

Treasury Board of Canada Secretariat

2006–07

A Report on Plans and Priorities

John Baird
President of the Treasury Board

© Her Majesty the Queen in Right of Canada,
represented by the President of the Treasury Board, 2006

Catalogue No.

ISBN

This document is available on the Treasury Board of Canada Secretariat
website at www.tbs-sct.gc.ca

This document is also available in alternate formats on request.

Table of Contents

Section I—Overview	1
President's Message	2
Management Representation Statement	4
Summary Information	5
Overview	7
The Treasury Board	7
The Treasury Board portfolio	8
The Secretariat	8
The Office of the Comptroller General	9
Operating environment	10
Departmental Plans and Priorities	13
1. Strengthening governance, accountability, and management practices	15
2. Strengthening results-oriented expenditure management	25
3. Enhancing the internal management of the Secretariat	29
Section II—Analysis of Program Activities by Strategic Outcome	34
Strategic Outcome	35
Rigorous stewardship of public resources to achieve results for Canadians	35
Analysis by Program Activity	35
Management and expenditure performance	35
Comptrollership	36
Centrally managed funds	37
Government contingencies (Secretariat Vote 5)	37
Government-wide initiatives (Secretariat Vote 10)	37
Public service compensation (Secretariat Vote 15)	38
Public service pensions, benefits, and insurance (Secretariat Vote 20)	38

Section III—Office of the Comptroller General	39
Mandate	40
Strengthening internal audit	40
Strengthening financial management	41
Capacity building and community development for the financial management and internal audit communities	42
Section IV—Supplementary Information.....	44
Organizational Information	45
Section V—Other Items of Interest.....	56
Overview of Changes to the Secretariat’s PAA for 2007–08	57

Section I—Overview

President's Message



As President of the Treasury Board, I am pleased to present the Treasury Board of Canada Secretariat (the Secretariat) report on plans and priorities for 2006–07.

On January 23, 2006, Canadians sent a message and made it clear that they expect a government that is accountable and gets results for their tax dollars. Through its commitment to accountability and effective expenditure management, this government will work to rebuild the trust of Canadians in their government.

The key priorities of the Secretariat in support of this commitment are as follows.

Enhancing governance, accountability, and management practices

The Secretariat's first priority is to support the government in its efforts to enact and implement the *Federal Accountability Act* in order to ensure more effective and accountable government for all Canadians. The Act and its associated Federal Accountability Action Plan will strengthen governance, accountability, and management practices across the federal public sector, streamline administration in key areas, and make the public sector more effective and efficient.

Furthermore, accountabilities and responsibilities for senior managers will be clarified, and better tools, processes, and information practices will be put in place to improve management oversight and practices.

Strengthening results-oriented expenditure management

Accountable government also requires fiscal responsibility. To strengthen expenditure management, the Secretariat will review the government's expenditure management system and work to improve the quality of information available to the Treasury Board to support sound expenditure and financial management decisions. Additionally, as announced in Budget 2006, the government will be identifying expenditure savings of \$1 billion.

In pursuing these two initiatives, the Secretariat will work to set an example by ensuring continuous improvement to its own internal operations in accordance with the *Management Accountability Framework* and by providing better support to the Treasury Board regarding management and expenditure management oversight.

Together, these initiatives will be instrumental in helping to realize the government's goal of achieving a more effective and accountable government—one committed to ongoing improvement based on performance—while ensuring that the government as a whole is well managed and accountable and that resources are allocated to achieve results.

I encourage all Canadians, parliamentarians, and federal public service employees to read this report.

The Honourable John Baird, P.C., M.P.
President of the Treasury Board

Management Representation Statement

I submit for tabling in Parliament, the 2006–07 report on plans and priorities (RPP) for the Treasury Board of Canada Secretariat (the Secretariat).

This document has been prepared based on the reporting principles contained in *Guide for the Preparation of Part III of the 2006-2007 Estimates: Reports on Plans and Priorities and Departmental Performance Reports*.

It adheres to the specific reporting requirements outlined in the guidance provided by the Secretariat:

- ▶ it is based on the department's approved 2006–07 Program Activity Architecture structure as reflected in its Management, Resources, and Results Structure;
- ▶ it presents consistent, comprehensive, balanced, and accurate information;
- ▶ it provides a basis of accountability for the results achieved with the resources and authorities entrusted to it; and
- ▶ it reports finances based on approved planned spending numbers from the Secretariat in the RPP.

Wayne Wouters
Secretary of the Treasury Board

Summary Information

Raison d'être: The raison d'être of the Treasury Board of Canada Secretariat (the Secretariat) is to ensure that government is well managed and accountable and that resources are allocated to achieve results. The functions performed by the Secretariat have a direct impact on governance, accountability, and the quality of public sector management, as well as an indirect impact on the efficiency and effectiveness with which the government's programs and services are delivered.

Financial Resources (\$ thousands)

2006–07	2007–08	2008–09
\$2,604,346	\$2,748,876	\$2,989,616

Human Resources (FTEs)

2006–07	2007–08	2008–09
1,351	1,338	1,328

Departmental Priorities

Strategic Outcome:		
Rigorous stewardship of public resources to achieve results for Canadians.		
Priority	Type	Resource Implications ¹
1. Enhance Governance, Accountability and Management Practices		
1.1. Trust and confidence in government are enhanced through the implementation of the <i>Federal Accountability Act</i> and supporting measures, and through improved reporting to Parliament	New	The Secretariat will implement numerous measures in support of the <i>Federal Accountability Act</i> over the next year. While the Secretariat is meeting some of these costs through internal reallocation of resources, the initiatives will require, as set out in Budget 2006, additional funding of \$4.2 million in 2006–07, \$3.4 million in 2007–08, and \$2.7 million in 2008–09.
1.2. Responsibilities of deputy heads are clarified—streamlining policy guidance while strengthening accountability and efficiency—through the renewal of the Treasury Board policy suite	Updated commitment	The policy suite renewal project office was established in 2005–06 to coordinate the renewal initiative is internally funded at \$1.2 million per year. Additional costs, within the Secretariat's various policy sectors, will be met through reallocation of existing resources.

1. For a detailed breakdown of all Secretariat resources by program activity, please refer to Section II.

1.3 Management oversight is improved across government through the use of better tools, processes, and information	Updated commitment	This initiative is being funded within existing resources levels. Continued refinement of the Management Accountability Framework (MAF) will require realignment of effort across the Secretariat and will be funded through reallocation of existing resources.
1.4 Financial management and auditing capacity and practices across the Government of Canada are enhanced	Updated commitment	This initiative will require sustained effort by the Office of the Comptroller General (OCG) over the next few years. Costs are currently being met from within the OCG's existing resources.
1.5 Management performance is strengthened through the development of strategies and tools to support service transformation	Updated commitment	The Transformation Alignment Office, established in 2006–07, is funded, through reallocation of existing resources, at \$1.5 million for fiscal years 2006–07 and 2007–08. Additional costs across the Secretariat are currently being addressed through existing resources in various sectors.
2. Strengthening Results-oriented Expenditure Management		
2.1 Leadership is provided in reviewing the government's expenditure management system and strengthening the role of the Treasury Board	Updated commitment	Costs of this initiative are being met through realignment of effort across the Secretariat, in particular, from within the Expenditure Management Sector.
2.2 Results-based management and information on programs and spending across government is improved	Updated commitment	The Secretariat has allocated \$5.6 million to continue the development and implementation of the Expenditure Management Information System. Additional costs are being met through realignment of effort across the Secretariat, in particular, from within the Expenditure Management Sector.
3. Enhancing the Internal Management of the Secretariat		
3.1 Secretariat support to the Treasury Board is strengthened through the adoption of a renewed approach to Treasury Board operations	New	Enhancing the Internal Management of the Secretariat will require realignment of effort across the organization, in particular, within corporate services and corporate priorities and planning. All costs are being met within existing resource levels.
3.2 Internal management practices are improved in response to the Secretariat's MAF-based assessment and the survey on workplace well-being	New	

Overview

This report on plans and priorities is the Secretariat's key planning and priority-setting document for 2006–07. The report provides an overview of the role of the Treasury Board and its Secretariat and outlines the issues and challenges that the Treasury Board and the Secretariat are facing in delivering on their mandate to strengthen accountability and performance across government.

The Treasury Board

The Treasury Board is a Cabinet committee of the Queen's Privy Council for Canada. It was established in 1867 and given statutory powers in 1869.

As the general manager of the public service, the Treasury Board has two main functions:

- ▶ ensuring that clear standards, expectations, and requirements for public sector management are established and monitored; and
- ▶ managing the government's expenditures, examining and approving the proposed spending plans of government departments, and reviewing the performance of approved programs and spending to ensure that resource allocation is optimized to achieve results for Canadians.

The Treasury Board's powers and responsibilities are set out in various pieces of legislation, regulations, orders in council, policies, guidelines, and practices. While the primary statute setting out the legislative authorities of the Treasury Board is the *Financial Administration Act*, there are over 20 other contributing statutes.

The Treasury Board has a number of instruments at its disposal to fulfill its responsibilities. It oversees a suite of management policies that set the performance expectations of the government. It scrutinizes and approves all Treasury Board submissions from departments and, through the Treasury Board submissions process, provides departments with authority to expend funds in accordance with government policies and priorities. The Treasury Board also sets standards for a range of reports to Parliament, determines compensation, approves terms and conditions of employment, and manages the various pension and benefit plans provided for public service employees.

The Treasury Board portfolio

A portfolio of organizations, listed below, supports the Treasury Board in fulfilling its mandate.

