reports based on a government-wide assessment of DPRs. <input type="checkbox"/> Management represents that the Department complies with other reporting requirements (e.g., official languages, employment equity, Commonwealth War Graves Commission). <input type="checkbox"/> Regions have minimal involvement in external reporting, which is handled at Head Office. <input type="checkbox"/> The Department is strengthening its relationships with Central Agencies. Similarly, there are efforts to better inform Department managers and staff on what is going on in Ottawa.

Issues/Opportunities
<ul style="list-style-type: none"> <input type="checkbox"/> External reports are important documents for Veteran’s Associations and other stakeholders. <input type="checkbox"/> An integrated, horizontal approach would be useful to create consistency in reporting. <input type="checkbox"/> The establishment of the strategic plan will require a realignment of reporting with the planning and accountability structure. <input type="checkbox"/> While the Department does a good job of reporting on the services it delivers, there is room to improve reporting on results.

TOPIC	1	2	3	4	5
External reporting	Information reported satisfies minimum external reporting requirements.	Process in place for consolidating financial and non-financial information required for external reporting is reviewed on a regular basis. Close contacts are maintained with central agencies and Parliamentarians to ensure information meets their requirements. External reports are aligned with planning and accountability structures within the organization.	Organization is recognized by external agencies (e.g., TBS) and parliamentarians (e.g., Public Accounts Committee) for producing useful, consistent, and credible financial and non-financial information in a user-friendly format. External reports are easily understood and are meaningful to users. Information in external reports is reported on a trend basis so that changes can be monitored over time.	Strong linkages exist between information reported externally and strategic and business plans. Integrated information input by functional specialists and managers in strategic and business plans is used to prepare external reports. Senior management plays an active role in preparing and communicating external reports.	Organization is seen as a leader in the quality of its external reporting documents. External reports demonstrate innovation. The organization is often used as a pilot site for government-wide changes to external reporting processes.

Rationale

- The Department provides useful, consistent and credible reports for central agencies.
- The Department maintains good working relationships with Central Agencies.
- Senior management reviews and signs off reports.
- Reports are easily understood by users.



Appendix A--Background information





Managers that participated in interviews and validation

- Bunty Albert, Director, Legislation and Policy Benefits Division, Veterans Services Branch
- Bob Atkinson, Director, Veterans' Care Needs, Veterans Services Branch
- Omer Boudreau, Director, Strategic Initiatives HR, Corporate Services Branch
- Verna Bruce, Associate Deputy Minister
- Mike Charles, Director, Departmental Statistics, Corporate Planning Division
- Doug Clorey, Director General, Business and Information Management Services Division, Veterans Services Branch
- Simon Coakeley, ADM, Commemoration and Public Relations and Bureau of Pension Advocates
- Gary Doucette, Director General, Information Technology Division, Corporate Services Branch
- Dan Fenety, Acting Director General, Corporate Planning Division
- Brian Ferguson, ADM, Veterans Services Branch
- Sandra Gaudet, Director General, Program Coordination Division, Veterans Services Branch
- Gordon Harper, Director General, Audit and Evaluation Division
- Rachel Gravel, Executive Director, Ste. Anne's Hospital
- Ron Herbert, Director General, Benefits Redesign Project
- Keith Hillier, ADM, Corporate Services
- Sandy Hollinger, Deputy Director General, Business and Information Management Services Division, Veterans Services Branch
- Michaela Huard, Director General, Portfolio Executive Services (Ottawa)
- Michael Jackstien, Regional Director General, Pacific Regional Office



Managers that participated in interviews and validation

- Dianne Kilback, Acting District Director, Vancouver District Office
- Raymond Lalonde, Regional Director General, Quebec Regional Office
- John MacAskill, Director, Applied Technology Solutions, Information Technology Division, Corporate Services Branch
- Marilyn MacPherson, Director General, Finance Division, Corporate Services Branch
- Diane McPhee, Acting Regional Director General, Atlantic Regional Office
- Philip Michael, Director, Business Services, Commemoration Division, Commemoration, Public Relations and Bureau of Pensions Advocates Branch
- Rick Millette, Deputy Regional Director General, Ontario Regional Office
- Darragh Mogan, Director General, Health Care Division*
- Larry Murray, Deputy Minister
- Heather Parry, Deputy Project Leader, Benefits Redesign Project
- Diane Peterson-Razos, Acting District Director, Winnipeg District Office
- Cliff Power, District Director, Ottawa District Office
- Rob Robinson, Director Financial Policy, Planning and System Directorate*
- Dick St. John, Program Evaluation Manager, Audit and Evaluation Division
- Gisèle Toupin, Regional Director General, Prairie Regional Office
- Graham Williams, Deputy Regional Director General, Pacific Regional Office

- Daryl Webber, Analyst-Veterans Affairs Canada, Treasury Board Secretariat

**Participated in the validation exercise but were not interviewed.*