Management in the Government of Canada

A commitment to continuous improvement

Submitted by:

The President of the Treasury Board

Canada

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INTRODUCTION

The Government of Canada has a significant impact on the lives of Canadians. Its policies, programs, and services support our economic competitiveness, our social and cultural infrastructure, the health of our environment, and the well-being of our communities and citizens.

The government is the largest organization in the country, with over $200 billion in annual expenditures, 1,600 programs and services, 200 organizations, and over 350 million transactions each year. It manages the biggest workforce—450,000 employees—and buys more goods and services than almost any other Canadian enterprise. Given the number of collaborative arrangements it has among its own institutions and with other governments, official language minority communities, Aboriginal communities, and non-governmental players, the various ways in which it is held accountable are complex.

> Good management supports the development of sound policies and relevant programs and services that deliver results to Canadians.

For these reasons, sound public-sector management matters. Good management is about being accountable and transparent. It is about building an integrated, responsive government that can leverage information and manage resources and relationships in innovative ways to deliver public value.

This is a plan to improve management in the Government of Canada, one that will require several years to implement and the investment of resources. However, as the government did in other large initiatives—eliminating the fiscal deficit, laying the foundation for a competitive economy, and ensuring the sustainability of social security—it will deliver public service excellence and meet the needs of Canadians with integrity.

WHY IMPROVE PUBLIC-SECTOR MANAGEMENT?

Over the years, the Government of Canada has made many advances in public-sector management. Like other organizations, both private and public, it has adapted its management practices to reflect changing circumstances. While the government has made solid progress in some areas (see Annex), in others it is lagging behind. A change in its management approach is needed to respond to the present and emerging challenges that Canada faces.

More transparency and accountability

A strong focus on transparency and accountability must underlie all of the government's efforts. In each of these areas, improvements are needed. For example, improvements to the quality, clarity, and timeliness of reports to Parliament are needed so that parliamentarians and Canadians can judge the government's performance for

> Good public-sector management requires capacity—the structures, tools, and resources—to ensure that decisions are sound and based on values, quality, and cost.

themselves. Streamlining its management policies would eliminate the overly complex web of policies that often confounds, rather than promotes, good management. Finally, more effort is needed to help ministers account for the performance of their institutions and to reinforce accountability relationships between ministers and their deputy ministers.

Stronger internal controls and oversight

Sound management requires strong oversight functions within departments and agencies and clear direction from the Treasury Board on expectations for management performance. Partly as a result of the government's determination to reduce spending over the past decade, it invested insufficiently in core internal control systems—such as internal audit—and in the professionals who do this work. This capacity needs to be rebuilt within departments and agencies, and the Treasury Board needs to provide stronger direction and oversight on management and expenditure issues, as well as the planning and managing of cross-cutting, horizontal programs.

Faster, more responsive service

One of the most profound transformations of the digital economy is the emergence of integrated and responsive services that offer consumers greater choice. When they deal with companies that provide everything from life insurance to software, Canadians talk to service representatives who can anticipate their needs and, if they have a problem, solve it quickly. Canadians expect their government to do likewise. The government has made advances in service delivery, but continuing to meet greater service expectations and provide Canadians with easy access to government information and programs through a variety of channels remains a pressing need.

Maintaining a professional public service

Addressing today's complex and interdependent issues demands continuous learning—by individuals and organizations alike. Developing skills so that employees can perform new tasks and take on new responsibilities is more important than ever. In this environment, the government recognizes that its human resources practices have become too complex and constraining. Extra efforts are needed to ensure the Public Service attracts, retains, and develops the workforce it needs for the 21st century. It must instil a culture of continuous learning and provide employees with career-long training and development, give managers more flexibility in hiring, promote constructive labour-management relations, and improve human resources planning.

Need for coherent planning and management to meet horizontal priorities

Many of the most pressing contemporary issues facing Canadians—for example, international trade, national security, environmental protection, and health care—cut across the mandates of several federal departments and agencies, and some cut across jurisdictions. This horizontality reflects the complexity of modern Canadian society itself. Being able to bring integrated order across policy and program issues is a challenge for all governments and requires the efforts of all responsible players to be co-ordinated—all with their own accountabilities, parliamentary appropriations, and legal responsibilities. The government is making progress in adopting a "big picture" strategic overview of cross-cutting issues in specific important sectors, such as public security and anti-terrorism, climate

change, and programs for Aboriginal Canadians. However, too often departments still pursue priorities in isolation.

Managing information better and managing better with information

Reliable and credible information is essential to sound decision making, effectiveness, and accountability. The government must take full advantage of advances in information management and information technology to help it relate spending to results achieved. However, financial and performance reporting systems—and those that support other key administrative functions, such as human resources and materiel management—were originally established on a department-by-department basis.

These systems are often not compatible, making it difficult to generate an accurate, government-wide view of key activities and therefore harder for government to plan horizontally, report on performance, and make rapid decisions. These problems frustrate managers and parliamentarians alike.

CONCLUSION

While it shares many of these management challenges with the private sector, a different approach is needed in the public sector. Although conscious of the need for efficiency and value for money, the government is not driven by the profit motive. Operating within the bounds of the constitution, it serves the public good and balances regional concerns with national imperatives, economic considerations with social benefits, and short-term imperatives with long-term objectives. It manages a diverse array of organizational structures, international and federal-provincial agreements, and collective agreements with public-sector unions. It must do all of this in a transparent manner.

> A business model for managing government would treat its customers as customers in an arm's-length trading relationship.
>
> We are not merely customers of government. We are also subjects (who have obligations), citizens (who have rights), and clients (who have complex needs).[1]
>
> Adapted from
> Henry Mintzberg, 1996

Nor are these management issues unique to Canada. As noted in a recent Organisation for Economic Co-operation and Development (OECD) paper: "Governments in all OECD countries…face the challenge of responding to public demand for more responsive, efficient, and effective government. For most countries, this implies a need to transform government into what is often described as a network form of organization: interconnected agencies that retain their autonomy and flexibility, but operate under a 'single-enterprise' vision of government in which shared resources and common standards allow seamless communication and the efficient and effective pursuit of common objectives."[2]

Pressures to improve public-sector management are interrelated. Lack of horizontal integration impedes the government's ability to provide seamless, responsive service. The inability to aggregate data reliably makes it difficult for government to target resources in areas where it needs capacity. The absence of common performance indicators and the means to report against them undermines transparency and accountability across the full breadth of government operations.

1 OUR COMMITMENT TO MANAGEMENT IMPROVEMENT

Through its agenda for management improvement, the Government of Canada is:

- strengthening governance regimes that embrace individual accountability and increase transparency;
- taking responsible risks with the backing of sound control systems;
- providing services that are responsive to the needs of Canadians, rather than organizational demands;
- upholding professional public service values and standards of conduct by rewarding good performance and addressing mismanagement in a decisive and fair manner;
- pursuing non-partisan public service excellence, through respect for public service employees and support for their learning and development; and
- ensuring that reliable, comparable performance information guides decisions and drives continuous improvement and resource allocation.

As the Auditor General of Canada noted in the introduction to her November 2004 report, the government's management agenda is ambitious and the magnitude of change involved will be considerable. In tackling this challenge, the Government of Canada is dedicated to making itself more accountable, responsive, and innovative.

Accountable government strengthens mechanisms for transparency and forthright, descriptive reporting. These efforts improve policy development and help the government take timely decisions and account to Parliament and to Canadians in meaningful ways on the results it achieves with public expenditures.

Responsive government means providing better service for Canadians and efficient internal operations, resulting in better outcomes that align with Canadians' values and expectations through more coherent action across government.

Innovative government has the people, processes, systems, and information it needs to be more effective, so that it can identify priorities, particularly in areas of horizontal programs, and invest in them to improve results.

2 ACCOUNTABLE GOVERNMENT

To strengthen accountability, the Government of Canada will:

- provide Parliament and Canadians with better and more timely information with which to hold it to account;
- have clearer rules and back them up with effective controls to ensure stewardship;
- ensure rigorous oversight of performance by organizations and the Treasury Board;
- facilitate compliance through training and tools, and reinforce them with sound values and effective consequences; and
- ensure that high ethical standards continue to guide public service employees.

THE CHALLENGE

Accountability is the cornerstone of responsible government. It has two dimensions: accountability of the government, both collectively and through individual ministers to Parliament for spending and results; and internal managerial and operational accountability, whereby ministers account to the prime minister and deputy ministers account to ministers and institutions within the government on how they are discharging the authorities conferred upon or delegated to them.

The accountability regime under our system of responsible government must do the following:

- provide assurance to Parliament and Canadians of the government's proper use of lawful authorities and public resources;
- reinforce all parties' compliance with established legal requirements and management policies; and
- promote a culture and practice of continuous improvement in governance and administration in the Public Service.

With a sound accountability regime, there is a powerful incentive to do what has been committed to and do it in the right way. It is marked by three core features:

- well-defined roles and responsibilities, where those with authority have the capacity to carry out their duties;
- a credible process, where those with responsibilities answer for their performance against expectations of them; and
- the assignment of consequences, good and bad, for performance.

Details of the responsibilities and accountabilities of ministers and senior officials and the challenges faced in the practice of our regime of accountability can be found in the companion document to this action plan at http://www.tbs-sct.gc.ca.

Parliament's role, on behalf of Canadians, is to hold ministers to account for the activities carried out under their authority or under those authorities vested directly in departmental officials. The complexity of government—the range of objectives and the number of different organizations and individuals carrying out initiatives in support of them—makes it a challenge for Parliament to provide effective scrutiny of the government and its operations. Parliament itself is looking at ways to strengthen its capacity to hold the government to account (such as increasing research staff for parliamentary committees or more effective use of committee time in scrutinizing the Estimates). The government is prepared to support such measures and improve how it explains itself to Parliament— through written reports, as well as through its interaction with parliamentarians.

Another challenge lies in ensuring that there is a solid link between ministers, who account to Parliament for management performance, and deputy ministers, who are responsible for the execution of management responsibilities. This link needs to be forged in a way that acknowledges that the government's policy direction is implemented by a non-partisan public service. Ministers must be assured that the appropriate degree of managerial control exists within their portfolios. More must be done to reinforce the respective responsibilities of ministers and deputy ministers and to provide assurance that departments deliver on ministerial priorities, respect the management standards set for them by the Treasury Board, and maintain the appropriate non-partisan nature of the Public Service.

To fulfil their responsibilities, deputies need to be supported by strong management expertise within their departments, by having the essential internal controls, and by a healthy audit function. In short, they need to have a sound internal management and oversight regime. The challenge is to strengthen these regimes in government, reinforce their role and mandate, and rebuild their capacity.