- ▶ The Secretariat, which supports the Treasury Board by providing advice to Treasury Board ministers on the management and administration of government, by overseeing government management performance and expenditure and financial management, by managing compensation, pensions, benefits, and labour relations, and by fulfilling the statutory responsibilities of a central government agency;
- ▶ The Public Service Human Resources Management Agency of Canada, which supports the Treasury Board by bringing together most human resources (HR) management functions, including HR planning and accountability, the implementation and management of the *Public Service Modernization Act*, the management and reform of the classification system for the public service, the development and implementation of employment policies, leadership, values and ethics, employment equity and diversity, and official languages; and
- ▶ The Canada School of Public Service, which supports the Treasury Board by ensuring that public service employees have access to the common learning tools they need to serve Canadians effectively.

The Secretariat

The mission of the Secretariat is to ensure that government is well managed and accountable and that resources are allocated to achieve results. In fulfilling this mission, the Secretariat plays two key central agency roles in relation to the various government departments, agencies, and Crown corporations:

- ▶ an oversight role, which includes setting policies and standards, monitoring, and reporting on overall management and budgetary performance within government; and
- ▶ an enabling role, which includes acting as an agent of change to help departments and agencies improve management performance across government.

Key responsibilities of the Secretariat include:

- ▶ **Management policy development and oversight.** Through this activity, the Secretariat sets expectations, tracks performance, and leads the management of horizontal operations in key areas of government, including:
 - HR and compensation management
 - Service, technology, and information management
 - Assets and acquired services (including contracting and procurement)
 - Financial management and internal audit; and

- ▶ **Expenditure management and financial oversight.** Through this activity, the Secretariat provides assurance of probity and value-for-money by:
 - assessing government operations, programs, and services at the departmental and whole-of-government level
 - advising the government on how to allocate and reallocate resources to achieve government priorities and objectives
 - tracking and reporting expenditures and management performance to Parliament.

The Secretariat also works to support the Treasury Board in its role as the employer of the public service by conducting labour-management relations and compensation operations, managing public service pension and benefits policies and programs, and supporting implementation of the labour-management components of the *Public Service Modernization Act* and the *Public Service Labour Relations Act*. These employer-related functions support the two key responsibilities of the Secretariat noted above: management policy development and oversight and expenditure management and financial oversight.

In addition, recent changes to the organization of government have added two new responsibilities to the Secretariat for 2006–07.

- ▶ The Toronto Waterfront Revitalization Initiative, transferred from Citizenship and Immigration Canada. Under this initiative, the Secretariat manages a grants and contributions program focussed on investments in infrastructure and urban renewal. The goals of the initiative include positioning Canada, Ontario, and Toronto in the new economy and thus ensuring Canada's continued success in the global economy; and
- ▶ The Regulatory Affairs and the Smart Regulations Strategy group, transferred from the Privy Council Office. Through this office, the Secretariat provides support to the Treasury Board through monitoring, coordinating, and advising on regulatory issues and policies to help ensure their consistency with the government's economic, social, and federal-provincial policies.

The Office of the Comptroller General

In 2004, the government re-established the Office of the Comptroller General (OCG) as a distinct office within the Secretariat. The OCG is responsible for ensuring that departments and agencies employ sound financial management and control practices and plays a lead role in supporting the government's commitment to strengthen financial management, controls, and internal audit. This role is supportive of the management policy development and oversight, as well as the expenditure management and financial oversight functions of the Treasury Board.

To this end, the main priorities of the OCG include restoring public confidence in the government's financial management practices, improving the quality and credibility of financial information, and strengthening the role of internal audit across government.²

Operating environment

As a central agency and as a general manager of the federal public service, the Secretariat delivers on its mandate and responsibilities in a very complex operating environment.

Like other large public and private sector organizations, the federal public service is also facing significant challenges as it adapts to key trends shaping Canadian society, the economy, the labour market, and service delivery. Globalization and the knowledge revolution are realities today. The rapid pace of technological change is fuelling fundamental changes in the way we live, the way we work, and the way organizations collaborate to deliver goods and services. From the changing face of Canada to the aging of the population, demographic changes are creating pressures to improve recruitment to the public service, mobility between the public and private sector, and the transfer of knowledge and skills.

In supporting the government, it is vital for the Secretariat to understand these trends, assess the implications for government policy, programs, and public sector management, and provide sound and timely advice on how to respond to these changes over time. It is also vital to ensure that the government has the management systems in place to adapt policies, programs, and services in a manner that is responsive to the priorities of the government and to public expectations.

It is clear that Canadians are demanding better value-for-money from the federal public sector. They want more open, accountable government. They expect that their tax dollars are being managed well and that careful consideration is being given to finding the most cost-effective ways to address public policy issues. They also expect spending to be aligned with priorities based on the roles and responsibilities of the federal government. Increasingly, they expect better, more integrated, and faster services for the same tax dollar. They expect that the government will address productivity and competitiveness challenges first by setting a standard of management excellence for itself—to lead the drive for excellence through its own actions.

The government, in turn, has established a very focussed agenda based on a limited set of defined priorities.

Among its priorities, the government has put a premium on strengthening accountability, a commitment to a strong federal public service, and a determination to rebuild public trust in the

2. For more information on the OCG, please see Section III.

federal government’s institutions. The *Federal Accountability Act*, tabled in the House of Commons on April 11, 2006, outlines the government’s plan for a principle-based approach to accountability-based government.

The government has also put a premium on effective expenditure management. This includes a focus on restraining growth in government spending and on results-based management. The Secretariat, working with departments and its central agency and portfolio partners, has a clear role to play supporting the government’s efforts to deliver on these priorities.

An effective, high-performing public service is essential to achieving these goals. The Secretariat, and the Treasury Board portfolio as a whole, must work to ensure that the public service strives for excellence, remains connected to the needs and expectations of Canadians, and has a positive effect on their lives. In moving forward on these priorities, it is important for the Secretariat to demonstrate leadership with respect to improved management practices. Put simply, the Secretariat has a responsibility to lead by example in the adoption and implementation of the government’s management agenda.

The following section of this report highlights how the Secretariat is responding to these challenges and outlines the Secretariat’s effort to:

- ▶ enhance governance, accountability, and management practices;
- ▶ strengthen results-based expenditure management; and
- ▶ improve internal management.

Key Facts

Treasury Board and the Secretariat

- The Treasury Board was created as a Cabinet committee of the Queen’s Privy Council of Canada in 1867 through the *British North America Act*.
- The Treasury Board was granted statutory powers in 1869.
- The Secretariat of the Treasury Board was created on October 1, 1966, through the *Government Organization Act*.
- Before 1966, secretariat support to the Treasury Board was provided by the Department of Finance.

Public service

- The federal public service is composed of more than 175 different departments, agencies, and organizations.
- Federal public sector employment totals approximately 460,000. This includes the Canadian Forces, the RCMP, and Crown corporations.
- The Treasury Board is the employer of the core public administration, which includes most departments and agencies and accounts for nearly 189,000 employees (as at March 2006).
 - Government organizations with separate agency status (e.g. Canada Revenue Agency, Canadian Polar Commission, Parks Canada, the National Film Board, and the Office of the Auditor General of Canada) employ approximately 60,000 employees.

- The federal public service maintains a presence throughout Canada and the world, with offices in every province and territory, diplomatic and consular offices in approximately 180 countries, and Canadian Forces currently active on 16 missions abroad.

Budget and finances

- In 2004–05, the federal government collected and spent approximately \$198.4 billion in taxes and revenues.
- In 2004–05, federal spending went to the following:
 - \$34.1 billion in interest payments on Canada's public debt;
 - \$42.6 billion in transfers to individuals;
 - \$42.0 billion in transfers to provinces and territories;
 - \$25.0 billion in other grants and contributions;
 - \$53.1 billion in other program expenditures; and
 - \$1.6 billion in debt reduction.

Departmental Plans and Priorities

In both the 2006 Speech from the Throne and the 2006 Budget, the government made a commitment to strengthening public sector management. The implementation of the Secretariat's objectives for the current planning period will contribute to a more effective and accountable government for all Canadians.

In keeping with the Secretariat's work to ensure that the government is well managed and accountable and that resources are allocated to achieve results, the Secretariat is focussing on two key business priorities for the coming year:

- ▶ enhancing governance, accountability, and management practices; and
- ▶ strengthening results-oriented expenditure management.

As part of these efforts, the Secretariat will:

- ▶ develop clear standards, expectations, and requirements for public sector management to make government as a whole more accountable; and
- ▶ ensure that resources are allocated to achieve results through ongoing fiscal discipline, clear performance expectations, standards, and measures for federal programs and services.

The Secretariat will also work to enhance its internal management to provide support to the Treasury Board and ensure internal delivery on its commitments.

This section on the Secretariat's plans and priorities for the coming year provides details on the initiatives being pursued in each of these three areas. The various initiatives within the three priorities are summarized in the following table.

1. Strengthening governance, accountability, and management practices
1.1 Trust and confidence in government are enhanced through the implementation of the <i>Federal Accountability Act</i> and supporting measures and through improved reporting to Parliament
1.2 Responsibilities of deputy heads are clarified—streamlining policy guidance while strengthening accountability and efficiency—through the renewal of the Treasury Board policy suite
1.3 Management oversight is improved across government through the use of better tools, processes, and information
1.4 Financial management and auditing capacity and practices across the Government of Canada are enhanced
1.5 Management performance is strengthened through the development of strategies and tools to support service transformation

2. <i>Strengthening results-oriented expenditure management</i>
2.1 Leadership is provided in reviewing the government's expenditure management system and strengthening the role of the Treasury Board
2.2 Results-based management and information on programs and spending across government are improved
3. <i>Enhancing the internal management of the Secretariat</i>
3.1 Secretariat support to the Treasury Board is strengthened through the adoption of a renewed approach to Treasury Board operations
3.2 Internal management practices are improved in response to its Management Accountability Framework (MAF)-based assessment and survey on workplace well-being

1. Strengthening governance, accountability, and management practices

The government is committed to rebuilding public trust in the government's institutions through measures to help strengthen accountability and increase transparency and oversight in government operations. As the Management Board of the government, the Treasury Board and its Secretariat will play a lead role in ensuring that public confidence is restored while public sector management is improved.

