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**Nova Scotia Department of Finance**

***Business Plan***  
**2000/01**

# **BUSINESS PLAN 2000/01**

## **Planning Context**

The Nova Scotia Department of Finance is the central agency of government with responsibility for:

- government-wide fiscal and economic policy
- budget planning and budget control
- investment and liability management
- procurement
- controllership

The Department is also home to the Finance Corporate Services Unit (CSU) providing Human Resource, Information Technology and Financial Services support to fourteen departments, agencies and commissions.

The Department of Finance will have approximately 200 employees, a reduction of 25 positions, working in two locations in Halifax (Provincial Building and Young Street). The scope of responsibility requires the department to take a broad perspective and to provide objective advice on a wide range of government policies and developments. The Department provides the leadership, delivery, and support of a number of core services to all departments in government including:

- investment advisory services
- government accounting and payroll
- budgeting
- procurement

The Department serves a diversified and extensive range of clients, including other departments and agencies, MASH sector, other governments, government employees, the business community, and the investment community.

In an environment of ongoing fiscal pressures, the Department's planning process is taking place in the context of the necessity for strong fiscal management and the demand for more efficient services to assist departments with their responsibilities affected by central services. To meet these demands, the Department is directing more resources to selected areas and taking a strategic approach to reduced services in other areas.

<b>Core Business Function</b>	<b>Budget Allocation</b> (thousands)	
	1999-00 Estimate	2000-01 Estimate
<b>Senior Management</b> Minister and Deputy office, Legal Services, Communications, Fiscal Strategy including the functions of Assistant Deputy Minister, Planning & Budgeting, and Policy Co-ordination	1,930	1,456
<b>Controller</b> Controller's Office including Government Accounting, Payroll, Internal Audit and Corporate Financial Management System (CFMS)	2,623	2,317
<b>Investments, Pensions &amp; Treasury Services</b> Exec. Director, Investment Management, Treasury Services, Pensions Services and Regulation, Liability Management and Cash Management	756	830
<b>Policy Development</b> Exec. Director, Fiscal Policy, Economic Policy & Analysis, and Statistics	1,701	1,609
<b>Procurement Services</b> Exec. Director, Purchasing, Public Tender's Office, Supply Services, and Technology Services	1,506	1,317
<b>Corporate Services</b> CSU functions of Human Resources, Information Technology and Financial Services	2,599	2,804
<b>Prior Years' Recoveries</b>	(1,174)	(1,447)
<b>Net Program Expenses</b>	<b>9,941</b>	<b>9,298</b>
Tangible Capital Assets Adjustment	-	(412)
<b>Net Program Expenditures</b>	<b>9,941</b>	<b>8,886</b>

Major challenges facing the Department are:

- C Establishing an effective financial accountability and expenditure control framework.
  - Ensuring increased interdepartmental and intergovernmental collaboration and participation on critical financial issues affecting Nova Scotia.
- C Providing effective investment and debt management services to the province and related entities.
  - Providing efficient and effective corporate services to all associated departments and agencies, managing increasing work demands and meeting greater client needs.
  - Recruiting and maintaining a skilled, well-trained, and motivated workforce.
  - Implementing major structural changes in procurement, especially alternative service delivery considerations.

## **Mission Statement**

To establish a fiscal climate conducive for economic growth and to provide central agency support and policy direction for effective management of the Province's finances, government procurement, and pensions administration.

## **Goals**

1. To enhance financial accountability in the management and control of the Province's finances.
2. To enhance Nova Scotia's long-term fiscal position, provide for fair and efficient taxation and promote economic growth in a strategic way that balances the social responsibilities of government, debt reduction, and a lowering of the tax burden.
3. To provide a core set of high quality corporate services and infrastructure, that supports the efficient and effective management of the Province's public resources, including: government accounting, payroll, pensions, budgeting, treasury, procurement, statistics, and internal audit.
4. To achieve effective money management that maximizes return on investments and minimizes debt servicing costs, within acceptable risk tolerances.
5. To ensure a responsible regulatory environment that safeguards pension entitlements and ensures fair and competitive procurement.
6. To foster an environment that values its clients and its employees.