A further challenge lies in defining the appropriate role for the Treasury Board in relation to departments. Historically, the Board's role has evolved, depending on the management challenges facing the government. At times, it has been heavily engaged in helping build capacity in departments so they can exercise their management functions. Through its policies, it sets the rules governing departmental management practices and, based on these policies, it provides oversight of almost 1,000 departmental transactions per year. Given the number of transactions and the detailed work required on them, the Treasury Board of Canada Secretariat has traditionally monitored organizations largely through the lens of these departmental transactions. This approach and the absence of reliable performance information has limited the Treasury Board's capacity to assess and address the management deficiencies or risks affecting the government as a whole and to inform strategic, government-wide expenditure decisions. Its involvement in departmental transactions has also at times blurred the lines of accountability between departments and the Treasury Board and risked supplanting the internal management of the department and eroding the accountability of ministers and the deputy minister.

Finally, a broad compliance framework is needed to reinforce public-sector values, reward performance excellence, and prescribe clear consequences for underperformance and non-compliance. Many consequences and sanctions for individuals are already in place: to foster excellence, there are performance pay, promotions, and recognition awards; for non-compliance, written warnings, suspensions, demotions, terminations, and in rare cases criminal sanctions. However, managers are not always properly supported to employ these tools; when they do so, it is not always done in a uniform manner and the outcomes of their actions are not always transparent or widely reported. This has led to a perception that there are no consequences, for misconduct or mismanagement.

ACTION PLAN

Efforts to strengthen accountability are focussed in three areas:

- stronger accountability relationships;
- shared responsibility for oversight; and
- public service values.

The measures included in this action plan stand as the recommendations from the reviews of the doctrine and practice of ministerial responsibility and of non-compliance with the *Financial Administration Act*. The President of the Treasury Board conducted these reviews at the direction of the Prime Minister, following the tabling of the Auditor General's November 2003 report that dealt with, among other things, accountability and ethics in government.[3] The two reviews are companion documents to this action plan and can be found at http://www.tbs-sct.gc.ca.

Stronger Accountability Relationships

Enhancing Parliament's ability to hold the government to account

The government set out commitments to improve parliamentary reporting in *Ethics, Responsibility, Accountability: An Action Plan for Democratic Reform* and in the 2005 budget. **Beginning in the fall of 2006, it will report annually to Parliament on the state of government-wide management and on human resources management.**

But more can be done to improve reporting to Parliament. Currently, the information presented to parliamentarians is voluminous, but not always useful. In 2004, the government tabled over 1,000 statutorily required reports in Parliament. Few parliamentarians have the time or the staff resources to read all this material.

The government will consult with parliamentarians in 2006 to identify their priorities for performance information. Subject to consideration by Parliament, the government proposes to:

- **seek ways to better reflect budget spending forecasts in the Main Estimates** and link commitments made in reports on plans and priorities with results set out in departmental performance reports and support better parliamentary scrutiny of the Estimates;
- make the **Public Accounts timelier** and easier to use;

- better communicate the government's overall strategic plan at the beginning of each fiscal year to **help parliamentarians assess spending proposals**; and

- **use technology** to make spending and performance information more accessible to parliamentarians.

ENHANCING PARLIAMENT'S ABILITY TO HOLD THE GOVERNMENT TO ACCOUNT

ACTIONS TAKEN

- Released *Ethics, Responsibility, Accountability: An Action Plan for Democratic Reform*

- Introduced *Canada's Performance*, an annual report on the government's contribution to the nation

- Introduced a new format for the Supplementary Estimates to provide more whole-of-government and meaningful information

- Introduced more meaningful program spending information in the 2005–06 Main Estimates

NEXT STEPS

- In 2006, complete consultations with parliamentarians on management reporting

- In 2006, test with parliamentarians their support for the government's strategic plan at the outset of the fiscal year

- With parliamentary consent, identify ways to streamline and rationalize reports to Parliament

- Enhance electronic reporting

- In 2006, initiate annual reporting on human resources and overall government management

Clarifying and reinforcing accountabilities of ministers and deputy ministers

Maintaining and reinforcing ministerial accountability to Parliament is central to the government's efforts to strengthen accountability. The essential tenet of Canada's system of responsible government is that Parliament can hold individual ministers accountable for the management direction they provide to their organizations and for all actions taken on their behalf by officials. In this context, being held to account does not equate with being blamed. It means the minister must answer for what happened, take corrective action as necessary, and, depending on circumstances, accept personal consequences if the matter is attributable to the office holder's inappropriate action or inaction.

To give greater effect to their accountability to Parliament, **ministers will attend more parliamentary committee meetings** to explain and account for management performance. Likewise, to bolster oversight of management matters, the Treasury Board will call upon ministers and their deputy ministers more frequently to report on strategic management and spending plans, performance, and key management challenges and problems in their departments.

A **range of measures will support ministers** in providing leadership on the direction and overall management of their organization. Some of these are already best practices in departments and agencies. Ministers will:

- **upon taking office, receive**, along with the staff that work in their offices, a **thorough briefing on matters of ministerial accountability**, prepared by recognized experts both inside and outside the Public Service;

- receive detailed assurances that management control systems are in place to ensure the sound exercise of delegated authorities by officials; and

- **set a schedule of regular accountability sessions** with their deputy ministers on management matters and review progress by the department against established priorities.

Revised **guidelines will make clear the appropriate roles and responsibilities of political staff** in ministers' offices in dealing with departmental officials and underscore that the minister is accountable for their actions. The government will also provide detailed briefings to new senior staff in ministers' offices to ensure that they are aware of their roles and responsibilities and the boundaries with the non-partisan Public Service.

While ministers need to assure themselves of the overall quality of departmental management, it is deputy ministers who execute departmental management responsibilities. To reinforce their management role, the *Financial Administration Act* will be amended to give more explicit statutory authority to the deputy minister for management responsibilities, under the minister, including signing the accounts of the organization.

> The government will reinforce the accountability relationship of ministers to Parliament and of deputy ministers to their ministers and to the Treasury Board.

The deputy minister is accountable to the minister and to the Treasury Board specifically for ensuring:

- resources are organized to deliver departmental objectives, under the minister, in the most economical, efficient, and effective way;

- effective systems of internal control;

- compliance with financial policies and procedures;

- staffing and human resources planning and management;

- stewardship and safeguarding of public funds; and

- sound management of resources related to horizontal initiatives.

Deputy ministers will enter into management agreements with their ministers based on the department's *Report on Plans and Priorities.* Assessment of performance against the management commitments in these agreements will be one factor in the determination of a deputy minister's performance pay that will be made through the normal process of approval by Governor in Council, on the advice of the clerk of the Privy Council.

Deputy ministers are not accountable to Parliament, as this would undermine the political accountabilities of ministers and would undermine the non-partisan nature of the Public Service. In supporting their respective minister's accountability, deputy ministers are answerable to

parliamentary committees in the sense that they have a duty to inform and explain, as for example when appearing before them. Only ministers are accountable to Parliament.

Given the Treasury Board's responsibility for government-wide management standards and policies and the Secretariat's role in working with departments to ensure compliance, the Treasury Board plays an important role in ensuring that the appropriate interpretation of management policies is communicated to departments in a timely way. Should unresolved questions arise on the interpretation of standards and policies, departments should ask the Secretariat for an advance interpretation in order to clarify the matter. This will help to avoid disputes over the interpretation of Treasury Board management standards and policies that would require a decision of the Treasury Board. Should the issue remain unresolved, the minister may seek a Treasury Board decision on the interpretation and application of the standard or policy. Treasury Board decisions are shared with the Auditor General of Canada.

For other unresolved questions not related to the interpretation or application of Treasury Board management policies and standards, the current practice will prevail. When these situations arise, the deputy minister will discuss the matter with the clerk of the Privy Council, who may ultimately seek the consideration of the prime minister. In both cases, consistent with the principle of collective responsibility, this approach will ensure that the actions of any one minister do not detract from the advancement of government priorities as a whole.

Strengthening the accountabilities of deputy ministers and reinforcing their relationship to ministers in the manner outlined above will also help strengthen accountability for horizontal issues that cut across departmental lines. In our system of government, Cabinet decides collectively on the approach to be taken across departments on key cross-cutting issues. Individual ministers are fully accountable to Parliament and the prime minister for the aspect of the policy or program they are called upon to deliver. For major horizontal initiatives, Cabinet will provide ministers with overall direction and the Treasury Board will provide oversight for the management of their delivery and reporting requirements.

CLARIFYING AND REINFORCING ACCOUNTABILITIES
OF MINISTERS AND DEPUTY MINISTERS

ACTIONS TAKEN

- Updated guides on ministerial and deputy ministerial accountabilities
- Completed a review of Crown corporation governance and identified 31 measures to strengthen transparency, understand accountabilities, and ensure good governance
- Undertook a review of the responsibilities and accountabilities of ministers and senior officials

NEXT STEPS

- In 2006, expand guidelines for staff who work in ministers' offices
- Starting immediately, ministers will attend more parliamentary committee meetings to account for management issues
- Starting in 2006, ministers will report to the Treasury Board on important management issues and be required to hold regular accountability sessions with their deputy ministers

- In 2006, the *Financial Administration Act* and Treasury Board policies will reinforce accountability relationships of deputy ministers to ministers and the Treasury Board

- In 2006, establish training for newly delegated authorities and assessment of those currently exercising authorities

- In 2006, complete implementation of Crown corporation review recommendations, including introduction of new legislation

Shared Responsibility for Oversight

As the government's management philosophy has evolved—through a continuum of central control to increased flexibility for departments and agencies—its approach to oversight has also shifted. Oversight is a shared responsibility, principally between the Treasury Board, and departments and agencies. The Treasury Board executes its oversight in a manner that respects the accountabilities for sound management that rest with ministers and their organizations. In turn, deputy ministers need adequate assurance capacity in order to be confident that management controls in their organizations are working.

Strengthening departmental management control systems

The provision of strong assurance services in key areas such as internal audit and financial management better enables deputy ministers to fulfil their management responsibilities. Strong oversight within departments and agencies, where accountabilities lie, is essential to maintaining the appropriate balance within the accountability regime between departments and central agencies.

In Budget 2004, the government committed to reorganize and bolster the internal audit function government-wide. Strengthened internal audit will provide assurance to deputy ministers; reinforce good stewardship practices and sound decision making; and enable the Treasury Board to focus on government-wide strategic matters dealing with risk.

- **The Government of Canada will designate a senior executive in each government department and agency to be known as the "chief audit executive."** Recruitment and training for these new positions will begin as a priority.

- The Comptroller General of Canada has issued guidelines on qualifications of chief audit executives and the **professionally accredited chief audit executives will be responsible for overseeing and promoting the professional conduct of internal audits, providing assurance on the adequacy of internal audits within departments**, including assessing the adequacy of controls over financial management, financial reporting, and value for money of programs and activities.