Implementing changes to restore trust and accountability in government will require that the Secretariat achieve an appropriate balance between oversight and flexibility. The government must ensure that the public service maintains its capacity to deliver important programs to Canadians efficiently and effectively within the new accountability regime.

In support of this priority, the Secretariat will focus on five initiatives in 2006–07 to strengthen governance, accountability, and management practices across government:

- ▶ implementing the *Federal Accountability Act* and supporting measures through improved reporting to Parliament;
- ▶ streamlining policy guidance while strengthening accountability and efficiency through the renewal of the Treasury Board policy suite;
- ▶ improving management oversight through the use of better tools, processes, and information;
- ▶ enhancing financial management and internal auditing capacity across the Government of Canada; and
- ▶ strengthening management performance through the development of strategies and tools to support service transformation.

The key objectives of these initiatives are to:

- ▶ improve public trust and confidence in government;
- ▶ strengthen management practices across government, including financial management and internal auditing practices; and
- ▶ improve tools and strategies to measure and strengthen management performance and support service transformation.

1.1 Trust and confidence in government are enhanced through the implementation of the Federal Accountability Act and supporting measures and through improved reporting to Parliament

The primary goal of this initiative is to ensure that the government's commitment to implement the *Federal Accountability Act* is successfully coordinated under the leadership of the Secretariat. Work on the Act did not stop with the tabling of the Bill: numerous supporting

measures, including those mentioned in the Federal Accountability Action Plan, must be developed and implemented across government over the coming year.

For instance, the Secretariat will take a lead role in developing and implementing legislative³ and other measures to:

- ▶ toughen the *Lobbyists Registration Act*;
- ▶ clean up the procurement of government contracts;
- ▶ strengthen the power of the Auditor General of Canada;
- ▶ strengthen access-to-information legislation; and
- ▶ strengthen discipline and compliance.

While frameworks, tools, and mechanisms to strengthen compliance must be developed, the government needs to be careful that this be done without stifling innovation in the delivery of government policies and programs.

With this in mind, the Secretariat is supporting an independent Blue Ribbon Panel mandated to provide advice on how to achieve strong accountability for funds spent on grants and contributions while allowing for their efficient management and effective access to them. The Panel will:

- ▶ review the draft policy on transfer payments;
- ▶ identify access barriers for government grant and contribution program applicants;
- ▶ give consideration to eliminating legislative barriers and constraints to the effective and efficient delivery of grant and contribution programs; and
- ▶ assess whether instruments other than grants and contributions can better achieve policy outcomes for Canadians in receipt of government support.

The Secretariat will also support two other policy reviews as part of the Federal Accountability Action Plan: one for the government's procurement systems and processes and one for financial management. For each of these reviews, the Secretariat will not only examine controls imposed by the Treasury Board but also those that departments impose on themselves. The reviews will conclude by December and will be followed by implementation plans developed in response to the findings.

3. At the time of preparation of this report, Bill C-2, the *Federal Accountability Act*, had not yet received Royal Assent. While implementation of the Act's provisions cannot precede Royal Assent, the Secretariat anticipates that those provisions approved by Parliament will come into force before March 31, 2007. Progress against these commitments will be reported in the 2006–07 departmental performance report.

In recent years, the Secretariat has been studying ways to improve reporting to Parliament. This work is becoming increasingly important with the Federal Accountability Action Plan and the creation of the parliamentary budget office. The Secretariat will continue to improve the reporting of government priorities, spending plans, results, and expenditures to Parliament and Canadians. This will include the introduction of a new website on reporting designed for parliamentarians.

1.2 Responsibilities of deputy heads are clarified—streamlining policy guidance while strengthening accountability and efficiency—through the renewal of the Treasury Board policy suite

One of the key management controls of the Treasury Board is its policy suite, which has grown increasingly complex—in some cases, unnecessarily complex—through years of incremental changes. From early in 2005, the Secretariat has undertaken the revision of Treasury Board policies to ensure that they are focussed on the requirements placed on deputy heads of organizations. Part of this effort is the creation of an integrated policy architecture, from which a reduced number of related policies, directives, guidelines, and procedures can be understood and accessed by public service managers.

With the overall framework for policy suite renewal now in place, the Secretariat will work over the next two fiscal years to ensure that all Treasury Board policies are renewed and streamlined, consistent with the MAF.

This will involve the development of strategies, guidance, and tools to ensure that policies are renewed in a timely fashion, sensitive to the crosscutting issues involved in many Treasury Board policies. The Secretariat aims to have all associated policy frameworks approved by Treasury Board within the next two years and to establish the organizational structures for ongoing review, monitoring, and oversight of these policies once they are in place.

For 2006–07, the Secretariat expects to renew several key Treasury Board policies, including policies in the following areas:

- ▶ people and compensation;
- ▶ financial management;
- ▶ assets and acquired services (including contracting and procurement);
- ▶ communications;
- ▶ expenditure management;
- ▶ service delivery and information technology; and
- ▶ security.

Following renewal of these key policies, the Secretariat will, in 2007–08, continue its policy renewal work within the following policy areas:

- ▶ the Federal Identity Program;
- ▶ access to information;
- ▶ external fees; and
- ▶ health and safety.

The renewal of Treasury Board policies represents a very significant initiative affecting management in the Government of Canada—one that will need to be well communicated to deputy heads, functional specialists, managers, and employees. Accordingly, in collaboration with the Canada School of Public Service and the Public Service Human Resources Management Agency of Canada, the Secretariat will develop core learning programs in support of these renewed policies to support ongoing professional development.

1.3 Management oversight is improved across government through the use of better tools, processes, and information

MAF provides a management vision for the federal public sector as a whole; its goal is to encourage management excellence and accountability for results. To this end, the Secretariat has been developing an approach to management oversight based on indicators that focus on select areas of management performance. The aim is to establish a better understanding of the strengths and weaknesses in management on a government-wide basis. Within this context, individual deputy heads and their ministers are responsible for management of their organizations and specific organizational risks. The oversight role played by the Secretariat is, in contrast, focussed on the assessment and mitigation of government-wide or systemic management risks and the development and implementation of strategies to support continuous improvements in management performance.

Recognizing the difficulty of measuring management, the Secretariat is working to identify reliable indicators that provide a solid basis for Treasury Board oversight and to develop a capability within the Secretariat for assessing management performance against the indicators on a consistent basis. This year the Secretariat will streamline and refine its set of indicators, pilot a maturity version of MAF, and pilot MAF self-reporting by organizations. It will also refine the assessment process, establishing more integrated and consistent assessments.

As the Secretariat becomes more confident in the assessments it is able to conduct using MAF indicators, supplemented with other relevant information on management performance, it will enhance the use of this assessment in the advice it provides to Treasury Board and other committees of Cabinet.

1.4 Financial management and auditing capacity and practices across the Government of Canada are enhanced

Within the Secretariat, the OCG is leading efforts to strengthen the financial management and control framework for government, as well as the internal audit function across government.⁴ The scope of this initiative is quite broad, and it will require sustained effort over the next few years to complete. Success will require sustained commitment as well as considerable cultural change within the internal audit and financial management communities.

Qualified departmental comptrollers and chief audit executives (CAE) will be critical to the success of the initiative, and they must be supported by effective policies and practices.

To deliver on this commitment, the OCG is continuing its efforts to improve financial management operations, practices, and reporting across government. Over the next three years the OCG will:

- ▶ finalize and implement a new policy on chief financial officers (CFO);
- ▶ ensure that CFOs are in place across major departments;
- ▶ implement new procedures to ensure sign-off on all new spending initiatives by CFOs and, where applicable, the Comptroller General of Canada;
- ▶ develop and implement an internal financial control framework across government; and
- ▶ develop and implement enterprise-wide standards for financial analysis and reporting.

The new *Policy on Internal Audit*, which came into effect on April 1, 2006, provides a solid foundation for an effective internal audit function across government—an internal audit function that is professional and accountable for contributing to enhanced risk management, internal control, and governance. Over the next three years of phased implementation of the policy, key activities of the OCG will include:

- ▶ setting and measuring clear performance expectations for internal audit for departments and agencies and embedding these in the MAF;
- ▶ ensuring that appropriately qualified, well-functioning audit committees and CAEs are in place in larger departments and agencies;
- ▶ strengthening the professional classification of internal auditors within government;

4. For more detailed information on the OCG's plans with respect to management and internal audit, please refer to Section III.

- ▶ providing technical and other enablers to internal audit, including contemporary standards and methodologies, tools and guidance, as well as contracting arrangements facilitating access to external expertise;
- ▶ preparing government-wide risk-based internal audit plans, as well as undertaking or leading horizontal audits designed to support holistic opinions on the state of risk management, internal control, and governance; and
- ▶ undertaking professional practice inspections within departmental and agency internal audit organizations.

While the CFO and internal audit initiatives will be instrumental in improving financial management and internal audit across government, the government does not currently have the HR capacity required to fully implement these new policies and must proceed with a measured and phased approach to implementation. This will involve putting particular emphasis on community development within departments in order to build financial management and internal audit capacity across government.

This will involve the development and implementation of a comprehensive HR strategy for the financial management and internal audit communities, including the completion of a demographic survey of the communities, the development of business cases for required recruiting and professional development, and the implementation of targeted recruiting initiatives to support deputy heads in meeting their responsibilities under the new policies.

The OCG will also be supporting broader community development efforts with respect to the audit committees required by the *Policy on Internal Audit*, including the establishment of an audit committee secretariat, the identification and recruitment of qualified external audit committee members, and the development of an orientation program for audit committee members.