The Department's goals directly support the Government's priorities as reflected in the Throne Speech and Government's stated commitments. Many activities within each of the core business functions of the Department reinforce these linkages. Economic development is enhanced with the overall fiscal health of the Province and through effective taxation and procurement policies. Building a healthier province and developing our human potential is supported by taxation policy and programs that favour low income households as well as balancing the needs of social program funding with other fiscal requirements. Participation in reviewing programs directly supports the Government's directions as does the development of accountability mechanisms of legislation and regulations. As an integral part of the Department's culture, Finance is a dynamic organization that reviews its services on an ongoing basis and responds to client needs and feedback within its fiscal capacity. All aspects of the Department's core functions are aimed at achieving fiscal stability and building better government.

## **Core Business Functions**

### **Financial Management**

- Promotes effective financial accountability through expenditure control and financial reporting
- C Provides direction to the planning and review of the budget process and prepares the budget documents
- C Oversees the accounting of government financial transactions, prepares periodic financial reports and initiates corrective action as necessary
- C Liaises with the Auditor General in conducting the external audit of the Province's finances, conducts internal audits and reviews government programs

### **Investment, Pensions, and Debt Management**

- C Manages provincial investments, trust funds, pension funds, liability obligations and treasury operations
- C Provides for the regulation of private sector pension plans
- C Administers the Teachers Pension Plan, the Public Service Superannuation Plan, the MLAs' Pension Plan, and the Province's Public Service Award Program

### **Policy Development**

- C Researches, analyses, forecasts, and provides recommendations to government with respect to provincial fiscal, economic, statistical, pensions, and procurement policy and activities
- Researches and develops a comprehensive, cohesive tax regime which is sensitive to the fiscal, social and economic priorities of Government
- Develops policy and provides strong representation and negotiation of Nova Scotia's interests covering a wide variety of federal-provincial, regional, and inter-departmental committees and task groups including such things as fiscal arrangements, statistics, pensions, and procurement

### **Procurement**

- C Provides innovation to, and direction for, the administration of government procurement and supply processes
- C Oversees the administration of procurement related trade agreements and provides general services, policy direction, and advice to government and other publicly funded bodies including the MASH Sector

### **Corporate Services**

- C Provides corporate services in government accounting, payroll, pensions, budgeting, treasury, procurement, statistics, and internal audit

## **Priorities for 2000/01**

### **Achieving Financial Accountability**

- Enhance accountability and governance structures as they relate to public policy and administration of financial resources through the continued improvement of the Province's financial management policies and procedures.
- Improve overall fiscal management by producing more relevant and timely financial reports and by implementing recommendations of the Auditor-General in a timely manner.
- Continue to develop reporting and control instruments to ensure full transparency and accountability in the procurement process.

### **Enhancing the Province's Fiscal Interests**

- Effectively represent Nova Scotia's interests in federal-provincial negotiations and discussions respecting such issues as national trade deliberations, transfer programs, tax collection agreements, and the statistical databases which support them.
- Continue to enhance the province's ability to provide for accurate and timely economic and fiscal forecasts to facilitate effective business planning by government.
- Provide analysis and advice on emerging and ongoing taxation issues such as working to enhance the Province's control over its tax systems, effectively representing Nova Scotia at federal-provincial tax policy discussions, implementing the Tax on Income System, and continuing with the Tax Credit Review process.
- Develop a strategy for the long-term reduction of debt in the Province.
- Develop a strategy that will reduce the Province's exposure to financial risk on such items as capital market exposures in foreign exchange and unforeseen events.
- C Develop and implement a strategy to optimize exposure arising from off-balance sheet transactions (guarantees, leases, etc.).
- Maintain or enhance funding positions of the Teachers' Pension Plan and Public Service Superannuation Plan.
- C Develop a set of objective criteria for Cabinet to assess loans and guarantees related to business development programs.

### **Providing Corporate Services**

- Review and revise procurement processes, documentation, and support systems to maximize organizational effectiveness, efficiency, and service quality to meet quality assurance and service standards.

- C Where appropriate, extend procurement and CFMS service offerings to include the MASH sector.
- C Review business practices and plans regarding the distribution of government and public sector tenders to sustain a fair and open procurement process with emphasis on e-commerce.
- C Implement recommendations related to restructuring government warehousing and logistics operations.
  - Create advisory task forces related to government procurement policies and practices for both the private sector and MASH sector.
  - Provide guidance and support to departments and agencies on significant accounting, procurement, and financial issues.
  - Co-ordinate improvements in service delivery in payroll and benefits administration.
  - Improve the co-ordination of the Internal Audit functions across the provincial government.
  - Improve the efficiency and effectiveness of the delivery of pension services to plan members and beneficiaries.