Most departments and agencies have internal audit committees. To further protect the integrity of the audit process, the government will make these audit committees more independent of the management of the organizations they review. **Within three years of the effective date of the policy, all audit committees will have a majority of members coming from outside the Public Service, with the remainder coming from outside the department in question—with the**

exception of the deputy minister, who may chair the audit committee or be an ex-officio member.

The Comptroller General will establish competency profiles for external members of the audit committee and, jointly with the deputy minister, will participate in their selection. Deputy ministers will continue to brief ministers on significant audit matters. **It is expected that the minister will meet annually, in camera, with the Internal Audit Committee for assurance regarding risk management, control, and audit systems. It is also expected that the deputy minister will routinely be briefed by the Audit Committee on its assurance findings.**

Taken together, these initiatives will standardize the audit function across government and build its capacity, objectivity, and independence. The government will monitor the implementation of the *Internal Audit Policy* and report on progress through departmental performance reports of both the Treasury Board of Canada Secretariat and individual organizations.

Consistent with the new audit policy, internal audit capacity is being strengthened across government. In addition, capacity is being increased within the Office of the Comptroller General, to conduct horizontal audits in areas considered to be of high risk, such as compliance with contracting and human resources rules.

In addition, the Office of the Comptroller General will conduct focussed internal audits of more than 40 small departments and agencies starting in 2006. This is an efficient and cost-effective way to strengthen internal control and performance measurement and improve the ability of these smaller organizations to meet policy and regulation requirements.

The government is also realigning the functions of Consulting and Audit Canada to separate its consulting and audit services. The consulting services of Consulting and Audit Canada will be moved within Public Works and Government Services Canada. Over the next few months, Public Works and Government Services Canada will be working with the Office of the Comptroller General to determine how best to use the current audit services to strengthen the internal audit function government-wide.

The ability of public-sector organizations to manage their financial affairs properly from the outset is as important as the audit function. Since Budget 2004, the Office of the Comptroller General has, therefore, established a model to put a **chief financial officer (CFO)** in every department. The CFO will meet common certification standards, as well as review and sign off new spending proposals for that department for all initiatives having large financial impacts.

The government will **begin ongoing annual audits of departmental financial statements, with an initial focus on about 20 of the largest organizations that represent about 90 per cent of government expenditures**.

Departmental CFOs will provide Canadians and Parliament with increased confidence that public finances are being managed responsibly. Supported by professionally qualified financial officers, CFOs will provide deputy ministers with objective, credible advice and a strong assurance of due

diligence and sound financial management. They will ensure the integrity, relevance, and reliability of financial management information, analysis, and advice.

Finally, the Management Accountability Framework provides deputy ministers with a comprehensive picture of the state of departmental management, complementing the work of internal audit and financial management units, and will assist deputies as they chart their respective agendas to strengthen management within their departments.

STRENGTHENING DEPARTMENTAL MANAGEMENT CONTROL SYSTEMS

ACTIONS TAKEN

- Established the Office of the Comptroller General and appointed a new comptroller general
- Outlined direction for strengthening control in areas of CFOs' responsibility and to ready organizations for having their financial statements audited in 2009
- Outlined direction for strengthening internal audit
- Revised the *Internal Audit Policy*

NEXT STEPS

Internal Audit

- In 2005, establish certification standards for chief audit executives (CAEs)
- In 2006, begin to staff CAE positions with accredited professionals
- In 2006, employ independent audit committees in selected departments and proceed in phases to establish them across government
- In 2006, begin providing support for internal audit in small departments and agencies
- In 2006, begin conducting government-wide audits of identified high-risk activities

Financial Management

- In 2005, develop certification standards for CFOs and establish government-wide standards and processes for financial analysis and reporting on results
- In 2006, begin to staff CFO positions with accredited professionals and update financial management control framework
- Commencing with the 2005–06 fiscal year, incorporate all departmental financial statements within departmental performance reports
- Continue work with organizations to have them ready for audited financial statements in 2009

Modernizing Treasury Board oversight

The approach of the Treasury Board to its role as the management board of government will be modernized. Building on the Prime Minister's decision in December 2003 to re-focus the role of the Treasury Board, the Board will take a more strategic approach to its core responsibilities of:

- setting the highest standards of public management, consistent with public service values;
- aligning resources to achieve government priorities and results for Canadians;

- overseeing, controlling, and reporting on public expenditures based on sound principles of public management (as articulated e.g. in the Management Accountability Framework); and

- serving as the employer of the core Public Service.

Rather than putting in place more rules or focussing on individual departmental transactions, the Treasury Board's oversight role will rely on better and more timely information on program expenditures, human resources, and performance results—enabled by standardized information and business processes across government. This will help the **Treasury Board focus on significant management policy challenges, as well as allocation and reallocation of resources for policy and program priorities, and provide oversight of horizontal initiatives and high-risk transactions**.

Two initiatives are essential to enabling the Treasury Board to play this new role: **firmly establishing the Management Accountability Framework (MAF) as the comprehensive accountability regime and streamlining the suite of Treasury Board management policies**.

Introduced in 2003, MAF summarizes the government's expectations of deputy ministerial leadership in all areas of management—from financial to people management, from assigning accountabilities to reporting results. Used initially as a framework for informal discussions between the secretary of the Treasury Board and each deputy, MAF has matured through two cycles of departmental assessments. It has evolved into a comprehensive framework of analysis requiring demonstrable proof from departments of their satisfactory performance against 40 indicators and 150 measures of management practice. For example, MAF requires evidence of solid financial analysis, an effective internal audit function, a risk-based approach to procurement and contract management, adequate management of legal risks, and so on.

The MAF assessment process has become a formal and large part of the annual government-wide planning and reporting cycle. Each year, all large departments and half of all small agencies undergo a Treasury Board assessment—nearly 70 organizations every round—against all MAF indicators. No other national government conducts so comprehensive an annual assessment of its management practices. Priorities identified for immediate action are to become part of a deputy minister's performance agreement with the clerk each year. The third cycle of MAF assessments now underway will be completed in January and findings will inform public and parliamentary reporting on the state of public service management in 2006.

EXAMPLE OF A MAF INDICATOR FINANCIAL ANALYSIS

Solid financial analysis, as evidenced by:

- frequent and accurate year-end forecasts and variance reporting (most especially at mid-year) showing the organization's true financial status

- analysis of high-risk areas in relation to reference levels by program activity and major funding approvals (real and projected), including anticipated funding pressures and re-profiling trends

- accuracy in projecting use of appropriations

The government is strengthening MAF as the basis of renewed oversight on the part of the Treasury Board of Canada Secretariat. All Secretariat analysts are being trained to apply MAF and provided with new tools for managing MAF intelligence. MAF indicators are being made more precise and MAF information will, in due course, be publicly available in user-friendly form. **MAF assessments will eventually inform Treasury Board decisions to reallocate resources government-wide.** As year-over-year information grows, MAF should make it easier for ministers, parliamentarians, and Canadians to assess whether and how public service management practice is improving.

Through MAF, among other things, the Treasury Board of Canada Secretariat monitors institutional compliance with Treasury Board policies and decisions and **the Board will, where appropriate,** grant increased flexibility to departments and agencies that demonstrate exemplary management practices in the use of their authorities. Equally important, based on these assessments, the Treasury Board will **reinforce its measures and take consistent and definitive action in cases of mismanagement** (e.g. requiring audits and evaluations, constraining authorities, freezing allotments of resources, and so on).

As the Treasury Board's role evolves, the government will make **every effort to avoid entrenching hierarchies within decision-making processes**. Central controls should not undermine the individual accountability of ministers and deputy ministers for the management of organizations but provide the assurance for responsible innovation.

MODERNIZING TREASURY BOARD OVERSIGHT –
MANAGEMENT ACCOUNTABILITY FRAMEWORK

ACTIONS TAKEN

- Developed MAF

- Piloted MAF as an instrument to assess departmental management capacity

- Refined the use of MAF for departmental assessment

- Tied deputy ministerial performance assessments and compensation to MAF assessments and management agendas

NEXT STEPS

- In 2005, embed the MAF assessment process in the annual planning and reporting cycle

- In 2006, make departmental MAF assessments publicly available

- In 2006, make MAF the basis of annual reporting to Parliament on public service management

- Starting in 2006, use MAF assessments as input to expenditure management and administration of authorities

The government will also **simplify and streamline the Treasury Board's management policies** in order to:

- set out what is expected of ministers and deputy ministers to ensure the appropriate control mechanisms are in place and monitored;

- provide the basis for increased use of authority and indicate the appropriate response in cases of mismanagement;

- focus reporting requirements and ensure the provision of meaningful performance information;

- strengthen the requirement to monitor compliance in key risk areas, notify the Treasury Board in cases of mismanagement, and ensure a corrective response; and

- support deputy ministers and managers in meeting policy requirements through an appropriate combination of tools, training, and internal communications.

> While management is always a balance between exercising flexibility and imposing control, adding more controls might not address identified problems. I have said that more controls are not necessarily the solution; existing controls should be made clear and meaningful and should be applied consistently.[4]
>
> Sheila Fraser
> Auditor General of Canada, 2004

In 2005, the government will **update its policies on audit, procurement, project management, and learning** and will commence implementation in 2006. By the end of 2006, the Treasury Board will approve policies governing management in other key areas.

The efforts to enhance MAF and streamline Treasury Board management policies will **ensure that rules are tightly focussed on real issues, clearly understood, and closely monitored for compliance, particularly in high-risk areas**. Public service employees will have the training to understand the rules and have the resources and support to help comply with them.

MODERNIZING TREASURY BOARD OVERSIGHT – MANAGEMENT POLICIES

ACTIONS TAKEN

- Developed a modern approach to Treasury Board policies
- Put a project team in place to renew Treasury Board policies
- Completed policy reform for official languages

NEXT STEPS

- In 2005, revise and reorganize Treasury Board policies in critical areas of internal audit, procurement, project management, investment planning, real property, materiel management, and transfer payments

- In 2006, revise policies in financial management, compensation, learning, people management, values and ethics, security, information and service improvement, Crown corporation guidelines, alternative service delivery, institutional governance, privacy, financial management accountability, and access to information

- In 2007, complete training for and implementation of revised policies

Reflecting Public Service Values

An accountable government is one in which public service employees, political representatives, and private-sector vendors adhere to the values that underlie government rules and practices. It is equally one where government actions are transparent.

Reinforcing compliance and promoting quality performance

Canadians have the right to feel confident that public service employees understand what is expected of them. All public service employees must be knowledgeable about the rules and, in cases of underperformance or non-compliance, be subjected to appropriate sanctions. **Equally, high-performing individuals and organizations will be rewarded for excellence.**

When rules are broken, there will be consequences. The government will assure all public service employees, who take pride in their professionalism and integrity, that instances of wrongdoing, however infrequent, will not be tolerated. There is a wide spectrum of actions that can be taken to address cases of misconduct or unsatisfactory performance, ranging from mandatory training through to written reprimands, suspensions, demotions, or terminations, depending on the severity of the problem.