1.5 Management performance is strengthened through the development of strategies and tools to support service transformation

The wide range of services offered by the Government of Canada affects virtually all Canadians. As service delivery expectations grow, the government must refine the design and delivery of its services to meet public expectations and deliver quality services in an efficient manner.

The Secretariat is well placed to play a key leadership role in promoting a whole-of-government approach to service transformation. To help achieve these objectives, the Secretariat has established a Transformation Alignment Office that is working with its service delivery partners across government to lead an integrated approach to transforming internal and external government services.

To help manage this integrated approach, the Secretariat will develop an accountability regime to monitor and report on the achievement of service transformation outcomes throughout the process. This involves many components, including the:

- ▶ renewal of service transformation governance;
- ▶ alignment of project investments with government priorities and the service policy framework;
- ▶ encouragement of effective performance management by measuring and reporting on improvements in service delivery and government internal operations; and
- ▶ renewal of the approach and guidance for the management of major information technology projects to increase the effectiveness of transformation investments.

A key aspect of service transformation is the improved management of the government's own internal corporate administrative services. The lack of commonality across government systems has a significant impact on operational efficiency for the government as a whole. The Secretariat will continue to work on strategies to transform and share key administrative services within government, including finance, Human Resources, materiel management, and information technology services.

Summary

Strengthening governance, accountability, and management practices will be a major focus within the Secretariat over the planning period as it takes a lead role in ensuring that public confidence is restored while public sector management is improved.

The expected results of these initiatives are:

- ▶ public trust and confidence in government is improved;
- ▶ management practices across government—including financial management and internal auditing—are strengthened; and
- ▶ tools and strategies to measure and strengthen management performance and support service transformation are improved.

Details on expected progress in these areas for the 2006–07 fiscal year are outlined in the following table.

1. Strengthening governance, accountability, and management practices		
Commitment	Sub-commitments	Performance Measures for 2006–07
1.1 Trust and confidence in government is enhanced through the implementation of the <i>Federal Accountability Act</i> and supporting measures and through improved reporting to Parliament	Tabling, parliamentary review, and implementation of the <i>Federal Accountability Act</i> is successfully coordinated under the leadership of the Secretariat	Effective support to parliamentary review of the Act is provided
	Leadership is provided by the Secretariat in developing and implementing the Secretariat elements of the Act	Regulations associated with the <i>Lobbyists Registration Act</i> are published in the <i>Canada Gazette</i> Policy and procedures are developed for ministers' annual reports of expenses Establish deputy-level committee to oversee discipline Secretariat-led measures from the <i>Review of the Governance Framework for Canada's Crown Corporations—Meeting the Expectations of Canadians</i> are implemented
	Reporting to Parliament is improved	Electronic tools for parliamentarians are improved in consultation with parliamentarians Statutory reports are rationalized and access to reports is improved through better electronic tools Possible improvements to Public Accounts are identified

1. Strengthening governance, accountability, and management practices		
Commitment	Sub-commitments	Performance Measures for 2006–07
1.2 Responsibilities of deputy heads are clarified—streamlining policy guidance while strengthening accountability and efficiency—through the renewal of the Treasury Board policy suite	The three key reviews of policies required to support implementation of the Federal Accountability Action Plan are conducted and completed: transfer payments, procurement, and financial management	Reviews are coordinated and aligned with the policy suite renewal initiative Reports are finalized Renewed policies are developed for approval
	The Treasury Board policy suite is streamlined—consistent with key Secretariat management initiatives such as MAF—and associated policies are renewed and approved by the Treasury Board	Policy frameworks are completed Policies are renewed in the following areas: people and compensation, financial management, assets and acquired services, communications, expenditure management, service delivery and information technology, and security Compliance procedures for Treasury Board policies are developed Renewed policies are communicated following approvals, and orientation programs are developed
1.3 Management oversight is improved through the use of better tools, processes, and information	Oversight and departmental management practices of deputy heads are enhanced through better understanding, ownership, and use of MAF	Self-reporting against management indicators is piloted Communications materials are provided to departments on management assessment processes as changes occur
	The Secretariat’s oversight role is strengthened through better indicators of management performance, processes for assessing performance, and capacity to interpret and apply findings	Indicators for management assessment are streamlined and integrated Maturity assessment model is piloted MAF database is enhanced by increasing qualitative analytic capabilities Management assessments are successfully completed
	The Secretariat’s contribution to departmental and government-wide management performance is enhanced through the application of MAF findings to decision making by the Secretariat, the Privy Council Office, the Treasury Board, Cabinet, and departments	Management assessment information is used by the Treasury Board and Privy Council Office Management assessment information is used in expenditure decisions

1. Strengthening governance, accountability, and management practices		
Commitment	Sub-commitments	Performance Measures for 2006–07
1.4 Financial management and auditing capacity across the Government of Canada are enhanced	Financial management operations, practices, and reporting across government are improved	Financial Management Capability Maturity Model is piloted with select departments Tools and guidance to support enhanced CFO role are developed
	Internal audit plans, operations, and practices across government are enhanced	Contract for use by OCG, departments, and agencies is in place Internal Audit Maturity Model is implemented Three-year internal audit plan is implemented
	Capacity building and community development for financial management and internal audit are strengthened across government	Audit Committee Recruitment and Development Secretariat is established HR strategies for financial management and internal audit communities are implemented
1.5 Management performance is strengthened through the development of strategies and tools to support service transformation	An accountability regime to monitor and report on the achievement of service transformation outcomes is established	Service Transformation Blueprint is developed Service Transformation Council is re-established A monitoring and reporting approach is established
	Plans to support improved management through corporate administrative shared services are refined and brought forward for Treasury Board consideration	A decision on direction for corporate administrative shared services is obtained
	Key Secretariat enabling and alignment initiatives are implemented in the fields of information management and information technology	Technology and strategic directions to support shared services are developed Service Transformation Blueprint is aligned to enterprise architectures Guidelines to departments for filing information, technology, and service plans are prepared

2. Strengthening results-oriented expenditure management

Canadians deserve to know their money is being used efficiently and effectively on priorities that are important to them. It is part of the Treasury Board's role, supported by the Secretariat, to ensure efficiency and effectiveness in federal expenditure management. The past few years have seen unsustainable growth in aggregate spending. The government is now taking decisive action to manage with a commitment to reducing growth in spending to a sustainable rate. The approach to spending control is based on the following three principles:

- ▶ government programs should focus on results and value for money;
- ▶ government programs must be consistent with federal responsibilities; and
- ▶ programs that no longer serve the purpose for which they were created should be eliminated.

With these principles in mind, the government is launching a review of its Expenditure Management System (EMS)⁵ with a view to a more integrated, whole-of-government approach to budget planning and priority setting. The objective of this review is to ensure priorities are funded within certain fiscal and management restraints and to ensure existing programs and services continue to be relevant and effective and provided at reasonable cost to Canadians. In addition, this fall the Secretariat will support the President of the Treasury Board in identifying savings of \$1 billion.

The key objectives of these initiatives are to:

- ▶ renew and strengthen the Treasury Board's support of the government's EMS; and
- ▶ improve results-based management and information on government programs and spending.

2.1 *Leadership is provided in reviewing the government's expenditure management system and strengthening the role of the Treasury Board*

A strengthened EMS is a prerequisite for improving expenditure management and financial oversight. To better advise the Treasury Board on the allocation of new policy funding and to provide greater responsibility for managing and reallocating the government's direct program funding, the Secretariat will undertake two related initiatives over the coming year.

First, the Secretariat will work with the Privy Council Office and the Department of Finance Canada to renew and strengthen the EMS, in particular the Treasury Board's contribution to pre-budget planning and the Secretariat's involvement in the annual update of the fiscal framework. Through this process, the Secretariat will develop proposals to help strengthen the Cabinet priority-setting processes. The Secretariat will also work to improve its internal capacity

5. Information on the EMS (what it is, how it functions, etc.) can be found on the Secretariat's website: http://www.tbs-sct.gc.ca/pubs_pol/oepubs/TB_H/EXMA_e.asp.

to systematically track expenditures at the departmental level on a comprehensive basis and provide advice on government in-year spending trends. This includes monitoring direct program spending and providing supporting strategies to manage spending on an ongoing basis.

Second, the Secretariat will continue to improve the quality of the information and advice it provides to Treasury Board ministers on direct program spending, budget implications, and options for managing departmental risks and pressures. Additionally, the Secretariat will improve the management advice provided to Treasury Board ministers for the financial reserves under their control.

Achieving a renewed EMS requires close collaboration and coordination with the Secretariat's central agency partners. To this end, the Secretariat will continue to work closely with the Privy Council Office and the Department of Finance Canada in its efforts to strengthen expenditure management in government.

2.2 Results-based management and information on programs and spending across government are improved

An important instrument for the Secretariat's ongoing effort to improve expenditure management information and reporting was the introduction in March 2005 of the *Management Resources and Results Structure Policy* (MRRS), which provides the conceptual framework for collecting and presenting results-based departmental resource allocation and performance information for parliamentary appropriated government organizations.

Over the coming year, the Secretariat will work with departments to continue the development of financial, management, and program performance information across government through implementation of the MRRS Policy by March 2007. As part of this effort, the Secretariat will:

- ▶ encourage departments to use MRRS data to evaluate program performance and inform internal expenditure allocation decisions;
- ▶ develop and implement a plan to standardize the departmental Program Activity Architectures (PAA), where appropriate, to better support horizontal program analysis and management; and
- ▶ develop and implement a performance framework to evaluate MRRS implementation.

In addition to working with departments, the Secretariat will strengthen its own internal capacity to assess and advise on direct program spending, management, and results. Much of this work will involve the continued development and implementation of the Expenditure Management Information System (EMIS), including automated and integrated tools to improve the Estimates processes. In future years, the Secretariat will implement a strategy to move forward on the

second phase of EMIS implementation, focussing on the integration of other EMS information systems to build a comprehensive information base to support resource allocation decisions.