### **Effective Money Management**

- C Develop and implement a public capital risk allocation methodology.
- C Integrate treasury management systems and capital market information systems to enhance the overall control, monitoring, and performance of the Liability Management and Investment Divisions.
- C Upgrade Capital Markets Financial Information systems to enhance investment and risk management decision making.
- C Develop and implement an effective risk review process in respect of risk assets booked directly by the Province or through Crown agencies and corporations.

### **Ensuring Responsible Regulatory Environment**

- C Effect amendments to the *Pensions Benefits Act* to achieve the goals of harmonization with other jurisdictions, clarification of provisions and other measures addressing the needs of plan members and sponsors.

### **Developing a Quality Organization**

- Contribute to the quality and professionalism of human resource management in the department.
- Continue to develop a productive and skilled workforce in a healthy and safe work environment.
- Acquire and develop technologies to improve productivity and output quality.
- Continue to improve staff training opportunities to provide the skills necessary to achieve the Department's strategic goals.

## Outcome Measures

The Department of Finance will be reviewing its Outcome Measures to align them with the Government's vision and goals as stated in *The Course Ahead for the fiscal year 2000-01*.

## Budgeting Context

The Department of Finance is the corporate central agency for government providing leadership, expertise, analysis and advice to Government on financial, budgetary, taxation, fiscal, economic and statistical matters. Because of the ongoing fiscal challenges, strong leadership in each of these areas is critical as the Province continues its efforts to strengthen its financial position.

The Department's main resource is its staff consisting of experienced professionals in the fields of financial analysis and accountability, investment, debt and cash management, procurement, economics, tax policy, statistics, policy development, government accounting, and corporate services. Approximately 85% of the Department's net budget is for salaries with the remaining 15% allocated to general operating expenditures.

The Department of Finance plays a strong role in providing a wide variety of services, with related infrastructure, to departments and agencies of government, including:

- government accounting
- payroll
- pension services
- budgeting
- treasury
- procurement
- statistics
- internal audit

The Department is also responsible for the management of a number of areas and processes that have a government wide impact including:

- investment & liability management
- financial reporting
- fiscal planning & management
- fiscal & taxation policy
- economic forecasting and analysis
- audit
- pension regulation
- inter-provincial trade policy
- procurement policy and infrastructure



Aside from the Province's tax credit initiatives, the Department does not administer any programs and therefore, when required to reduce expenditures, must make cuts that either diminish or eliminate the above functions.

An additional challenge for the Department of Finance is the publicly and internally perceived accountability for spending decisions and control. In response to this, the Department has redirected its resources to provide a more focused and strategic approach to its fiscal planning. The Department will introduce a new Financial Accountability Framework in the spring 2000 legislative session. This Framework will include legislation, regulation and policy guidelines covering the key components of fiscal management including expenditure control, debt and credit management, and public reporting. In addition, the Government has committed to introducing a Four-Year Fiscal Plan as part of the spring 2000 budget. This Plan is intended to integrate the business planning and budgeting of Departments, Agencies, Boards and Commissions with a new Financial Accountability Framework. Taken together, the two will guide government decision making in a manner which ensures the policy objectives of Government are achieved.

All of the Department's services have been analyzed as part of the Government's review process. The procurement function will be restructured over the next two years with increased authority being given to departments. The procurement Branch will emphasize policy, quality assurance and infrastructure in support of department purchasing activities. The changes will give departments direct control over 80-90% of transactions representing 20% of purchase value. In addition, organizational restructuring will result in a reduction of management staff and increased sharing of secretarial and clerical support staff. In total, changes to the Department will result in net staff reductions of over 25 and net cost reductions of over \$1.2 million by the 2001/02 fiscal year.

There are a number of services the Department provides that will be reviewed for further short-term direct savings or even greater long-term savings by more effective use of involved resources. Some of the service areas that will be reviewed are:

- Internal audit services
- Corporate Service Units
- CFMS/SAP services and support

### **Linkages/Partnerships**

A major operating characteristic of the Department of Finance is its extensive practice of forming linkages and partnerships with other departments, other levels of government and the private sector in the areas of policy, standards, procurement and investment practices. As a central agency, the Department consults widely on all fiscal and procurement issues. The following summarize and highlight some of the key initiatives.