> Clear and graduated responses are provided in cases of non-compliance with rules.

The government is introducing **measures to make these remedies more accessible and to ensure that due process is followed.**

In dealing with matters of discipline for wrongdoing:

- **a quick-action investigative team will be put in place**, co-ordinated at the Treasury Board of Canada Secretariat—this will ensure adequate capacity for consistent and rapid investigation and disciplinary action;

- enhanced training will be provided to human resources specialists and, along with legal expertise, made more available to managers to ensure cases are dealt with appropriately and expeditiously;

- measures will be taken to increase awareness of and appropriate follow-through on the Treasury Board *Policy on Losses of Money and Offenses and Other Illegal Acts Against the Crown* to ensure the effective recovery of funds;

- disciplinary guides will be developed to ensure clarity about what constitutes misconduct and what are possible consequences: best practices, such as those that exist at Canada Revenue Agency, will be applied elsewhere; and

- **a more rigorous process will be put in place to prevent re-employment of or contracting with individuals who were terminated from the Public Service**, including verification of the conditions of departure from the Public Service.

The government will task deputy ministers with **ensuring consistent application of disciplinary measures and appropriate follow-through** and have them report to the Treasury Board on progress by the fall of 2006, as well as provide recommendations on further measures that may be

required (including, e.g. greater flexibility to deploy employees within the Public Service and negotiate the terms of departure in cases of underperformance).

Furthermore, to enhance transparency and accountability, by the end of 2006, the government will **report on aggregate numbers of cases of serious wrongdoing and responses taken** (with appropriate respect for the law, individual privacy, and the principles of natural justice) to ensure summary information is available to examine trends and areas of risk. The government is pursuing the passage of the *Public Servants Disclosure Protection Act* (Bill C-11), which aims to **strengthen the regime for the disclosure and investigation of wrongdoing in the public-sector workplace**.

In dealing with issues of unsatisfactory performance:

- management performance agreements with executives are being strengthened, reinforcing the linkage of compensation to tangible results;

- the new *Public Service Labour Relations Act* gives more weight to the deputy minister's opinion in cases of unsatisfactory performance, demotions, and terminations, which will give managers confidence that, in cases where their opinion and actions are found to be reasonable, their decisions will not be overturned in the adjudication process; and

- Treasury Board policies will express **clear expectations for compliance and consequences for non-compliance**. In assessing performance using the Management Accountability Framework, the government will require deputy ministers to address compliance issues in their organizations.

A new compliance framework will clarify expectations and requirements, and ensure, through the provision of mandatory training and tools, that employees are equipped to carry out their duties and assess whether their actions comply with the rules.

Equally important, the government will guide managers on how best to reward employees for a high standard of performance and how to help employees who are underperforming improve. Community standards for HR specialists and codes of conduct will accompany this guidance to ensure that the government rewards performance excellence.

Instilling a strong culture of public service values and ethics across government requires continued effort. **A new orientation program for public service employees and required training related to the exercise of their respective responsibilities are two key initiatives.**

Consistent with Bill C-11, the government will **also develop a charter of values of public service that sets out the principles and values** that should guide federal public-sector employees in all their professional activities. The Charter will strengthen the framework of principles and guidance for public service employees in areas where public-sector values and conventions have been subject to pressure in recent years. The government **will also develop a code of conduct** for the entire federal public sector that translates the proposed Charter into specific rules of behaviour that underscore the high sense of professionalism within the Public Service.

ACTIONS TAKEN

- Tabled in Parliament the new *Public Servants Disclosure Protection Act*

- Reviewed the compliance and sanction regime under the *Financial Administration Act*

- Implemented the new *Values and Ethics Code for the Public Service* and distributed it to more than 160,000 employees

NEXT STEPS

- In 2005, task deputy ministers with ensuring consistent application of disciplinary measures and appropriate follow-through and report to the Treasury Board by fall 2006 on progress, as well as further measures for review

- In 2006, clarify compliance requirements, oversight and monitoring obligations, and consequences of non-compliance with Treasury Board policies

- In 2006, establish a unit in the Treasury Board of Canada Secretariat to conduct rapid investigations and provide advice on incidents of mismanagement

- In 2006, take measures to prevent re-employment of and contracting with public servants who have been terminated from the Public Service as a result of a management failure

- In 2005–06, pursue the review and adoption of the *Public Servants Disclosure Protection Act*, including a new charter of values of public service and a code of conduct.

Increasing transparency

Information makes government more open and accountable. The *Access to Information Act* remains an important vehicle for Canadians to obtain unpublished information on government operations to hold the government to account. To increase transparency, the government already brought 10 additional Crown corporations under the Act in 2005[5] and will now amend legislation to require another seven to adhere to its provisions.[6] To guide the direction of further changes, the Minister of Justice has sought the views of the House of Commons Standing Committee on Access to Information, Privacy, and Ethics on the approach outlined in the *Comprehensive Framework for Access to Information Reform* he tabled in April 2005, with a view to expanding the provisions of the Act.

Proactive disclosure of information is another important way to make information available to Canadians. The government already provides proactive disclosure of hospitality and travel expenses, reclassification of positions, and contracts worth over $10,000. **Beginning in the spring of 2006, the government will make information on grants and contributions available through proactive disclosure, initially for those above $25,000.**

As noted, following consultations with parliamentarians, the government will confirm its plan to report to Parliament and to the public in a more efficient way and on more varied aspects of public-sector management.

Canadians have a right to expect that the working relationship between the government and the private sector—which involves transactions worth billions of dollars each year—be founded on

integrity. To ensure this relationship is framed within an enhanced culture of integrity, **the government will immediately begin working with the private sector to develop a strong code of fair contract practices, an integrity pact between government and those with whom it contracts**.

The *Code of Fair Contract Practices* will consolidate the government's existing suite of conflict of interest and anti-corruption policies, including anti-bribe measures, as well as other integrity measures such as the *Values and Ethics Code for the Public Service*. As an overarching framework, it will form a comprehensive statement of expectations of suppliers when dealing with public service employees, and vice versa, that will be communicated within the Public Service and to its suppliers. Codifying and communicating such a framework will promote awareness of the government's expectations and increase the level of transparency and accountability in this important relationship. Over time, the Code could be expanded by incorporating new measures.

As part of this new approach, integrity provisions will be embedded into all contracts to provide a clear statement of the obligations currently set out in the *Criminal Code*, including the prohibitions against paying, offering, demanding, or accepting bribes or colluding with others to obtain a contract. As well, the integrity clauses would include the disclosure requirements contained in the *Lobbyists Registration Act*.

We call this Code an "integrity pact" because we will form a partnership on these issues with suppliers. **The Government of Canada will deal only with suppliers who are prepared to work within this framework**. Contracts will provide for a range of sanctions for improper or illegal conduct, including exclusion from future procurement opportunities.

In building a stronger partnership with the private sector, the government will also work with suppliers to learn from their best practices and encourage others to establish and expand their own codes of conduct where such practices do not exist. Through the *Code of Fair Contract Practices* and by embedding integrity provisions into contracts, the government will clarify expectations for both suppliers and public service employees.

Minimizing the conflict between private interests and public service duties is critical to upholding the values of the Public Service. While the need to avoid conflict of interest is most pressing during a public service employee's career, it is also critical once an employee leaves the Public Service. This is especially important since an increasing number of retiring public service employees are seeking new employment opportunities as their careers come to an end. To further ensure that retiring employees do not find themselves in a position of real, apparent, or potential conflict of interest, the government will **take steps to clarify the suite of post-employment measures articulated in the *Values and Ethics Code for the Public Service***. In particular, the post-employment measures will be clarified to ensure that recently retired employees do not find themselves in conflict of interest when working for, or sub-contracting with, firms contracting with the government.

On another front, important amendments to the *Lobbyists Registration Act* that came into force in June 2005 will help strengthen transparency in lobbying activities. The registrar enforces the Act and the *Lobbyists' Code of Conduct*. **To further strengthen its independence, the Office of the Registrar will operate as a stand-alone entity within Industry Canada, pending further potential enhancements to the Office's independence.**

INCREASING TRANSPARENCY

ACTIONS TAKEN

- Implemented quarterly disclosure on departmental Web sites of travel and hospitality expenses of ministers, parliamentary secretaries, political staff, and senior public servants

- Implemented quarterly disclosure on departmental Web sites of departmental goods and services contracts over $10,000 in value and re-classifications of public service positions

- Extended coverage of the *Access to Information Act* to 10 additional Crown corporations

NEXT STEPS

- In 2005, propose amendments to the *Access to Information Act* to extend coverage to seven more Crown corporations

- In 2006, expand mandatory disclosure practices to grants and contributions

- In 2006, expand mandatory disclosure practices to responses to serious cases of wrongdoing

- In 2006, introduce a code of fair contract practices to govern the conduct of the government and its suppliers in contracting

- In 2006, clarify post-employment measures articulated in the *Values and Ethics Code for the Public Service*

Conclusion

Taken together, the government's initiatives to strengthen accountability will result in significant reform. An accountable government is clear about roles and responsibilities, and all players—from individual employees to ministers—fulfil their responsibilities and answer for their performance. It has a robust oversight and compliance regime that safeguards public funds, reduces risk, promotes innovative problem solving, and ensures that there are consequences when rules or public service values are knowingly compromised. It recognizes that having the courage to be forthright about what went wrong can lead to continuous improvement and better results. It ensures that parliamentarians and Canadians have the information they need to assess the government's performance. Finally, accountable government is guided by the ethics, integrity, and core values of a non-partisan, professional public service.

3 RESPONSIVE GOVERNMENT

To become more responsive, the Government of Canada will:

- make its programs and services cost-effective and accessible;

- ensure that its internal operations and business processes are efficient and effective; and

- plan, manage, and report on priority programs on a whole-of-government basis to achieve meaningful results.

THE CHALLENGE

Historically, the Government of Canada has managed and delivered programs through individual departments and agencies. This approach worked reasonably well in the past because citizen and business needs were more uniform and predictable. Today, however, client needs are more diverse and complex. A senior citizen, for example, may require government programs and services offered through Human Resources and Skills Development Canada, Social Development Canada, Veterans Affairs Canada, Health Canada, and Canada Revenue Agency.

Too often, however, accessing programs and services requires Canadians to sort out government themselves and navigate through different organizations, complex program definitions, confusing criteria, and duplicative requests for information. In many cases, people who could benefit from programs are unaware that they exist. This model is inefficient and frustrating for citizens and businesses. Furthermore, it makes it difficult for government to assess performance across its programs and operations and make investment decisions for optimal results.