The Secretariat will also strengthen expenditure analysis in key areas, including departmental and horizontal expenditure trends, fiscal monitoring, lapse analysis, and economic and labour market trend analysis. This work will include efforts to improve the tools required to support horizontal program management. For 2006–07, this will involve:

- ▶ a review of programs related to climate change and Aboriginal issues for effectiveness and cost-efficiency;
- ▶ the development and expansion of horizontal management networks, supporting information databases, tools, and best practices to support cross-government collaboration on horizontal initiatives; and
- ▶ the development of a more robust framework to guide and inform the selection and conduct of future horizontal program reviews to ensure that they support government priorities.

Summary

Strengthening expenditure management and financial oversight will be a major focus of activity within the Secretariat as it reviews the government's EMS and works to improve the quality of information available to the Treasury Board in support of sound expenditure and financial management decisions.

The expected results of these initiatives are:

- ▶ the government's expenditure management system is renewed and strengthened; and
- ▶ results-based management and information on programs and spending are improved.

Details on expected progress in these areas for the 2006–07 fiscal year are outlined in the following table.

2. Strengthening results-oriented expenditure management		
Commitment	Sub-commitments	Performance Measures for 2006–07
2.1 Leadership is provided in reviewing the government's expenditure management system and strengthening the role of the Treasury Board	Expenditure management review is completed and the Treasury Board's contribution to Cabinet priority setting and the annual budget process is strengthened	<p>Proposals to improve priority-setting and allocation processes are developed</p> <p>Analytic needs of budget community are determined</p> <p>Monthly reports on departmental spending are issued in collaboration with the Department of Finance Canada</p> <p>Options for implementation of accrual accounting and appropriations are developed</p>
2.2 Results-based management and information on programs and spending across government are improved	The quality of financial, management, and program performance information across government is improved through the implementation of the MRRS Policy	<p>MRRS master data requirements and supporting rationales are developed in consultation with departments and agencies</p> <p>Support and guidance are provided to departments for the development and refinement of performance data</p> <p>A plan to standardize PAAs to reflect government-wide programs and facilitate horizontal reviews is developed</p> <p>A performance measurement framework for implementation of the MRRS Policy is developed</p> <p>Results-based information is integrated into ongoing business operations with development of new approaches to support analysis on departmental spending and risks</p>
	Secretariat capacity to assess and advise on program spending, management, and results is strengthened	<p>Monthly expenditure reports are issued</p> <p>EMIS Phase II is successfully implemented in accordance with the project plan</p> <p>A plan to strengthen evaluation in support of EMS renewal is developed</p>

2. Strengthening results-oriented expenditure management		
Commitment	Sub-commitments	Performance Measures for 2006–07
	The tools, information, networks, and frameworks required to support horizontal program management are improved	<p>Programs related to climate change and Aboriginal issues are reviewed on a horizontal basis</p> <p>Horizontal management frameworks, processes, and tools are developed for other key horizontal policy files</p>

3. Enhancing the internal management of the Secretariat

Delivering on the Secretariat's commitments to strengthen the Treasury Board's management board and budget office roles will help ensure that government is able to deliver on its priorities for the coming years. To do this effectively, however, and to support ongoing core business functions, the Secretariat must continuously examine and improve its internal management practices in the context of management performance based on MAF indicators and providing stronger support to the Treasury Board.

Over the long term, improving its internal management will allow the Secretariat, and the government, to effectively tackle new issues and priorities as they arise. There are two key aspects to the Secretariat's improvement agenda for the coming year:

- ▶ strengthen Secretariat support to the Treasury Board through the adoption of a renewed approach to Treasury Board operations; and
- ▶ improve internal management practices in response to the Secretariat's MAF-based assessment and the survey on workplace well-being.

The key objectives of these initiatives are to:

- ▶ strengthen internal Secretariat management practices, focussing on people, strategic direction, governance, risk management, and stewardship;
- ▶ improve confidence in Secretariat leadership and management; and
- ▶ make Treasury Board operations more strategic and effective.

3.1 Secretariat support to the Treasury Board is strengthened through the adoption of a renewed approach to Treasury Board operations

The Secretariat will move forward its efforts to strengthen Secretariat support to the Treasury Board. These efforts will include piloting new approaches to Treasury Board submissions and using the new oversight tools at its disposal, such as MRRS and MAF.

As part of these efforts, the Secretariat will develop and implement an internal learning and change management strategy for analysts and managers that focusses on building a shared understanding of, and commitment to, these new approaches. It will also develop and launch a new intranet site, maintain a strategic planning cycle and related forward agenda, and refine internal tools for providing advice to the President and the Treasury Board.

In support of the strategy, the Secretariat must increase internal awareness of its own responsibilities and the expectations of the Treasury Board. Where appropriate, elements of the strategy will be aligned with the core responsibilities of the Secretariat as reflected by its PAA.

3.2 Internal management practices are improved in response to the Secretariat's MAF-based assessment and the survey on workplace well-being

While the Secretariat, as part of its central agency oversight role, assesses departments on their management performance in accordance with MAF, it must also assess itself as a department and apply this same management accountability tool to its own operations. For the coming year, the Secretariat is focussing on three key areas:

- ▶ improving HR management;
- ▶ improving internal stewardship; and
- ▶ strengthening internal governance and strategic direction.

Improving HR management

Starting in 2006–07, departments and agencies are asked to ensure that their reports on plans and priorities include an overview on how they integrate HR planning into business planning, identifying main challenges, risks, and actions to be taken in this area.

To respond to this requirement and to ensure that the Secretariat has the human resources foundations in place to fulfil its mandate, the Secretariat will:

- ▶ provide mandatory training and certification for all executives and supervisors with formal staffing delegations;
- ▶ develop and implement corporate staffing strategies aligned with the Secretariat's business requirements and integrated within the business planning process;
- ▶ strengthen and expand the Secretariat's career development programs for key communities;
- ▶ develop a strategic HR management framework for the Secretariat that includes a multi-year strategic HR plan; and
- ▶ continue to strengthen bilingualism and promote public service values in the workplace.

Improving internal stewardship

The Secretariat will also be working over the coming year to improve its internal stewardship, with particular attention being paid to project management, the internal departmental control regime, and the quality of Secretariat-sponsored Treasury Board submissions. It will also be important for the Secretariat to enhance its information technology security to satisfy policy requirements and to complete its 2007–09 sustainable development strategy, to be tabled in Parliament in December 2006.

Strengthening internal governance and strategic direction

The Secretariat will also work to strengthen its internal governance and strategic direction through continued strengthening of its integrated planning and reporting function.

To this end, the Secretariat will implement a renewed PAA, based on a new articulation of its strategic outcome, to better reflect its responsibilities.⁶

The Secretariat's internal governance structure will be modified to support these changes to the PAA, which align with the presentation, in this report, of the Secretariat's plans and priorities for 2006–07: strengthening governance, accountability, and management practices and strengthening results-oriented expenditure management.

Once the new PAA and governance structures are fully implemented, the Secretariat will develop a performance measurement framework and finalize the necessary and appropriate changes to its governance structures.

Summary

These internal management activities will position the Secretariat to meet future challenges while delivering on its core business functions. In putting considerable effort into improving the Secretariat's internal management practices, the following results are expected:

- ▶ Secretariat management practices, focussing on people, strategic direction, governance, risk management, and stewardship, are strengthened;
- ▶ confidence in Secretariat leadership and management is improved; and
- ▶ Treasury Board operations become more strategic and effective.

6. It should be noted that, while the Secretariat's PAA structure for the 2007–08 Estimates cycle aligns closely with its current plans and priorities, the presentation of Secretariat resource information in Estimates for 2006–07 reflects the existing PAA, as presented in the next section of this document. It is also important to note that the Secretariat's departmental performance report for 2006–07 will be based on the existing PAA structure. The PAA that will be used for 2007–08 and beyond can be found in [Section V of this document](#).

Details on expected progress in these areas for the 2006–07 fiscal year are outlined in the following table.

3. Enhancing the Internal Management of the Secretariat		
Commitment	Sub-commitments	Performance Measures for 2006–07
3.1 Secretariat support to the Treasury Board is strengthened through the adoption of a renewed approach to Treasury Board operations	A shared understanding of and commitment to a renewed approach to supporting Treasury Board is developed	A Secretariat Charter and shared storyline to support a renewed Treasury Board are developed and implemented through various learning and knowledge management events to support both management board and budget office functions
	A new intranet site is developed and implemented	Phase I of a new intranet is designed, developed, and implemented
	New approaches to strengthen Treasury Board operations are put into practice in cooperation with departments	New approaches to Treasury Board are piloted, and a long-term implementation plan is developed
3.2 Internal management practices are improved in response to the Secretariat's MAF-based assessment and the survey on workplace well-being	HR management is improved with progress on an open and transparent process for staffing, strengthened linkages to the Secretariat's business planning, and development of a multi-year HR framework	All Secretariat executives receive required training on the <i>Public Service Employment Act</i> Embracing Change commitments show demonstrable progress An ES development program is implemented A corporate-wide HR framework and associated HR Plan are developed

3. Enhancing the Internal Management of the Secretariat		
Commitment	Sub-commitments	Performance Measures for 2006–07
	Internal stewardship is improved, with emphasis on improving the quality and timeliness of Treasury Board submissions and financial reporting	<p>An integrated approach to financial and operational planning is implemented</p> <p>An end-to-end review of the contracting process is completed</p> <p>A risk-based internal audit plan for the Secretariat is developed</p> <p>A new internal Treasury Board submission process, with clear timelines and performance reporting, is developed and implemented</p> <p>The development and testing of the IT Business Continuity Plan are completed</p> <p>A sustainable development strategy is tabled in Parliament</p> <p>Secretariat projects are positioned and aligned with broader transformation strategy and project charters; internal governance structures are in place, with formal project controls and risk management processes established and followed; and regular reports on project spending and progress provided to relevant governing and oversight bodies.</p>
	Governance and strategic direction is strengthened, including renewal of the Secretariat's PAA and MRRS; continued integration of strategic, HR, and business planning; and development and implementation of a corporate risk profile	<p>An integrated planning cycle, with supporting tools and including HR elements, is completed</p> <p>A financial coding structure is developed to support external and internal reporting based on the new PAA for 2007–08</p> <p>Supporting internal and interdepartmental governance structures are developed and implemented</p>

Section II—Analysis of Program Activities by Strategic Outcome

Strategic Outcome

Rigorous stewardship of public resources to achieve results for Canadians

As the administrative arm of the Treasury Board, the Secretariat has a dual mandate: to support the Treasury Board as a committee of ministers and to fulfill the statutory responsibilities of a central government agency.

