
FEDERAL GOVERNMENT ADVERTISING AND SPONSORSHIPS: NEW DIRECTIONS IN MANAGEMENT AND OVERSIGHT

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1 Introduction

Since Confederation, Canada has witnessed what could be characterized as an unholy alliance between advertising agencies and political parties.¹ As governments, parties and public issues have changed, the general terms of this alliance have remained essentially the same—“work for our party for free or at a substantially reduced cost during an election campaign, and you will be rewarded with contracts should we be elected.” Although Canadians have in general always required a high level of ethics and morality in public administration, this is one of the few anomalies that remains stuck at a “wink, wink, nudge, nudge” level of conduct.

What changes have taken place that such a practice should be and could be removed permanently from the political landscape?

First, a more educated and informed electorate understands that such unholy alliances violate the public trust and place individual interests ahead of the public interest. That is not acceptable in today's Canada.

Second, there is a concerted effort to elevate standards of accountability and transparency in both public and private institutions. Recent well-publicized scandals of gross misconduct by private and public sector managers have increased the public's desire for greater legal and administrative controls as well as sanctions on those violating the public trust.

Third, election financing reforms have made it easier for parties to pay the costs of running a national campaign, virtually eliminated *pro bono* work during a campaign, and increased disclosure requirements. Recent amendments to the *Canada Elections Act* which came into force in January 2004 have reduced the maximum contribution allowed by Canadian citizens and permanent residents to a registered political party, district or candidate. Indirect contributions to registered political parties were sharply reduced for corporations and trade unions, as was the maximum contribution allowable to a particular candidate who is not part of a registered party.

Fourth, technical advances have expanded the options for communicating with the public, and there are many more competent firms capable of providing quick and economical advertising campaigns during the short time frame of an election.

Fifth, the "sponsorship scandal," which is the subject of the Commission of Inquiry into the Sponsorship Program and Advertising Activities, exposed many of the real costs of linking sponsorship and advertising contracts to party affiliation, including the waste of public money, the

contamination of political and bureaucratic institutions, and the undermining of democratic and administrative processes.

The purpose of this paper is to examine weaknesses identified in the management of the government's advertising and sponsorship activities (as outlined in the Commission of Inquiry's *Fact Finding Report*) and the series of measures introduced by the Government of Canada since May 2002 to address them. We will assess whether the new initiatives are suitable and sufficient, or if additional actions are required.

2 Evolution of Federal Government Communication Policy and Procedures

2.1

Overall Objectives of the Government's Communication Policy

An examination of the federal government's policies and processes for the management of communications, including advertising and sponsorships, identifies a number of overriding objectives that should be pursued:

- Effectiveness (of the program)
- Value for money
- Transparency (of the process)
- Accountability (of political officials, public servants and service providers)
- Fairness (of the procurement process)
- Stewardship or Oversight
- Flexibility
- Capacity (skills and training)

One could argue that the so-called “sponsorship scandal” (which also included advertising activities) exposed weaknesses in all of these areas, some to a greater degree than others. There was also an apparent lack of independence from political involvement in specific management activities. We attempt to address each of these issues in our analysis.

2.2

Actions Following the Tabling of the Auditor General's Report

Following the tabling of the Auditor General's November 2003 report in February 2004, the Government of Canada reacted in various ways. One of these was to call for the Commission of Inquiry. Another action was to reduce the overall quantity of government advertising, including a moratorium announced on March 15, 2004, with a planned reduction of 15% in the government's media placement spending over three years. We will not attempt to determine what the proper level of government advertising should be or what specific programs should be the object of government advertising activities or sponsorship programs. This is essentially a policy or political decision, where choices may depend on the priorities of the government. We will have something to say on what constitutes “advertising” or “sponsorship,” but we will not make an *a priori* assessment on whether individual initiatives are valid, appropriate or effective. In general, there is acceptance that non-partisan initiatives by government in advertising and sponsorships are legitimate as long as they follow comprehensive, transparent and fair policies and practices including oversight.

In the past three years, the Government of Canada has introduced comprehensive changes to the policies, procedures and organizations dealing with advertising, including:²

- Increasing the number of suppliers for advertising, the number of opportunities for firms to compete, and the variety of procurement methods;

- Payments based on hourly remuneration, as opposed to the former commission-based remuneration. Other methods of payment, such as retainers and performance-based methods, can be considered when warranted;
- Selection of a new Agency of Record through a competitive Request for Proposals (RFP) process;
- Establishment of a Canadian content requirement of 80 percent;
- Ongoing strengthening of internal capacity; and,
- Issuing an annual report on government advertising activities to increase transparency.

Noteworthy among these process changes is the elimination of commissions and a requirement for fees based upon approved hourly rates for the work in question—a key source of concern to the Commission of Inquiry.