More needs to be done to simplify and integrate services and improve their accessibility, convenience, and ease of use. Government needs to manage service delivery channels—the Internet, telephone, mail and in-person service—as an integrated suite to provide cost-effective and responsive services.

Internally, because the government's administrative services evolved in response to individual programs within departments and agencies, most back-end systems cannot share information, even when they perform similar functions. Currently, only five per cent of information technology services are common across government. While the government has reduced the total number of different systems it uses, there are still 14 separate systems that support human resources management and seven for financial and materiel management.

ACTION PLAN

Efforts to achieve responsive government are focussed in two areas:

- improving service and results for Canadians; and
- improving services within government.

Improving Service and Results for Canadians

Providing Seamless, Responsive Service

The Government of Canada offers a broad range of services to Canadians—as both individuals and businesses, at home and abroad. These include social and tax benefits, passports, services that minimize risks of crime and threats to national security, and services for youth and seniors. Because its services touch the lives of most Canadians, the government has made efforts to improve services. Canadians are clear in their service expectations: they want easy access to government, a choice in how they do so, and respectful and individual service in the official language of their choice. Accordingly, more needs to be done to meet these expectations, particularly to make services from a range of departments and agencies more readily available at one time and in one place.

> Canada Revenue Agency introduced 1) Netfile; 2) state-of-the-art call centres; and 3) a unique identifier for federal, provincial, and territorial governments to increase efficiency and reduce compliance costs for businesses in their information transactions with the Agency. These have been key in increasing citizen satisfaction ratings.

A commitment to service excellence will guide the improvement of services across all of government. In 2006, the government will publish a vision for the evolution of service delivery and propose a multi-year strategy to implement it. **Client satisfaction will remain a central focus.** To strengthen the performance relationship between service providers and their clients, **the government will establish service charters** that detail commitments to service quality for major areas of service delivery.

Service Canada is a significant step forward in implementing this service vision.

Officially launched in September 2005, Service Canada collaborates with federal departments and agencies and with other governments to bring services together in a way that is simple and convenient for citizens. Service Canada is designed to:

- **deliver seamless, citizen-centred** service by providing integrated, one-stop service based on citizen needs and helping deliver better policy outcomes;
- **enhance the integrity of programs** by building trust and confidence in the integrity of our social programs and by achieving savings in program payments;
- **work as a collaborative, networked government** by building whole-of-government approaches to service that enable information sharing, integrated service delivery, and strategic investment for the benefit of Canadians;

- **demonstrate accountable and responsible government** by delivering results for Canadians and government, and transparency in reporting; and

- **build a service excellence culture** by supporting our people with effective training and tools, encouraging innovation, and building leadership and capacity to provide citizen-centred service.

Service Canada has over 20,000 employees dedicated to providing responsive service in over 320 Service Canada centres across the country. These centres also provide free Internet access and help in navigating on-line services through http://www.servicecanada.gc.ca. Service Canada will also use outreach and third-party delivery **to double its points of service to provide rural, remote, and smaller communities—and more than 1.25 million Canadians—with better access** to services. Citizens will also benefit from a newly co-ordinated Service Canada national call centre network, which includes 1 800 O-Canada and 23 centres that Social Development Canada formerly operated.

> Service Canada provides Canadians with timely, informative, one-stop service in person, through the Internet, by telephone, and by mail.

Today, Service Canada offers services on behalf of a number of departments, including Passport Canada, Public Works and Government Services Canada, Human Resources and Skills Development Canada, Social Development Canada, Veterans Affairs Canada, Canadian Heritage, Canada Revenue Agency, and Agriculture and Agri-Food Canada. For example, Canadians can now submit passport applications in 23 Service Canada locations in addition to existing Passport Canada offices. Through pilot efforts, Service Canada has received more than 12,500 passport applications, and has achieved high levels of client satisfaction. Service Canada has published a service charter that outlines its current service commitments to Canadians. Over time, **more services will be delivered by Service Canada on behalf of other departments, as well as other levels of government, underpinned by an appropriate accountability regime**.

PROVIDING SEAMLESS, RESPONSIVE SERVICE

ACTIONS TAKEN

- Developed a common look and feel for all Government of Canada Web sites

- Made available on-line 130 of the most frequently used services

- Established Service Canada and trained front-line staff

- Launched Service Canada, including its service charter and Office of Client Satisfaction

- Introduced services from different departments through Service Canada centres (Passport Canada, Canada Revenue Agency, Human Resources and Skills Development Canada, Social Development Canada, Public Works and Government Services Canada, and Canadian Heritage)

- Completed a policy review to enhance the use of official languages in communications, services to the public, Web sites, and electronic communications

Responsive Service

- In 2006, publish a vision and strategy for the transformation of services and their delivery
- In 2006, establish a regime to strengthen service management through service charters and key performance indicators

Service Canada

- In 2006, create the Service Canada campus of the Canada School of Public Service to provide a learning program for service excellence
- In 2006, implement a strategy to double Service Canada points of service
- In 2006, establish collaborative service delivery agreements with provincial and territorial governments
- In 2006, publish the first annual Service Canada Performance Scorecard

Implementing Smart Regulation

The government is also working with stakeholders and citizens to build a more effective, predictable, and efficient regulatory system. The aim is to protect the health and safety of Canadians, ensure a sustainable environment, and create the conditions for an innovative and competitive economy.

Through its Smart Regulation initiative, the Government of Canada is:

- strengthening regulatory management through the development of a new policy and tools;
- improving co-ordination of regulation across the federal government, with other jurisdictions in Canada, and internationally; and
- implementing the principles of Smart Regulation in areas such as health, environmental sustainability, safety and security, Aboriginal prosperity and northern development, and business innovation and productivity.

Industry Canada's Paper Burden Reduction Initiative will cut red tape so that businesses can spend more time doing business and less time filling out forms.

IMPLEMENTING SMART REGULATION

ACTIONS TAKEN

- Commissioned advice from the External Advisory Committee on Smart Regulation
- Released the first *Smart Regulation: Report on Actions and Plans*
- Solicited input from stakeholders on major regulatory issues

NEXT STEPS

- In 2005, release the second *Report on Actions and Priorities* to highlight progress and accomplishments
- In 2006, complete cross-country public consultations and finalize the *Government Directive on Regulation*
- In 2006, establish a regulatory advisory body to monitor the implementation of Smart Regulation

Tailoring programs to client needs

To improve access and achieve meaningful results in key policy areas, the government will be more **client-focussed in the design and management of its programs and services**, and will report on their performance on a whole-of-government basis.

For example, the government currently provides approximately 300 programs to Aboriginal Canadians through 32 departments and agencies. Furthermore, Aboriginal organizations must submit over 60,000 reports annually to government—a burden that diminishes their capacity to pursue improvements in their communities. In collaboration with Aboriginal organizations, the government is examining ways to streamline administrative processes and compliance requirements without compromising the rigour of oversight. It will also review the mechanics of programs (such as terms and conditions) for other key client groups.

Improving Services Within Government

Improving the government's services, programs, and regulatory process requires effective internal operations—the administrative, financial, human resources, and information technology support upon which public service employees depend to do their work.

TAILORING PROGRAMS TO CLIENT NEEDS

ACTIONS TAKEN

- Gathered information on spending in three areas: Aboriginal programs, public security and anti-terrorism, and climate change

NEXT STEPS

- In 2005, report spending on all federal programs directly targeted to Aboriginal peoples, broken out as applicable to Inuit, Métis, or First Nations groups
- In 2006, complete a review of climate change programming
- In 2008, report to Parliament on spending and performance of climate change programs

Implementing Shared Internal Services

A responsive government is connected. It shares more of its "back office"—the operations and infrastructure that, historically, departments and agencies have operated on their own. Doing so will reduce overall administrative and transaction costs and produce better results for internal clients. Therefore, the Government of Canada is moving toward **standardizing business processes and how information is defined, catalogued, protected, and made available** for use and re-use. These efforts, in turn, will produce the timely and accurate information needed for effective decision making.

Shared Service Organizations

The government spends more than $11 billion annually in corporate administrative services such as human resources (HR), materiel management, and financial management, and on information technology (IT) services. **Shared service organizations (SSOs)** that provide departments and agencies with many of these services **have the potential to increase cost-effectiveness and efficiency**.

To ensure that it manages risks, and tests and validates its approach, the **government will proceed with SSO implementation in phases**, with waves of departments and agencies moving to SSOs over several years.

For example, the government is currently actively preparing **a first wave of central agencies and science departments for shared corporate and administrative services**. This approach will enable government to identify best practices as it converts progressively larger organizations to the SSO model. While, over time, the more efficient provision of corporate and administrative services will require less work, proper planning and the phased multi-year approach will allow government to use attrition to minimize the impact on employees. The objective is not to lay off employees. Furthermore, employees will have opportunities to help shape the implementation strategy, and government will ensure the timely provision of the training they may require to adjust to the changes.

> Canada Revenue Agency is currently providing common administrative services to Canada Border Services Agency through integrated enterprise resource planning (ERP), finance, and HR systems and a growing range of finance and HR-related self-service options for managers and employees, as well as IT desktop services to 10,000 employees in the National Capital Region.

The government will begin to standardize information definitions and develop consistent system solutions for administrative services throughout 2006 and 2007. This groundwork will allow it to make decisions on its approach to shared services, including the first wave of departments and agencies, the pace of the transition, the combination of administrative services that SSOs could provide, and the implications for services in 2007 and 2008.

> Integrated, streamlined, and common internal administrative systems and processes allow the government to improve services, decisions, and results.

The government is assessing a second SSO to provide IT services, starting with government-wide desktop computing and data centre services. The potential exists to move departments and agencies to the IT-SSO in phases beginning in 2006.

IMPLEMENTING SHARED INTERNAL SERVICES
ACTIONS TAKEN

- Completed reviews of corporate administrative services and strategies to improve the management of IT

- Launched feasibility work for SSOs in both areas

- The Secure Channel, the government's reliable telecommunications network that provides secure, on-line access to services, is fully operational

NEXT STEPS

- In 2005, finalize multi-year strategies for internal service transformation for consideration by the Treasury Board

- In 2006, confirm the initial common HR, finance, materiel, and IT (including Secure Channel) services and the potential first wave of departments and agencies that could receive them

- In 2007–08, potentially deliver shared services to the first wave of departments and agencies

Improving procurement and real property management

As highlighted in Budget 2005, the government will adopt a system-wide approach to key aspects of materiel, asset, project, and procurement management—areas where it can realize significant efficiencies. The government will **consolidate its purchasing** to leverage its buying power, receive the best prices, and reduce administrative and reporting costs.