Within this context, the mission and strategic outcome of the Secretariat is to ensure the rigorous stewardship of public resources to achieve results for Canadians. This includes setting performance expectations, assessing performance against expectations, assuring effective financial and internal controls, supporting Treasury Board's role as the employer, and advising Treasury Board ministers and the government on management policy, expenditure management, and compliance issues.

In fulfilling these core business responsibilities, the Secretariat is currently organized into three key areas of program activity. They are as follows:

1. management and expenditure performance;
2. comptrollership; and
3. centrally managed funds.

The Secretariat has modified its PAA to better reflect its core business functions. The renewed PAA will form the basis of next year's resource presentation in the Estimates. For more information on the development of the new PAA, please see pages 26 and 48.

Analysis by Program Activity

Management and expenditure performance

Financial Resources (\$ thousands)

2006-07	2007-08	2008-09
\$134,649	\$129,654	\$126,578

Human Resources (FTEs)

2006-07	2007-08	2008-09
1,087	1,037	1,027

This program activity seeks to promote sound public management by defining clear and achievable management expectations for the use of resources, supporting collaborative labour relations, monitoring expenditure performance, aligning resources with government priorities, and reporting results to Parliament.

As a program activity, management and expenditure performance encompasses a suite of activities that define management expectations, assess departmental performance through analysis and monitoring, address and manage risk, and manage expenditure effectiveness.

The subactivities in this area are oriented toward promoting sound public management by defining clear and achievable management expectations for the use of resources, supporting collaborative labour relations, monitoring expenditure performance, aligning resources with government priorities, and reporting results to Parliament.

Comptrollership

Financial Resources (\$ thousands)

2006–07	2007–08	2008–09
\$41,711	\$49,736	\$49,898

Human Resources (FTEs)

2006–07	2007–08	2008–09
265	301	301

This program activity aims to implement effective internal audit, financial and management controls, and oversight and reporting mechanisms. This program activity also aims to provide assurance that value-for-money is being achieved through investments made with public funds.

Comptrollership contributes to the Secretariat’s strategic outcome by establishing financial controls to ensure reliable and transparent reporting of public expenditures. As a program activity, Comptrollership encompasses a suite of activities that define financial management and internal audit expectations, policies, and guidance across the public sector as a whole.

The Comptrollership program activity aims to build and maintain the trust of Canadians by recommending to ministers and implementing effective policies, oversight, and reporting mechanisms.

Centrally managed funds

Financial Resources (\$ thousands)

2006–07	2007–08	2008–09
\$2,427,986	\$2,569,486	\$2,813,140

This program activity provides sound management and administration of central funds related to:

- ▶ government contingencies;
- ▶ government-wide initiatives;
- ▶ public service compensation; and
- ▶ public service pensions, benefits, and insurance.

Managing access to the central funds under Treasury Board control is the core business of this program activity, and the expected result is that these funds are administered in accordance with applicable legislation, Treasury Board policies, and Treasury Board standards.

Government contingencies (Secretariat Vote 5)

Financial Resources (\$ thousands)

2006–07	2007–08	2008–09
\$750,000	\$750,000	\$750,000

Government contingencies consists of funds used to supplement other appropriations to provide the government with the flexibility to meet unforeseen expenditures until parliamentary approval can be obtained and to meet additional payroll costs, such as severance pay and parental benefits, which are not provided for in the estimates of other government departments.

Government-wide initiatives (Secretariat Vote 10)

Financial Resources (\$ thousands)

2006–07	2007–08	2008–09
\$10,220	\$8,320	\$8,320

Government-wide initiatives consist of funds used to supplement budgets in other departments and agencies in support of the implementation of strategic management initiatives across the public service.

Public service compensation (Secretariat Vote 15)

Financial Resources (\$ thousands)

2006-07	2007-08	2008-09
N/A	N/A	N/A

Funds are transferred to other government departments and agencies, through the supplementary estimates, for compensation adjustments resulting from adjustments made to terms and conditions of service or employment of the public service, including members of the RCMP and the Canadian Forces.

Public service pensions, benefits, and insurance (Secretariat Vote 20)

Financial Resources (\$ thousands)

2006-07	2007-08	2008-09
\$1,667,746	\$1,811,146	\$2,054,800

These funds are used in support of the Treasury Board’s role as employer for:

- ▶ the payment of the employer’s share of health, income maintenance, and life insurance premiums;
- ▶ the payments to or in respect of provincial health insurance plans;
- ▶ the payment of provincial payroll taxes and Quebec sales tax on insurance premiums;
- ▶ the pension, benefit, and insurance plans for employees engaged locally outside Canada; and
- ▶ the return to certain employees of their share of the employment insurance premium reduction.

Section III—Office of the Comptroller General

Mandate

In 2004, the OCG was established as a distinct organization within the Secretariat. The main goals of the OCG include restoring public confidence in the government's financial management practices, improving the quality of financial information, and strengthening internal audit.

The Comptroller General of Canada oversees government spending, provides leadership across the public service to the financial management and internal audit communities, and ensures financial management and internal audit standards are set and observed.

In support of the Secretariat's dual management board and budget office roles, the OCG uses internal audit to provide a level of assurance that departments and agencies have sound management controls in place. The OCG also identifies and addresses risks in implementing Treasury Board financial management policies. Similarly, the OCG reviews and provides advice on the level of adherence by departments and agencies to sound financial management policies and practices.

Overall, the OCG's priorities are aimed at:

- ▶ promoting strengthened financial and internal audit controls to ensure rigorous stewardship of public funds and value-for-money;
- ▶ setting and reviewing financial, accounting, and internal auditing standards and policies for the Government of Canada;
- ▶ providing leadership to ensure and enforce appropriate financial controls across the federal public service;
- ▶ cultivating sound resource stewardship at all levels throughout government;
- ▶ providing ongoing financial management and internal audit advice and support to the President, the Secretary, branches and sectors of the Secretariat, deputy ministers, other central agencies, and functional specialists; and
- ▶ developing and implementing a comprehensive HR strategy for the financial management and internal audit communities.

Strengthening internal audit

The new *Policy on Internal Audit* will help to enhance and professionalize internal audit across the federal government and bolster its contribution to effective risk management, internal control, and governance.

To support this renewal effort, to be implemented over three years, the OCG will develop professional guidance and supporting tools for the internal audit community. At the same time, ongoing efforts will include specialist assistance to departments (e.g. forensic audit services),

attending audit committees, as well as monitoring and assessing internal audit outputs and activities across government.

Within this context, the key internal audit priorities for the coming year are to:

- ▶ launch an omnibus contracting arrangement that will facilitate access to professional internal auditing services by departments and agencies;
- ▶ establish a process for the allocation of funding to assist departments and agencies in meeting new requirements defined by the *Policy on Internal Audit*;
- ▶ identify a common software platform for internal audit;
- ▶ complete a maturity model for internal audit to support assessments against the MAF as well as criteria for practice inspections;
- ▶ prepare an initial release of an audit committee guidebook and provide guidance on internal audit methodologies, interpretation, and procedures;
- ▶ plan, conduct, or lead horizontal internal audits across departments and agencies;
- ▶ develop risk assessment methodologies and processes and work toward developing a government-wide risk profile;
- ▶ design a rapid response capability to assist departments and agencies with high-risk issues or cases;
- ▶ perform professional practice inspections in selected areas; and
- ▶ redesign and staff the Internal Audit Sector within the OCG.

Strengthening financial management

As part of its efforts to strengthen financial management, the OCG will continue its efforts to promote transparency, openness, rigour, and oversight of government spending. To this end, the OCG will lead efforts to ensure appropriate financial management frameworks, policies, and guidance on financial controls are available across the federal public service. The OCG will also work to strengthen financial management systems in departments and central agencies, including systems for accounting, asset management, and procurement.

The OCG's core ongoing activities include:

- ▶ developing financial management and accounting policies and monitoring, overseeing, and reporting on the effectiveness of their application in departments and agencies;
- ▶ nurturing the government's centre of expertise for financial management, which provides advice to departments, including guidance for the preparation of departmental financial statements;

- ▶ supporting fiscal policy through research on, analysis of, and advice on policy proposals and financial results;
- ▶ monitoring and advising on key initiatives, including proactive disclosure of grants and contributions, revisions to the *Policy on Transfer Payments*, and various service improvement initiatives;
- ▶ supporting and responding to financial management and Public Accounts audits by the Office of the Auditor General of Canada and related parliamentary appearances and reports;
- ▶ providing expert advice and oversight on major contingent liabilities of the government; and
- ▶ overseeing government spending and the preparation of the government's consolidated financial statements and the Public Accounts of Canada.

In addition to delivering on these core activities, the OCG is working on several multi-year initiatives designed to support the government's efforts to strengthen financial management.