These new procedures were accompanied by a number of structural and administrative changes. Among those, key changes included:

- On August 7, 2002, the elimination of Appendix Q of the Treasury Board regulations related to advertising, and the integration of advertising into mainstream Contracting Policy (this came into effect January 1, 2003);
- Strengthened management oversight through:
 - Centralizing government priority-setting for all advertising in PCO's Strategic Communications Planning section; and,
 - The creation of two new responsibility centers within Public Works and Government Services Canada (PWGSC) to manage and coordinate advertising initiatives—the Public Opinion Research and Advertising Coordination Directorate and the Communication Procurement Directorate.

2.3

Defining “Advertising”

Section 16.13.5 of the Government of Canada Contracting Policy (advertising) defines advertising as:

- all activities involved in the purchase, by or on behalf of the government, for the development and production of advertising campaigns and associated space or time in print or broadcast media, or in other mass media such as outdoors and transit advertising;
- any collateral materials such as posters, counter displays, and printed material such as inserts that are a direct extension of an advertising campaign, as well as Public Service Announcements;
- public relations, special events, direct marketing and promotional activities that are an extension or form part of an advertising campaign; and,
- paid announcements such as public notices regarding tenders, sales, public hearings, offers of employment, and business hours and addresses.

If greater rigour is to be introduced into the management of the government advertising function, then collateral functions and services must be separated from the definition of advertising. In the GOC Communications Policy, advertising is one of 17 subject areas under consideration for additional guidelines. At this time, Treasury Board has not yet produced a set of guidelines to govern planned advertising activities. One concern that has been raised is the fact that the definition of “advertising” has been expanded to such an extent that it now encompasses a wide range of activities, including sponsorships, promotional activities, marketing, special events management, and other communications services. This has opened up competitions to firms that may not have the technical expertise for traditional media campaigns. This expansion of the definition created some of the problems that came

to light in the investigation of the “sponsorship scandal” by the Commission of Inquiry and by the Auditor General of Canada. We recommend that:

- *The current Government of Canada definition of “advertising” should immediately be tightened up to conform to accepted advertising industry standards and norms, and be promulgated as an amendment to the GOC Communications Policy and other related policies. This more restrictive definition should be in place before any new standing offer or supply arrangement competitions are held for the provision of advertising services.*

3 Advertising Oversight

Section 23 of the Communications Policy of the Government of Canada, along with the numerous new policies and structural changes at PWGSC for the management of advertising, has created an elaborate system of oversight for the advertising function.

The Privy Council Office (PCO), through the Government Advertising Committee (GAC), provides planning, oversight, and “challenge” functions for all government advertising initiatives. Although individual advertising initiatives under \$75,000 can be approved by a PCO Policy Analyst, unusual or contentious programs will still be referred to the GAC. Cabinet must approve an overall annual budget for government-wide advertising expenditures and then each department must make a separate submission to Treasury Board for individual advertising initiatives.

At Public Works and Government Services Canada (PWGSC), advertising planning (the Advertising Coordination and Partnership Directorate) is separated from advertising procurement (the Communication Procurement Directorate). Each advertising initiative receives a work order (APV) which is tracked in a new management information system (ADMIS).

Deputy heads of individual departments are responsible for the overall management of communications and its integration with other key functions, including policy and programming. The deputy head is supported by a head of communications in each department.

To these oversight mechanisms will now be added:

- A Chief Financial Officer in each department, reporting to the deputy head but also functionally responsible to the Office of the Comptroller General; and,
- A Chief Audit Executive in each department who, with an Audit Committee (which includes a number of external government and non-government members), will establish a departmental Audit Plan.

PWGSC has also introduced a new position at the assistant deputy minister level, the Chief Risk Officer, who will ensure that proper management controls are in place. The incumbent is the former Assistant Auditor General who worked on the sponsorship file for the Office of the Auditor General.

With all of this oversight, the risk of reoccurrence of events that characterized the “sponsorship scandal” appears to be less likely, especially with continued scrutiny of government advertising activities by the media, Opposition parties and the public. This scrutiny is enhanced by new measures to increase transparency, including the posting on various government websites of approved allocations for advertising initiatives (TBS website), information on advertising-related contracts (Contracts Canada/PWGSC website), all work authorizations for media placement by the Agency of Record (AOR), all call-ups to agencies on the standing offer list, all contracts awarded through competition to firms on the pre-qualified supply arrangement list, and all contracts for larger campaigns competed through the full RFP process. In addition, each department and agency must post all contracts over \$10,000 on their individual websites.

PWGSC also publishes an annual report on advertising activities that includes details on advertising contracts, expenditures by organizations, key results, and major advertising campaigns. It also contains information on advertising management initiatives.