The government will be more efficient in meeting the needs of managers and of departments and agencies. For example, it will rigorously **manage the unit cost of supplies** and track purchase volumes to achieve efficiencies. It will **bring the average level of space utilization more in line with private-sector benchmarks**, improve leasing strategies to ensure better use of lower-cost accommodation, and adopt measures to lower the cost of project management. It will redirect these savings, in turn, to priorities and improvements to its operations.

IMPROVING PROCUREMENT AND REAL PROPERTY MANAGEMENT

ACTIONS TAKEN

- Completed a review of the government's capital assets

- Implemented initial measures to reform management of assets and acquired services, including:
  - pilot projects
  - new procurement policies
  - publication of standards
  - improved certification regime
  - training courses and tools

NEXT STEPS

- In 2006, implement pilot projects for a new approach to capital funding proposed in the capital assets review

- In 2006, implement updated government-wide systems in phases to support monitoring, reporting, and expanded disclosure of contracts on the Web

- In 2006, implement the certification program for specialists in procurement and materiel management

- In 2007–08, implement new policies in phases to establish stronger management controls across government and strengthen Treasury Board oversight of investments and of complex or high-risk issues

Conclusion

A responsive government serves Canadians and manages itself as one connected organization with various parts. A whole-of-government approach to programs and services, both internal and external, aligns departments and agencies and promotes co-ordination with other levels of government and the private and not-for-profit sectors. Better government-wide planning and management helps individuals and businesses gain seamless access to services centred on their needs, without having to negotiate a myriad of disconnected structures. Improved management and efficiencies are achieved with more shared services.

4 INNOVATIVE GOVERNMENT

To become more innovative, the Government of Canada will:

- ensure that a professional public service is adaptable, with the competencies, tools, and values needed to achieve excellence in all facets of public administration; and
- gather and share high-quality information in support of decisions to invest and realign expenditures to emerging priorities.

THE CHALLENGE

Over several decades, governments in most modern democracies have been challenged to be truly innovative, while maintaining responsible stewardship of public resources. Doing so requires, first and foremost, a public service that can assess spending, challenge inefficient processes, evaluate and report on program performance, and operate transparently. It also requires the good management and strong organizational performance that ultimately depend on people. The government needs to invest in the skills of its current workforce and to recruit talent that reflects the diversity of the public that government serves. The success of the government's management improvement agenda will rely heavily on the talent and knowledge of public service employees—and on their dedication to serve the public good.

Innovation will also require better expenditure management systems. The typical pattern has been for budgets to grow with every newly identified priority, until a tipping point is reached and radical, often painful reductions in government spending are needed. However, responding to 21st-century issues—public security is a good example—requires sustained commitments that are possible only when government brings long-term stability to its budgets and has the appropriate performance information at hand to determine where investments are delivering results.

ACTION PLAN

Efforts to achieve innovative government are focussed in two areas:

- investing in public service employees; and
- results-driven expenditure management.

Investing in public service employees

Public service employees are at the heart of an innovative government. Through their professionalism, commitment, creativity, and leadership, they will drive the modernization agenda and make it work. To succeed, the government will **provide all employees with the training and tools they need** to do their jobs and support them with career-long learning and development opportunities. Knowledge and skills will be enhanced at all levels, innovation championed, and good

performance rewarded. The government will be an inclusive employer whose workforce reflects Canada's diversity and respects official language rights. A new generation of public service employees will be recruited who bring with them new ideas and experiences and who challenge established ways of doing things.

To these ends, the government will:

- complete the implementation of the *Public Service Modernization Act* (PSMA) and ensure it produces sustainable benefits;

- implement a more strategic approach to human resources planning and recruitment to address departmental and government-wide requirements in key priority areas; and

- provide a targeted approach to learning that increases opportunities for public service employees to learn and develop their knowledge, skills, and professionalism throughout their careers.

Completing PSMA implementation

By the end of December 2005, the government will complete implementation of the PSMA with the enactment of the new *Public Service Employment Act* (PSEA). The PSEA will **give managers at all levels greater responsibility for recruiting highly qualified individuals when and where they are needed**—a key success factor for a more innovative government. The PSEA will also make

> Managers have the flexibility to hire the people they need while upholding the highest values of integrity and merit.

managers answerable for the impact of their decisions, rather than merely for the process they followed. In addition, by January 1, 2006, to support the effective implementation of PSEA, the **new Public Service Staffing Tribunal** will be fully operational to provide employees and employers with a fair, efficient, and independent resolution of employees' complaints related to internal appointments and lay-offs; the Public Service Commission of Canada will begin to fulfil its new mandate; and all departments and agencies will exercise their new roles and responsibilities with proper new staffing policies and tools.

The government will also **update its job classification system** to align it with marketplace realities, treat work performed by women and men equitably, and facilitate career development and mobility. By early 2009, the government will have a **streamlined classification system** in place to support faster and more effective staffing. Building on lessons learned from past experience, the government will:

- review classification standards for all occupational groups;

- simplify and clarify its classification policies and guidelines;

- strengthen support for classification specialists through better training and tools; and

- make further improvements to the monitoring of and reporting on the performance and costs of its classification system.

At the same time, the government will continue to support the PSMA components that are already in place, such as the *Public Service Labour Relations Act*, which came into force on April 1, 2005, to encourage bargaining agents and management to find innovative solutions to human resources (HR) issues and workplace disputes.

COMPLETING PSMA IMPLEMENTATION

ACTIONS TAKEN

- Established the Public Service Human Resources Management Agency of Canada to modernize and foster excellence in HR management and accountability

- Tabled, received Royal Assent for, and began implementation of the PSMA, including:
  - amending the *Financial Administration Act* to clarify roles and responsibilities for HR management and accountability
  - implementing the new *Public Service Labour Relations Act* for more collaborative and productive labour-management relations

NEXT STEPS

- In 2005, bring into force the new PSEA to complete PSMA implementation

- In 2005, complete the establishment of the new Public Service Staffing Tribunal

- By 2009, complete classification reform

Implementing a more strategic approach to HR planning and recruitment

To support the more flexible staffing system resulting from the PSEA and strengthen accountability, the government will link sound HR planning to business planning. By 2006, the government will **ensure that all departments and agencies integrate HR and business planning**, with the support of more timely and reliable HR research, information, tools, and expertise from central agencies. This will allow for better forecasting of HR needs and better integration of HR requirements in departmental business plans.

Departmental HR planning and recruitment will be facilitated centrally to address common needs in priority areas.

Government will have in place integrated HR accountability systems, using common HR outcomes and indicators linked to the people component of the Management Accountability Framework (MAF). Starting in 2006, the government will report to Parliament on the state of HR management across the Public Service.

Furthermore, to help departments and agencies recruit and develop highly qualified individuals, the government will pursue efficient ways to recruit in common priority areas that serve the government as a whole. This will **support a more inclusive public service that will draw talents from all regions across the country**. The government will begin to implement this approach in 2007 to complement the increased flexibility provided by PSMA for departments and agencies to recruit the specific skills they need.

Finally, the government will update the manner in which public service employees are compensated. A competitive, equitable, and affordable compensation system is essential if the Public Service is to

attract, reward, and retain people with the talent and skills it needs from across the country. The government has initiated a **comprehensive review of compensation**. Once completed, the government will update its strategic approach to compensation to make it consistent with the increased responsibilities and accountabilities of a more transparent and performance-oriented management regime.

IMPLEMENTING A MORE STRATEGIC APPROACH
TO HR PLANNING AND RECRUITMENT

ACTIONS TAKEN

■ Established the Deputy Ministers' Committee on Human Resources Planning and Recruitment

■ Introduced new and enhanced HR planning tools to support analysis of future needs

■ Completed a recruiting environmental scan

NEXT STEPS

■ By 2006, ensure that HR and business planning are integrated across government

■ By 2007, develop an HR planning and recruitment strategy, including a diagnosis of current and future needs and solutions that complement departmental recruitment strategies in addressing common priority areas

Enriching public service professionalism, competencies, and knowledge through learning and development

A government committed to innovation supports its employees in career-long learning. The government will put in place immediately a new learning framework to foster:

■ individual capacities to do the job, to be ready for the next job, and to lead change;

■ organizational leadership for transformation inside the Public Service and in all aspects of service to Canadians; and

■ innovation to keep the Public Service at the leading edge of public-sector management.

The Public Service needs the right mix of people to get the job done; to this end, the government will begin to recruit and develop staff in priority areas, including chief financial officers, chief audit executives, and procurement, materiel management, and HR specialists.

Against the backdrop of these priorities, the government will focus this new learning investment on the specific needs of three groups of public service employees:

■ the *new employees*, who are the future of the Public Service and who must begin their careers the right way, with a clear understanding of the special role and expectations of public service employees; therefore, starting in 2006, within two months of being hired, new employees will attend an orientation program designed to convey an introduction not only to government, but also to the values and ethics of public service;

■ the *functional financial, audit, procurement, materiel management, and HR specialists*, on whom an effective public service depends so much to achieve the balance of efficient program delivery

and compliance and who will have access to specialized training programs to support professional development and certification; and finally

- *supervisors at all levels*, who bear particular responsibilities for organizational leadership and for important authorities granted to them in financial and HR management and who will receive focussed training and leadership development programs.

To strengthen its capacity in both official languages, the government will also develop and implement an **action plan to make language training more effective**. In turn, the Public Service Commission of Canada will adopt a **new approach to language testing** as soon as possible that will incorporate the best practices of second-language assessment. This approach will include a procedure for reviewing cases of multiple failures, better assessing the oral skills of candidates with special difficulties, and incorporating research on best practices in second-language assessment.

As deputy ministers assume new HR management responsibilities under the PSMA, they will **implement learning strategies for their organizations**. To guide these efforts and ensure that public service learning and development objectives are met, central agencies will establish minimum knowledge standards and learning requirements to provide public service employees with the guidance they need to pursue continuous learning.

Furthermore, the *Code of Conduct for the Public Sector* and the *Charter of Values of Public Service* will embody the core values and reflect the professionalism of public service employees. They will set standards for performance and conduct and the government will provide training to ensure that these standards are maintained.

ENRICHING PUBLIC SERVICE PROFESSIONALISM, COMPETENCIES, AND KNOWLEDGE THROUGH LEARNING AND DEVELOPMENT

ACTIONS TAKEN

- Established the Canada School of Public Service to ensure leading-edge learning programs for a highly skilled and professional workforce

NEXT STEPS

- In 2005, develop the new Learning Policy Framework

- In 2006, begin implementing programs to recruit and develop staff in priority areas

- In 2006, launch new training requirements, including orientation for new public service employees, training on the use of delegated authorities, and specialized training for functional groups

- In 2006, develop and implement an action plan for language training and for the Public Service Commission of Canada to develop a new approach to language testing

Results-driven expenditure management

Improved expenditure management through better information management

To improve the manner in which it relates spending to results achieved, the government developed the *Management, Resources, and Results Structure Policy* (MRRS) to require departments and agencies to implement structures that **link programs and activities to the high-level strategic outcomes** of organizations and document substantial information on resource expenditures and

results. All organizations that rely on parliamentary appropriations began implementing MRRS in 2005 and government will accelerate progress in the coming period. These structures will support a government-wide approach to the collection and analysis of information on financial and non-financial results. This, in turn, will help the government better assess value for money, allocate resources, and report on performance.