The key financial management priorities for the coming year are to:

- ▶ support the *Federal Accountability Act*, including three reviews of financial management related policies;
- ▶ develop and implement CFO and Comptroller General approval protocols;
- ▶ enhance financial analysis, costing, user-charging strategies and reporting of fiscal results;
- ▶ implement audited departmental financial statements for 22 large departments and agencies;
- ▶ continue to renew core financial management policies and related directives and develop a supporting OCG policy renewal implementation strategy;
- ▶ continue to improve the Public Accounts of Canada, including their timeliness; and
- ▶ lead enhancements to financial information systems, including advice and support on the shared systems strategy and the establishment of a financial systems acceptance authority infrastructure.

Capacity building and community development for the financial management and internal audit communities

As part of its efforts to strengthen internal audit and financial management, the OCG has been given the mandate to support and manage programs for the recruitment and professional development of the financial management and internal audit communities.

To this end, the OCG is working to strengthen professional development standards, including certification where appropriate, for CFOs, CAEs, and the broader financial management and internal audit communities. It is also advising on financial management and internal audit elements of the public service learning curriculum.

The key supporting activities in these areas include:

- ▶ providing advice and support to departments in the development of implementation plans for CFOs and CAEs;
- ▶ providing functional guidance to deputy heads in the hiring and performance evaluations of CFOs and CAEs in major departments; and
- ▶ managing the programs for the recruitment and professional development of the financial and internal audit communities, including the Financial Officer Recruitment and Development and the Internal Auditor Recruitment and Development programs.

In addition to delivering on the core, capacity-building activities, the OCG is working on several multi-year initiatives designed to strengthen the financial management and internal audit communities.

The key community development priorities for the coming year are to:

- ▶ develop and begin implementation of a comprehensive HR strategy for the financial management and internal audit communities;
- ▶ develop and begin implementation of targeted recruitment and professional development initiatives to address identified needs in internal audit and financial management capacity across government;
- ▶ establish and initiate staffing of the Audit Committee Recruitment and Development Secretariat; and
- ▶ enhance outreach for the financial management and internal audit communities.

Section IV—Supplementary Information

Organizational Information

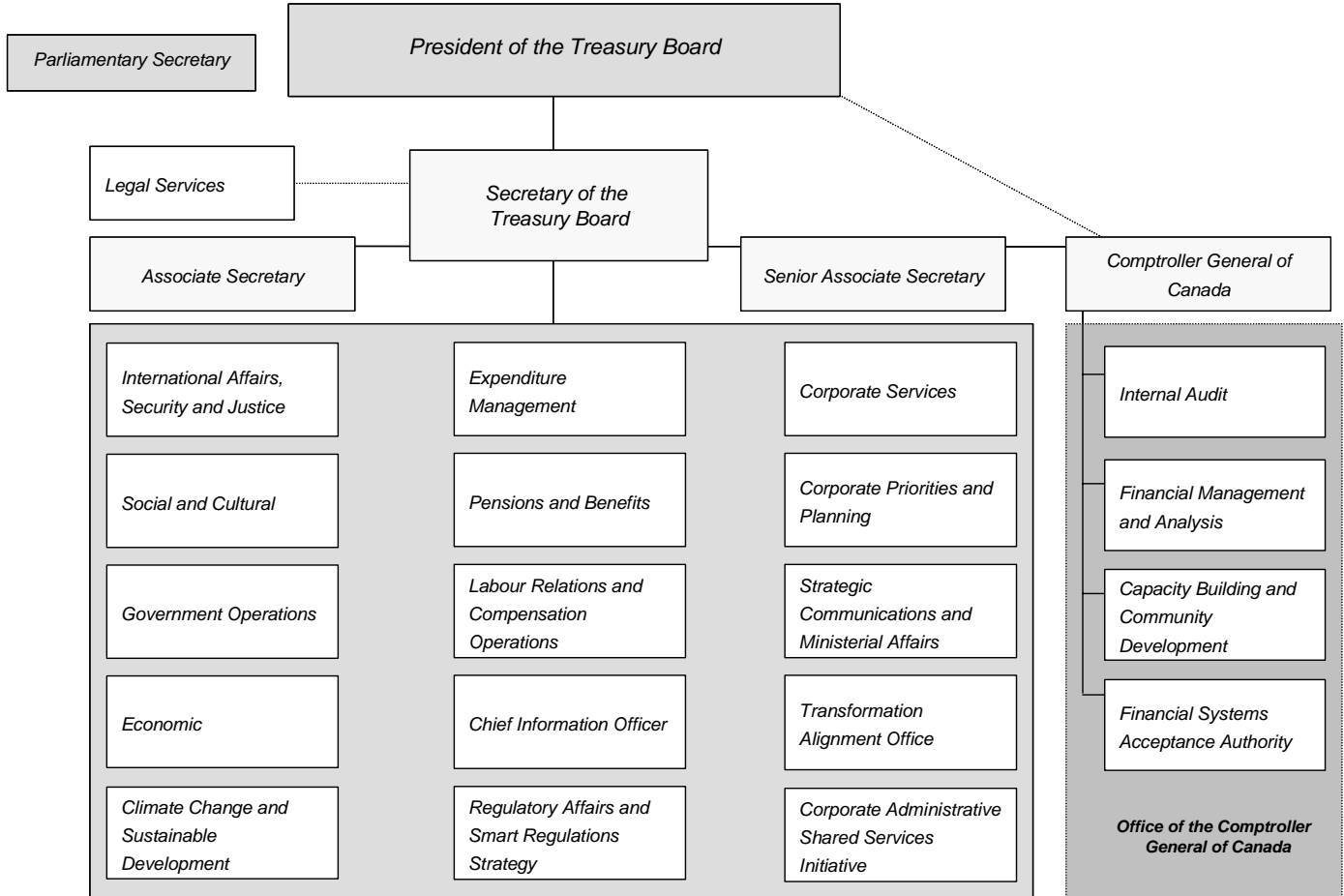


Table 1: Departmental Planned Spending and Full-time Equivalents

(\$ thousands)	Forecast Spending 2005–06	Planned Spending 2006–07	Planned Spending 2007–08	Planned Spending 2008–09
Management and Expenditure Performance ¹	134,839	132,722	124,787	122,436
Comptrollership ²	27,924	41,894	49,723	49,888
Centrally Managed Funds	2,550,170	2,559,020	2,714,920	2,962,920
Budgetary Main Estimates (gross)	2,712,933	2,733,636	2,889,430	3,135,244
Less: Respendable revenue ³	(133,519)	(135,410)	(147,200)	(149,100)
Total Main Estimates	2,579,414	2,598,226	2,742,230	2,986,144
<i>Adjustments:</i>				
Supplementary Estimates:				
Governor General Special Warrants ⁴	11,409	—	—	—
Veteran's Charter—Pension and Benefits Program	—	900	1,500	2,100
Collective Agreements—PSAC Training Project	—	3,046	3,046	—
Changes to the Public Service Health Care Plan	—	1,547	1,405	1,405
Reduced Cost of the New Ministry—Smaller Cabinet	—	(100)	(100)	(100)
Reduced Cost of the New Ministry—Regional Responsibilities	—	(2,630)	(2,630)	(2,630)
Federal Accountability Action Plan	—	4,237	3,425	2,697
Procurement Savings	—	(880)	—	—
Total Planned Spending⁵	2,590,823	2,604,346	2,748,876	2,989,616
Total Planned Spending	2,590,823	2,604,346	2,748,876	2,989,616
Less: Non-respendable revenue ⁶	(10,000)	(10,000)	(10,000)	(10,000)
Plus: Cost of services received without charge ⁷	10,801	11,500	11,500	11,500
Net cost of Program	2,591,624	2,605,846	2,750,376	2,991,116
Full-time Equivalents	1,259	1,351	1,338	1,328

1. Includes a portion of resources from Corporate Strategy and Services: \$40.8 million in 2005–06, \$50.0 million in 2006–07, \$47.6 million in 2007–08, and \$47.0 million in 2008–09.

2. Includes a portion of resources from Corporate Strategy and Services: \$5.3 million in 2005–06, \$13.8 million in 2006–07, \$16.5 million in 2007–08, and \$16.7 million in 2008–09.

3. Respendable revenue is used to cover the costs incurred by the Secretariat on behalf of other government departments for shared initiatives such as the Public Service Superannuation Account Pension Fund (Vote 1) and the Public Service Insurance (Vote 20).
4. Adjustments for 2005–06: Governor General Special Warrants include funding for the following initiatives: Vote 1— Compensation for collective agreements (\$3.6 million), Shared services feasibility study (\$3.4 million), Paylist shortfall items (\$3 million), Re-tender audit and review of the public service group insurance and benefit program suite (\$2.1 million), and public sector pension surplus and supplementary death benefits legislation (\$0.5 million). Legal services billing (\$1 million) and procurement savings (\$0.2 million) were used to offset these requests.
5. Planned spending excludes funding for the Toronto Waterfront Revitalization Initiative. This authority will be transferred from Citizenship and Immigration Canada through the Supplementary Estimates.
6. This represents the parking fees collected from public service employees in Government-owned or -leased facilities. This revenue is deposited directly to the Consolidated Revenue Fund and cannot be used to offset operating expenditures.
7. Includes the following services received without charge: accommodation charges (Public Works and Government Services Canada), Workers' Compensation (Social Development Canada), and Legal Services (Department of Justice Canada).