Even with all of these initiatives, certain additional measures might be considered, because of the notoriety and public sensitivities about government advertising programs created by the “sponsorship scandal.” We would recommend:

- *An instruction by the Office of the Comptroller General (OCG) to each department and agency to conduct annual audits of departmental advertising programs and processes for the foreseeable future, with an annual decision by the OCG on modifying or eliminating this requirement;*
- *Another comprehensive audit of government advertising initiatives by the Office of the Auditor General in fiscal year 2006-07 or fiscal year 2007-08 to verify that the new processes and policies in place are ensuring: fairness in the selection of suppliers; value for money; effective advertising campaigns; the development of functional and system capacity (including skills development and training); and the elimination of political intervention in the management and administration of advertising activities (but not in the establishment of government priorities or strategies); and,*
- *An independent assessment of the views of government departments and agencies, advertising firms and the public on the efficiency and effectiveness of the new advertising management systems and policies and any other impacts or unintended consequences.*

4 The Appropriate Locus of Oversight

Given the existing responsibilities and relationships between PCO and the Prime Minister's Office (PMO), there is a question of whether there is sufficient separation between politicians and public servants in the planning and administration of the advertising function. If the idea is to provide greater independence for the management of advertising activities, it may be better to move the function away from the PMO/PCO nexus.

To that end, we looked at some recent developments elsewhere in Canada on the management of government advertising. According to changes that came into force in Ontario on November 21, 2005, most advertising must now be reviewed by the provincial Auditor General (*Government Advertising Act, 2004*). Advertising must not be partisan; must not include the names, voices or images of members of the Executive Council or the Legislative Assembly (unless the primary audience is located outside of Ontario); and must fulfill at least one of the following purposes:

- Inform the public of policies or available programs and services;
- Inform the public of its legal rights and responsibilities;
- Encourage (or discourage) specific types of social behaviour;
- Promote Ontario as a good place to live, work, invest, study or visit;
- Promote an activity or sector of the Ontario economy.

The Auditor General of Ontario (AG) can establish an Advertising Commissioner to undertake this review of advertising items on his or her behalf. Any advertising items deemed not suitable cannot be used and the AG's decision is final. The AG also reports annually to the Speaker of the Legislative Assembly on any contraventions to the Act and on advertising expenditures (both for government advertising generally and for specific advertising items reviewable under the Act).

To assist with these tasks, the Ontario AG, through a public competition, has engaged a private sector lawyer who specializes in advertising as

well as an academic to form an Advertising Working Group to approve ads. This would appear to add an additional level of independence that is not present in the current federal system.

Other models can be observed through the experiences of the provinces. Alberta, for example, has instituted a policy to increase competition whereby the creative process of ad development must be tendered to a different firm from the firm responsible for ad placement. Alberta's Public Affairs Bureau (PAB) handles all government communications activity. The PAB's Executive Director has assistants and communications officers assigned to provincial ministries that request communications assistance. Although the Executive Director reports to the Premier, PAB policies and procedures are seen as effective in insulating decisions on advertising from political influence. Among the "best practices" demonstrated in Alberta are the public availability of terms of reference, cross-ministry advisory panels, private sector involvement, and the distribution of work policies.

In looking for a centre for advertising management within the federal government, a number of potential options have been suggested. One favourite (especially among Canadians at large) is the Office of the Auditor General, which initially revealed the weaknesses in government advertising and sponsorship management. It can be argued that the Office of the federal Auditor General is not an appropriate location for such a function, since the AG does not provide *a priori* rulings or a challenge function to government.

While it is tempting to consider an independent advertising commission reporting to Parliament as offering a more workable mechanism, we are reluctant to recommend the creation of new organizations or officers of Parliament. The total value of government advertising is still relatively modest, and a stand-alone organization for this purpose could be seen as overkill.

Although the Office of the Comptroller General appears to have some merit as a possible locus for federal government advertising supervision, for the immediate future there are difficulties with such an option. The Comptroller General operates under the *aegis* of the Treasury Board Secretariat, which is a central agency. Thus, locating a supervisory function there might confuse accountabilities. As part of the Treasury Board Minister's recently announced reform package, the Comptroller General is presently responsible for implementing the concept of a Chief Financial Officer (CFO) within each federal department. This CFO would be independent from departmental operations and would have to be satisfied with the department's management control framework. There would be a dual reporting relationship both to the Deputy Minister within the departmental hierarchy and functionally to the Comptroller General. Each department's audit plan would be approved by an external audit committee. This is expected to enhance accountability and bring greater independence to the audit function. Once some experience has been gained in this new audit and financial control framework, the time may be more opportune to revisit the notion of an OCG supervisory role over advertising and sponsorship contracting.