The government has begun developing the **new Expenditure Management Information System** (EMIS) to collect the information that the MRRS Policy requires. Over the next two years, this major systems change will automate key elements of expenditure management, including the process that generates the Main Estimates tabled in Parliament. The government will seek ways in which to **bring the expenditure plans in the Estimates more in line with those outlined in the budget** to better enable parliamentarians to track spending over the budget cycle. They will have a better appreciation of what the government intends to accomplish with new investments and will be able to check back more easily and hold the government to account.

As EMIS is phased in, beginning in 2006, the government will produce more consistent, accurate, and descriptive expenditure and performance information from across government. It will enable government to link expenditure and program performance information to priorities for better planning and reporting purposes.

> Allocation and reallocation of funding is based on a value-for-money evaluation of spending proposals, enabled by accurate and comparable financial and non-financial information.

A more strategic approach to expenditure management in horizontal priority areas

The government is developing an approach to expenditure management that will help it better set priorities, plan budgets, and allocate funds to ensure long-term stability. In support of this effort, it is making improvements to its expenditure management system to capture more accurate, consistent, and transparent performance information.

Furthermore, the government has increased its understanding of key horizontal issues, whether program-related or more administrative in nature. In Budget 2005, for example, it committed to **review all climate change programs**—12 federal organizations are currently delivering approximately 100 initiatives—before allocating new funds to ensure they go where they can do the most good and meet emission reduction targets. It will complete this review against a performance management framework in 2005 and provide recommendations to ministers on the allocation of the new funds starting in 2006. The performance management framework for climate change will also provide the basis on which future reallocation in this area is decided. This will be an important first step in allowing the government to reallocate its resources in relation to its overall objectives on a horizontal policy priority.

The government will also review a number of other priority areas with the same goals in mind: to increase transparency and deliver better results from its investments. These include **public security and anti-terrorism programs** to inform new security investments and reallocations in 2006; and **programming for Aboriginal Canadians** to improve socio-economic conditions in Aboriginal communities.

In short, the government is actively engaged in developing and promoting horizontal approaches to management in a way that supports accountability, responsiveness, and innovation. This will involve fundamental transformation of the way government works in areas such as service delivery, internal operations, and management of policies and programs. The creation of Service Canada and the resulting one-stop access to a range of programs and services provides the most visible example of horizontal management of service delivery. Under internal operations, the government intends to move forward with shared service delivery models that will streamline and standardize business processes and information systems to support whole-of-government decision making. Finally, significant progress is being made towards enhancing horizontal management of policies and programs at a systemic and sectoral level. Examples at a systemic level include implementation of the MRRS Policy and the Management Accountability Framework (MAF), which will provide a common government-wide approach to assess value for money, allocate resources, and report on performance. At a sectoral level, the government is evaluating the effectiveness of expenditure management in areas such as climate change and Aboriginal programming to develop common views on shared outcomes and track performance from a horizontal perspective.

As a necessary support to results-driven expenditure management, the government also intends to improve its capacity to evaluate the effectiveness of its programs. To improve value for money, lessons learned from program evaluations must become more directly linked to resource allocation decision making in central agencies and throughout the government. In 2006, the government will strengthen its evaluation policy and demand substantially improved program effectiveness information to support resource allocation and reallocation throughout the program base.

IMPROVED EXPENDITURE MANAGEMENT THROUGH BETTER INFORMATION MANAGEMENT – A MORE STRATEGIC APPROACH TO
EXPENDITURE MANAGEMENT IN HORIZONTAL PRIORITY AREAS

ACTIONS TAKEN

■ Reviewed and realigned programs and operations with priorities

■ Identified $11 billion for reallocation over five years and $1 billion annually

■ Introduced the *Management, Resources, and Results Structure Policy* (MRRS)

NEXT STEPS

■ In 2005, prepare expenditure management issues from a whole-of-government perspective for Treasury Board consideration

■ In 2006, renew the *Evaluation Policy* to reinforce program evaluation

■ In 2006, introduce systematic use of the expenditure and performance information system to support budget and reallocation processes

■ Through to 2007, implement and refine MRRS across government

■ Through to 2007, introduce phased development of a management information system

Conclusion

An innovative government is supported by highly qualified and knowledgeable public service employees who are equipped with modern tools, training, and opportunities for continuous learning. It has the right information at its disposal to review its operations, establish priorities, make intelligent investment and reallocation decisions, and deliver results. It pursues standardized processes and common systems to improve productivity. The Public Service is a learning organization dedicated to openness, innovation, responsible risk taking, and performance excellence.

5 CONCLUSION: ACCOUNTABLE GOVERNMENT, RESPONSIVE AND INNOVATIVE

There are obvious links across the three streams of accountable, responsive, and innovative government. Shaping policies, programs, and services to meet the interests of Canadians is critical to responsive government. A focus on citizen needs is not possible without a results-driven approach to expenditure and HR management called for under innovative government, nor without the oversight and control measures crucial to accountable government.

Taken together, the plan for action outlined in this management improvement agenda affects virtually every aspect of government activity and will result in significant reform. However, reforming government policies, programs, systems, and processes alone will not achieve our goal. One of the underlying tenets of the Canadian system of responsible government has always been that government must continually strive to serve Canadians with ethics and integrity in all it does.

Hence, restoring trust through demonstrating integrity and competence is a common theme to each aspect of the action plan:

- Programs and services will need to be managed in a way that makes them more relevant and coherent.

- They must also be delivered in a way that provides value for money and demonstrates good stewardship.

- Managers must openly and directly account for the performance of their programs, in keeping with the ethics and values of public service.

Management improvement of this scale will require sustained effort and, in due course, the necessary investment of resources to effect the transformation.

This agenda will affect every aspect of the government's operations. The government will fully inform and engage public service employees, whose enthusiasm for change is essential to success and whose commitment to professionalism and public service has been noteworthy.

The government will manage, oversee, and accomplish its agenda within reasonable time frames, taking an incremental and phased approach backed by the necessary resources. Many initiatives will take several years to reach their full potential, but only with steady effort in the short run will they happen at all. For these reasons, **an oversight committee of independent public- and private-sector leaders will be established to provide the president of the Treasury Board with advice on the measures taken to implement management improvements. The oversight committee will report annually on the government's progress in implementing these initiatives**.

Over the past two years, the House of Commons Standing Committee on Public Accounts and the Auditor General of Canada have made numerous recommendations and observations aimed at strengthening practices in public-sector management. The government has taken their views and suggestions into account in the development of this action plan. It will finalize its plans only after it receives the findings and recommendations of Mr. Justice Gomery and his Commission of Inquiry into the Sponsorship Program and Advertising Activities. Following the receipt of these recommendations and the government's review of them, the President of the Treasury Board will offer to appear before the Standing Committee on Public Accounts to provide further details, check the course taken by the government, and receive first-hand the views of parliamentarians.

The government recognizes that, ultimately, its success will be determined by how well its programs and services meet the needs of citizens; how satisfied Canadians are with the way it allocates its resources and accounts for its performance; and the pride public service employees have in their work and the trust Canadians have in them to do it well. In 2006, the government will begin to report annually on the state of its management practices. The report will detail the government's progress on the elements of its agenda and how they are helping meet the standards Canadians expect for competence and integrity in public-sector management.

Annex: Progress to Date on Management Improvement

The Government of Canada has entered a new and aggressive phase in its initiative to create an **accountable** government that is **responsive** and **innovative**. The comprehensive action plan presented above is an agenda for continuous management improvement.

The government has already laid much of the groundwork to rapidly implement this wide-ranging plan. Like other organizations both private and public, governments in Canada and around the world have had to adapt their management practices to respond to changing circumstances and new pressures. As a result of these and other efforts, the Government of Canada is in a good position to further improve public-sector management.

I. Progress to Date on Addressing Management Failures

The government has acknowledged recent management failures—specifically those concerning sponsorship and advertising activities—and taken steps to address them. To address the problems, the government:

- **cancelled the sponsorship program** in December 2003 and disbanded Communication Canada;

- produced the *Act to Amend the Canada Election Act and the Income Tax Act* (political financing), which came into force on January 1, 2004—the Act introduces **new limits on contributions to political parties,** extends disclosure measures, and introduces new public funding measures for political parties (see http://www.parl.gc.ca/37/2/parlbus/chambus/house/bills/government/C-24/C-24_4/C-24_cover-E.html);

- created the *Public Servants Disclosure Protection Act* in October 2004 to establish a legislated **mechanism for the disclosure of wrongdoing** in the public sector, including the protection of persons who disclose wrongdoing, following a commitment by the President of the Treasury Board in February 2004 to fully protect public service employees who came forward with information about the sponsorship scandal, even though Canada did not have whistleblower legislation in place at the time (see http://www.parl.gc.ca/common/Bills_ls.asp?Parl=38&Ses=1&ls=C11);

- **reformed the way government advertising is procured**, ensured that Canadians get better value for their money, and selected a new agency of record with a more clearly defined scope of work (see http://www.tbs-sct.gc.ca/pubs_pol/sipubs/comm/adv-pub/index_e.asp);

- committed to **providing Parliament with an annual report** on government advertising to increase transparency and accountability in this area;

- eliminated the Unity Reserve (see http://www.tbs-sct.gc.ca/report/orp/ur-ru/ur-ru_e.asp);

- appointed a special counsel **to recover funds that may have been misappropriated** and brought civil lawsuits against 19 defendants in March 2005 to recover $44.1 million (see http://www.tbs-sct.gc.ca/gr-rg/oag-bvg/media/commission_e.asp); and

- asked **Mr. Justice Gomery to inquire into what went wrong** in the management of the sponsorship program and advertising activities and why, and to recommend changes to prevent similar cases of mismanagement from arising in the future (see http://www.gomery.ca/en/).

II. PROGRESS TO DATE ON BUILDING ACCOUNTABILITY

1. The government has taken steps to **strengthen the role of Parliament and improve results-based reporting**. The government has:

- published *Ethics, Responsibility, Accountability: An Action Plan for Democratic Reform* and begun to explore ways to increase the role of members of Parliament, expand the role of committees in shaping legislation, and increase appearances by ministers before committees (see http://www.pco-bcp.gc.ca/default.asp?Language=E&Page=Publications&doc=dr-rd/dr-rd_e.htm);

- tabled an annual report to Parliament (*Canada's Performance*) that provides a high-level overview of how government's programs, expenditures, and performance help improve Canada's quality of life (see http://www.tbs-sct.gc.ca/report/govrev/04/cp-rc_e.asp);

- improved the consistency of the information it presents in the Estimates (see http://www.tbs-sct.gc.ca/media/nr-cp/2004/1104_e.asp);

- adopted full accrual accounting in the 2003 Public Accounts to further aid parliamentary oversight of government spending; and

- tabled annual reports from the clerk of the Privy Council to the prime minister that highlight priority issues in government management (see http://www.pco-bcp.gc.ca/default.asp?Language=E&Page=clerk&Sub=AnnualReports).