Table 2: Program Activities

2006–07 (\$ thousands)								
Program Activity	Budgetary					Total Main Estimates	Adjustments (planned spending not in Main Estimates)	Total Planned Spending
	Operating	Grants and Contributions	Gross	Revenue	Net			
Management and Expenditure Performance	132,722	—	132,722	(3,210)	129,512	129,512	5,137	134,649
Comptrollership	41,894	—	41,894	—	41,894	41,894	(183)	41,711
Centrally Managed Funds	2,558,500	520	2,559,020	(132,200)	2,426,820	2,426,820	1,166	2,427,986
Total	2,733,116	520	2,733,636	(135,410)	2,598,226	2,598,226	6,120	2,604,346

Table 3: Voted and Statutory Items listed in Main Estimates

(\$ thousands)

2006–07			
Vote or Statutory Item	Truncated Vote or Statutory Wording	Current Main Estimates	Previous Main Estimates
1	Program expenditures	150,649	140,551
5	Government contingencies	750,000	750,000
10	Government-wide initiatives	13,000	16,050
20	Public service insurance	1,663,800	1,653,700
(S)	President of the Treasury Board salary and motor car allowance	73	70
(S)	Contributions to employee benefit plans	20,684	19,023
(S)	Payments under the <i>Public Service Pension Adjustment Act</i>	20	20
	Total Department or Agency	2,598,226	2,579,414

Table 4: Services Received Without Charge

2006–07	(\$ thousands)
Accommodation provided by Public Works and Government Services Canada	9,000
Workers' compensation coverage provided by Social Development Canada	—
Salary and associated expenditures of legal services provided by the Department of Justice Canada	2,500
2006–07 Services received without charge	11,500

Table 5: Sources of Responsible and Non-responsible Revenue

Responsible Revenue

(\$ thousands)	Forecast Revenue 2005–06	Planned Revenue 2006–07	Planned Revenue 2007–08	Planned Revenue 2008–09
Management and Expenditure Performance				
Administration of the Public Service				
Superannuation Account Pension Fund	3,119	3,210	—	—
Centrally Managed Funds				
Administration of the Public Service Insurance	130,400	132,200	147,200	149,100
Total Responsible Revenue	133,519	135,410	147,200	149,100

Non-responsible Revenue

(\$ millions)	Forecast Revenue 2005–06	Planned Revenue 2006–07	Planned Revenue 2007–08	Planned Revenue 2008–09
Revenue from parking fees ¹	10,000	10,000	10,000	10,000
Total Non-responsible Revenue	10,000	10,000	10,000	10,000

Total Responsible and Non-responsible Revenue	143,519	145,410	157,200	159,100
--	----------------	----------------	----------------	----------------

1. This represents the parking fees collected from public service employees in government-owned or -leased facilities. This revenue is deposited directly to the Consolidated Revenue Fund and cannot be used to offset operating expenditures.

Table 6: Resource Requirement by Branch or Sector

2006-07				
(\$ thousands)	Management and Expenditure Performance	Comptrollership	Centrally Managed Funds	Total Planned Spending
Office of the Comptroller General		28,065.0		28,065.0
Expenditure Management Sector	15,468.0		750,000.0	765,468.0
Labour Relations and Compensation Operations Branch	10,386.0			10,386.0
Pensions and Benefits Branch	7,001.0		1,667,766.0	1,674,767.0
Chief Information Officer Branch	23,412.0			23,412.0
Social and Cultural Sector	4,887.0			4,887.0
Economic Sector	5,328.0			5,328.0
Government Operations Sector	9,342.0			9,342.0
International Affairs, Security and Justice Sector	5,248.0			5,248.0
<i>Federal Accountability Act</i>	4,237.0			4,237.0
Branches under Corporate Strategy and Services ¹	49,339.6	13,646.4	10,220.0	73, 206.0
Total	134,648.6	41,711.4	2,427,986.0	2,604,346.0

1. Includes the offices of the President, Secretary, Senior Associate Secretary, and Associate Secretary, as well as Strategic Communications and Ministerial Affairs, Corporate Priorities and Planning, Legal Services Branch, Corporate Services Branch, and other central costs.

Table 7: Sustainable Development Strategy

Department	
Points to Address	Departmental Input
1. What are the key goals, objectives, or long-term targets of the sustainable development strategy (SDS)?	<p>The Secretariat’s 2004–06 SDS has three main goals:</p> <ul style="list-style-type: none"> • to support departments in setting, achieving, and reporting on sustainable development goals; • to make progress on federal priorities related to sustainable development; and • to make Secretariat operations more environmentally friendly.
2. How do your key goals, objectives, or long-term targets help achieve your department’s strategic outcomes?	<p>The Secretariat’s sustainable development goals support its current strategic outcome—rigorous stewardship of public resources to achieve results for Canadians—by setting the management policy expectations and priorities with respect to the stewardship of public resources in support of sustainable development: improved management practices, horizontal management of key sustainable development files, reducing resource consumption, and raising awareness of sustainable development issues across government.</p>
3. What were your targets for the reporting period?	<p>Key targets identified in the Secretariat’s 2004–06 SDS are listed below:</p> <ul style="list-style-type: none"> • Support departments in setting, achieving and reporting on sustainable development goals <ul style="list-style-type: none"> – Improved Management Practices, outlining the expectations and indicators of sound management – Advancing activities related to leadership on key horizontal initiatives – Developing a baseline on expenditures and results with respect to the Sustainable Federal House in Order initiative – Broadening capacity within the Secretariat’s program and policy analysis areas to include sustainable development in their activities – Improving parliamentary and public reporting on sustainable development issues • Make progress on federal priorities related to sustainable development <ul style="list-style-type: none"> – Reducing the environmental impact of the federal fleet • Make Secretariat operations more environmentally friendly <ul style="list-style-type: none"> – Developing and implementing a strategy to reduce resource consumption throughout Secretariat operations – Encouraging individual employees to minimize the environmental impact of Secretariat operations

Department	
Points to Address	Departmental Input
<p>4. What is your progress to date?</p>	<p>Support departments in setting, achieving, and reporting on sustainable development goals</p> <ul style="list-style-type: none"> • Advanced horizontal frameworks (climate change, Aboriginal programs) • Supported the development of the Office of Greening Government Operations within Public Works and Government Services Canada • Improved guidance for reporting on SDS commitments (RPP, DPR) • Identified training opportunities for sustainable development <p>Make progress on federal priorities related to sustainable development</p> <ul style="list-style-type: none"> • Continued progress on improving information related to contaminated sites and greening of the federal fleet <p>Make Secretariat operations more environmentally friendly</p> <ul style="list-style-type: none"> • Reduced paper consumption • Offered green procurement training for acquisition cardholders within the Secretariat and the Public Service Human Resources Agency of Canada • Established the Green Citizenship Network
<p>5. What adjustments have you made, if any? (To better set the context for this information, discuss how lessons learned have influenced your adjustments.)</p>	<p>The Secretariat is currently reviewing its SDS with the expectation that a new strategy for 2007–09 will be tabled on December 15, 2006. Adjustments to the strategy will be informed by the Secretariat’s lessons learned to date. These include the following:</p> <ul style="list-style-type: none"> • The need for better understanding across government of the role for the Secretariat in managing sustainable development challenges • The importance of improved reporting and results-based management to sustainable development issues • The value of horizontal management and the ability of the Secretariat to act as resource for other federal departments • The opportunity of policy renewal and training initiatives to improve the environment for sustainable development • The value of institutional and policy support in advancing greening of operations as a government priority

Table 8: Internal Audits and Evaluations

Internal Audits or Evaluations
<i>For completion or commencement in 2006–07</i>
<i>Internal audits:</i>
<ul style="list-style-type: none">• Audit of Accounts Payable• Audit of Translation and Editing Services
<i>Other projects:</i>
<ul style="list-style-type: none">• Development of the Secretariat Risk Assessment and Three-year Audit Plan
<i>Evaluations</i>
<ul style="list-style-type: none">• Evaluation of foundations as instruments of public policy

Section V—Other Items of Interest

Overview of Changes to the Secretariat's PAA for 2007–08

The [MRRS Policy](#) requires that all departments within the meaning of section 2 of the *Financial Administration Act* develop a PAA that, at a sufficient level of materiality, reflects how a department allocates and manages the resources under its control to achieve its intended results.

The Secretariat's current strategic outcome, "Rigorous stewardship of public resources to achieve results for Canadians," is too narrowly focussed on the resource allocation activities undertaken by the Secretariat and does not adequately reflect the Secretariat's responsibility for promoting accountable government or effective and efficient public sector management.

Moreover, the existing strategic outcome does not reflect the full spectrum of the support provided by the Secretariat to the Treasury Board in its functions as the management board (i.e. promotion of effective, efficient, transparent, and accountable management) or the budget office (i.e. resource allocation is optimized to achieve value for Canadians) of the federal public service.

For these reasons, the Secretariat is introducing a new strategic outcome, "Government is well managed and accountable, and resources are allocated to achieve results," which better reflects the longer term outcomes of the Secretariat and provides a balance between the Secretariat's management board and budget office responsibilities.

The Secretariat is also modifying its program activities to better reflect its role in support of Treasury Board's responsibilities as the management board and budget office. As such, the Secretariat's new program activities will better capture the Secretariat's ongoing core business and change initiatives. They are as follows:

- ▶ management policy development and oversight; and
- ▶ oversight of expenditure management and financial oversight.

While not an organizational chart, the proposed PAA reflects the contribution of all organizational units in support of the management board and budget office responsibilities. The alignment between organizational units and collective outcomes is achieved at the program subactivity level, which groups organizational units into logical clusters.

Functionally, activities that support the Treasury Board's role as the employer of the public service (e.g. HR and compensation management) contribute to both management board and budget office outcomes. Similarly, the OCG is a key contributor to both of these outcomes. This new PAA structure allows the activities and contributions of the OCG and HR and compensation management to be clearly demonstrated in relation to both of these responsibilities.

Finally, the Secretariat's PAA is also being changed to incorporate the Toronto Waterfront Revitalization Initiative (TWRI). The TWRI was transferred to the Secretariat from Citizenship and Immigration Canada as part of the changes to the machinery of the federal public service announced on February 6, 2006. The mission and expected results of the TRWI have not changed, and its existing PAA structure is simply being added to the Secretariat's core PAA structure.

The amendments will take effect for the 2007–08 Estimates and Public Accounts display.

Graphic: Program Activity Architecture for 2007–08