### **Procurement:**

In the area of fostering co-operative procurement policies and practices, the Department is working on several initiatives that include national standards, joint buying, national tendering systems, and co-ordinated operations. In partnership with the government of Quebec, Nova Scotia has led an initiative which has resulted in the creation of a National Procurement Council.

### **Policy and Standards:**

The Department is active in many local, regional, and national groups involved in setting policy and standards related to procurement, government accounting policy, fiscal policy, pensions, investments, economics, and statistics. In addition to federal-provincial government initiatives, department officials work with various professional groups, business groups and interested parties such as PSAB, and Voluntary Planning Taxation Committee. The Finance IT CSU often contributes to, and leads the formulation of, IT policies and standards as well as implementing and supporting applications used by government-wide clients; e.g., LAN security policy and implementation of a Resource Management System. The Department also recently hosted a Federal-Provincial Roundtable on Results Management and Reporting.

### **Government-wide Initiatives**

The Department participates or provides leadership in a number of government-wide initiatives. The development of the Nova Scotia Business Registry (NSBR), led by the Department of Business and Consumer Services, is an example of excellent cross-government and inter-government participation in a large project that will provide a core infrastructure for how government works with business in Nova Scotia. This project is closely linked with the CFMS and has implications for tax programs administered by the Department. The Department is working closely with other departments on issues such as tax program review, the Social Union Framework Agreement, and alternative service delivery arrangements. The Department has had extensive involvement in the Government's restructuring and redesign through the Program Analysis and Options Committee, Municipal Roles and Responsibilities Review, and related ministerial program review committees.

### **Communications**

In the coming fiscal year, Government decisions on fiscal strategy and direction will require significant new communications efforts in the Department of Finance. Co-ordination with Planning and Priorities on the outcomes from Program Analysis and the Fiscal Task Force will require a considerable amount of strategic and tactical effort. The Department will continue to develop its e-mail information system and web-based communications tools to provide information economically and efficiently.

## **Corporate Services Unit**

The Department of Finance hosts the Finance Corporate Services Unit which provides human resources, information technology, and financial services to the departments of Finance, Human Resources, and Labour as well as eleven agencies and commissions. The following sections provide an overview of each of these corporate services as well as specific business services/projects planned for the Department of Finance in 2000-01.

### **Human Resources**

The Human Resources Division is responsible for providing services in a number of areas including recruitment and selection, compensation, benefits, human resource planning, labour relations, occupational health and safety, performance management, attendance management, and training and development. During 2000-2001 the following key initiatives will be undertaken to support the Department of Finance:

- Improve the service in human resource program delivery.
- Deliver training and provide consultative support to managers in performance management and succession management.
- Establish goals/plans for management of short term illness and LTD in support of the implementation of corporate disability management policy.
- Assist with organizational review and restructuring as required.

### **Information Technology**

The IT division provides the department with planning, delivery, implementation, and support services in the areas of computer hardware, software, applications, and networks. The division also manages the Province's CFMS and the associated technology infrastructure. During 2000-01 the following key initiatives will be undertaken to support the Department of Finance:

- Work closely with the department to deliver an IT Strategy to address the IT-related objectives within the Business Plan.
- Enhance the department's operational abilities through the delivery of value-added information systems and services.
- Continue to support and safeguard the department's existing production information systems and technologies.
- Manage the province's CFMS environment.

### **Financial Services**

The role of the Financial Services division of the Corporate Services Unit is to provide day-to-day managing of accounting transactions and to provide financial planning advice and analysis to support business decisions within our client departments. During 2000-2001 the following key initiatives will be undertaken to support the Department of Finance:

- C Meet the department's needs with respect to financial analysis in business case development, user fee recoveries, cost/benefit analysis, business planning, estimate and forecast planning and other projects.
- C Continue to streamline/ensure efficiency of financial procedures and processes within the Department of Finance in compliance with PSAB government accounting guidelines.
- C Support government's agenda with respect to implementation of major revisions to financial management accounting policies.
- C Continue utilization of the Asset Management Module of the Corporate Financial Management System (CFMS/SAP) in accordance with the corporate Tangible Capital Assets Policy. Ensure appropriate and accurate recording of capital assets resulting in information which will increase efficiency in the management of capital assets.
- C Continue development and implementation of appropriate procurement procedures and processes for the Department of Finance. Continue information sessions/training for departmental and accounting staff to ensure appropriate knowledge and accountability with respect to corporate procurement policy.