2. To help clarify the understanding of **ministerial and deputy ministerial responsibilities** and accountabilities, the government:

- strengthened, updated, and distributed guidelines for ministers and deputy ministers (see http://www.pco-bcp.gc.ca/default.asp?Language=E&Page=Publications&doc=guidemin/guidemin_e.htm and http://www.pco-bcp.gc.ca/default.asp?Page=Publications&Language=E&doc=gdm-gsm/gdm-gsm_doc_e.htm);

- updated the *Guidelines for Ministers' Offices* (see http://www.tbs-sct.gc.ca/pubs_pol/hrpubs/mg-ldm/gfmo_e.asp); and

- initiated reviews of the responsibilities and accountabilities of ministers and senior officials and non-compliance under the *Financial Administration Act*, following the tabling of the report of the Auditor General of Canada on the sponsorship program and advertising activities[7] (see http://www.tbs-sct.gc.ca/gr-rg/oag-bvg/media/stamaps-rtrgesp_e.asp).

3. The government has acted to **strengthen governance and accountability in Crown corporations** (see http://www.tbs-sct.gc.ca/report/rev-exa/gfcc-cgse_e.asp). Following the most

comprehensive review of Crown corporation governance in over 20 years, the government announced 31 new measures to:

- clarify the relationship between ministers and Crown corporations;

- strengthen accountability regimes;

- make the appointments process for chief executive officers and board members more transparent;

- strengthen audit regimes; and

- make the activities and operations of Crown corporations more transparent.

4. The government has also acted to **improve Treasury Board oversight**. It has:

- reformed its official languages policy framework (see http://www.tbs-sct.gc.ca/pubs_pol/hrpubs/OffLang/olpf-cplo_e.asp);

- begun to renew and streamline its management policies;

- introduced the Management Accountability Framework (MAF) to help clarify for deputy ministers expectations for management excellence (see http://www.tbs-sct.gc.ca/maf-crg/index_e.asp); and

- refined the use of MAF to assess departmental management capacity and linked MAF assessments to assessments of deputy ministerial performance and compensation.

5. To strengthen **financial management and internal audit**, the government:

- re-established the Office of the Comptroller General and appointed the new comptroller general of Canada (see http://www.tbs-sct.gc.ca/media/nr-cp/2004/0506_e.asp);

- outlined direction to strengthen control in the areas of responsibility of chief financial officers; and

- outlined direction to strengthen internal audit (see http://www.tbs-sct.gc.ca/media/nr-cp/2004/1118_e.asp).

6. A strong culture of **values and ethics** is fundamental to public service and essential for maintaining public trust in government. To this end, the government:

- introduced the *Conflict of Interest and Post-Employment Code for Public Office Holders* (see http://www.parl.gc.ca/oec/en/public_office_holders/conflict_of_interest/);

- communicated employee obligations under the *Values and Ethics Code for the Public Service* (see http://www.tbs-sct.gc.ca/pubs_pol/hrpubs/TB_851/vec-cve_e.asp); and

- established fully independent ethics commissioners in the House of Commons and Senate (see http://www.parl.gc.ca/oec/ and http://sen.parl.gc.ca/seo-cse/aboutus.html).

7. To **increase transparency**, the government has:

- implemented quarterly disclosure on departmental Web sites of the travel and hospitality expenses of ministers, parliamentary secretaries, political staff, and senior public service employees;

- implemented quarterly disclosure on departmental Web sites of departmental goods and services contracts over $10,000 in value;

- implemented quarterly disclosure on departmental Web sites of departmental re-classifications of public service positions (see http://www.tbs-sct.gc.ca/pd-dp/index_e.asp); and

- extended coverage of the *Access to Information Act* to 10 additional Crown corporations (see http://laws.justice.gc.ca/en/A-1/8.html).

III. PROGRESS TO DATE ON IMPROVING RESPONSIVENESS

1. The government has responded to citizen priorities for **service improvement**. It has:

- successfully completed the Government On-Line initiative and made 130 of its most commonly used services available on the Internet—Canada has been recognized as the world leader in e-government for five years in a row[8] (see http://www.gol-ged.gc.ca/index_e.asp);

- increased client satisfaction with government services through the Service Improvement Initiative (see http://www.tbs-sct.gc.ca/si-as/index_e.asp);

- adopted measures to reduce wait times in offices and improve the quality of telephone service;

- launched Service Canada to provide Canadians with one-stop access to information and services from a range of departments and agencies[9] (see http://www.servicecanada.gc.ca/en/home.html); and

- updated policies on the use of official languages in communications, services to the public, Web sites, and electronic communications.

2. To protect **the health and safety of Canadians, ensure a sustainable environment, and create the conditions for an innovative and competitive economy**, the government:

- launched Smart Regulation, working with stakeholders and citizens to build a more effective, predictable, and efficient regulatory system (see http://www.regulation.gc.ca/default.asp?Language=E&Page=Home);

- commissioned advice from the External Advisory Committee on Smart Regulation and stakeholders on major regulatory issues (see http://www.pco-bcp.gc.ca/smartreg-regint/en/index.html); and

- released *Smart Regulation: Report on Actions and Plans*, the first in a series of regular updates (see http://www.regulation.gc.ca/default.asp?Language=E&Page=report).

3. To increase the **efficiency and effectiveness** of its internal operations, the government:

- reviewed a number of core operations, such as capital assets management, procurement and contracting processes, and information technology management (see http://www.tbs-sct.gc.ca/spsm-rgsp/wtisc-vpsac_e.asp);

- completed essential analytical and planning work to pave the way for more efficient corporate administrative systems and services (see http://www.tbs-sct.gc.ca/spsm-rgsp/cas-sam/cas-sam_e.asp and http://www.tbs-sct.gc.ca/spsm-rgsp/gor-eog/itsr-est_e.asp);

- evaluated the benefits of a common approach and examined the potential of having single organizations provide key internal administrative and information technology services to departments and agencies;

- made fully operational the Secure Channel, a reliable telecommunications network that provides secure, on-line access to services (see http://www.pwgsc.gc.ca/text/factsheets/secure_channel-e.html); and

- implemented initial measures to reform management of assets and acquired services, including pilot projects, new procurement policies, publication of standards, an improved certification regime, and improved training courses and tools.

IV. PROGRESS TO DATE ON STIMULATING INNOVATION

1. In the area of human resources (HR), the government has begun to clear away layers of complex rules and burdensome processes to **make the Public Service more agile and more open**. The government:

- introduced the *Public Service Modernization Act* in 2003, the most significant change to HR legislation in four decades (see http://laws.justice.gc.ca/en/P-33.4/98002.html);

- amended the *Financial Administration Act* to clarify roles and responsibilities for HR management and accountability (see http://laws.justice.gc.ca/en/f-11/text.html);

- implemented the new *Public Service Labour Relations Act*, which will help the government to build more collaborative and productive relations between management and labour (see http://laws.justice.gc.ca/en/P-33.3/);

- established the Public Service Human Resources Management Agency of Canada, including a centre of excellence on the integration of HR and business planning (see http://www.hrma-agrh.gc.ca/index_e.asp and http://publiservice.psmod-modfp.gc.ca/index_e.asp); and

- established the Canada School of Public Service to ensure leading-edge learning programs for a highly skilled and professional workforce (see http://www.myschool-monecole.gc.ca/main_e.html).

2. To ensure **disciplined and responsible management of public expenditures** through ongoing reviews of programs, the government:

- **reviewed its spending** and freed up $1 billion per year from annual spending and redirected it to promote economic growth and social progress (see http://publiservice.tbs-sct.gc.ca/media/nr-cp/2003/0929_e.asp); and

- identified efficiencies in government operations to free up another $11 billion over five years beginning in 2005–06 to direct towards emerging needs (see http://www.fin.gc.ca/budget05/booklets/bkexpe.htm).

3. To strengthen **the reliability and credibility of information** upon which to base decisions, achieve value from spending, and support financial accountability, the government:

- approved the introduction of the Expenditure Management Information System (EMIS)—a framework of common, government-wide business processes and information standards that will

deliver integrated financial and non-financial information (see http://www.tbs-sct.gc.ca/emis-sigd/index_e.asp); and

- introduced the *Management, Resources, and Results Structure Policy* to develop a common, government-wide means of relating spending to results achieved that will enable it to make better comparisons across programs and of their effectiveness (see http://www.tbs-sct.gc.ca/pubs_pol/dcgpubs/mrrsp-psgrr/mrrsp-psgrr_e.asp).

Notes

1. Henry Mintzberg. "Managing Government—Governing Management." In: *Harvard Business Review*, May-June 1996, pp. 75–83.

2. Organisation for Economic Co-operation and Development. *E-Government for Better Government,* 2005, p. 3.

3. "Strengthening Transparency, Accountability and Management Across the Public Sector," Treasury Board of Canada Secretariat, Press Release, February 10, 2004. See *Matters of Special Importance—2003.* Report of the Auditor General of Canada. Ottawa: Queen's Printer, November 2003. The report was tabled on February 10, 2004.

4. Report of the Auditor General of Canada. *Matters of Special importance—2004.* "Main Points," p. 6, paragraph 30.

5. The 10 additional Crown corporations brought under the *Access to Information Act* in 2005 are Canada Development Investment Corporation, Canadian Race Relations Foundation, Cape Breton Development Corporation, Cape Breton Growth Fund Corporation, Enterprise Cape Breton, Marine Atlantic Inc., Old Port of Montréal, Parc Downsview Park, Queens Quay West Land Corporation, and Ridley Terminal Inc.

6. The additional seven Crown corporations that will be brought under the *Access to Information Act* in 2006 are Via Rail, National Arts Centre, Canadian Broadcasting Corporation, Export Development Canada, Canada Post Corporation, Atomic Energy of Canada Limited, and Public Sector Pension Investment Board.

7. These reviews may be found at http://www.tbs-sct.gc.ca. The government has incorporated the central conclusions and recommendations of these reviews into the action plan laid out in this document, and the reviews have been published as companion documents.

8. Accenture. *eGovernment Leadership: High Performance, Maximum Value*, 2004.

9. These organizations include Passport Canada, Canada Revenue Agency, Human Resources and Skills Development Canada, Social Development Canada, Public Works and Government Services Canada, and Canadian Heritage.