In the longer run, PWGSC may prove to be the logical home for advertising management from a business perspective. It is a common service agency and that is where the GOC provides shared services. The size of PWGSC and its capacity to digest these services suggest, however, that this is not the appropriate time to attempt such a move. Capacity must be enhanced through various training initiatives, and, eventually, there may be a good case for relocating the overall management of the advertising function within that department.

In the short term, PCO appears to be an appropriate centre for priority-setting and planning, perhaps with a need for more technical expertise, backup, and possibly outside involvement from the private sector. Combined with the separation of roles among PWGSC, TBS and the OCG, this should provide assurance that oversight is sufficient and free from political interference.

5 Transparency and Independence

As noted, under the new Government of Canada Communications Policy, advertising planning is coordinated by the PCO. That office has overall strategic responsibility for federal government advertising. PCO is charged with developing and monitoring the Government Advertising Plan and recommending funding allocations under that Plan to Cabinet. The Government Advertising Committee (GAC) meets virtually every week to discuss longer-term and ongoing advertising requirements. Established in late 1999, the GAC is chaired by the Director of Strategic Communications Planning at PCO. Other permanent members of the GAC come from the Treasury Board Secretariat (TBS) and PWGSC's Public Opinion Research and Advertising Coordination area, and other seats rotate among departments. The GAC has no political representatives and reports through the Assistant Secretary, Communications (PCO) to the Operations Committee. Although it does not keep formal minutes, there are records of decisions made. Advertising is not considered to be a program, but rather an activity that is conducted in various departments and agencies. In fact, officials noted that even if there were no GAC, PCO and TBS would still be required to provide stewardship through their challenge function.

Under the new policies and procedures, advertising is a mainstream activity, and officials admit that it was not so before. Now, there are in place appropriate planning processes, procurement criteria, oversight mechanisms and audit plans. Decision-making is seen to be fully transparent and collective. Officials commented that the new system is the right system to ensure that events like the "sponsorship scandal" will never again take place.

With the checks and balances and complexities involved in seeking approval for an advertising campaign, finding a source of funds, obtaining Cabinet approval, preparing a Treasury Board submission for release of funds to individual campaigns, and conducting post-campaign audits and

impact assessments, the system certainly appears to be airtight. Although it may still be too early to tell, the question could be asked whether enough air has been left inside the system to allow for creativity, innovation, and even expediency. Finding the balance between probity and effectiveness may require some modifications once the new processes and structures have had an opportunity to develop some sort of track record. Consideration should also be given to ensuring that a more formal and complete “paper trail” is available on advertising decisions.

6 The Advertising Procurement Process

One of the objectives of the Government of Canada’s Advertising Management Renewal initiative was to introduce more fairness into the advertising procurement process. The “sponsorship scandal” had exposed a number of weaknesses or loopholes in the existing policies in addition to several questionable practices in the implementation and oversight of procurement.

The overall objective of the new measures introduced since 2002 has been to “normalize” advertising procurement to make it similar to other processes for GOC procurement of services. Other objectives have been to increase the fairness and transparency of the procurement system.

To increase overall competition, the requirement that advertising firms be 100% Canadian-owned has been changed to an 80% Canadian ownership requirement, opening the field of competition to more firms. Greater transparency and fairness have been introduced through the posting on various government websites of virtually all government advertising requirements, contract awards, call-ups, the development of appropriate selection criteria, and the reform of the composition of selection boards (including the use of external “fairness monitors”). One key change is the requirement that price be a selection factor in all procurements for bidders who have met the technical requirements of a competition.

Essentially, PWGSC has established a three-tier system for the selection of advertising agencies for creative planning and production and media placement strategies. The process for selecting the Agency of Record (AOR) that does the media placement has also been revamped, including the possibility of having more than one AOR. To underline how different and rigorous the new AOR requirements are, no agency qualified from the first amended AOR competition and it was necessary to run a new competition.

For the creative and media strategy requirements, the three procurement tiers are as follows:

Requirements up to \$75,000—Standing Offers

For requirements up to \$75,000, national and provincial standing offer lists are developed for firms that qualify through an open competition. Lists are in force for two years (currently May 21, 2004 to May 21, 2006). In total, 10 national and 11 provincial standing offers have been awarded. Nine firms qualified for both national and provincial standing offers, so in fact 12 different firms qualified in total. Subsequent selection for individual requirements is based on a formula, including the proportional distribution of work according to a firm's ranking in the actual competition to set up the standing offer.

Requirements between \$75,000 and \$750,000— Supply Arrangements

For larger requirements between \$75,000 and \$750,000, a pre-qualified supplier list is established by an open competition, again for two years, based on technical capabilities. But all pre-qualified firms can bid on all requirements, and decisions are made on both technical and financial proposals. Fourteen firms were selected in the first competition for this tier, including one firm that qualified for both national and provincial standing offers as well.

Requirements over \$750,000—Open Competition

For requirements over \$750,000, competitions are held through the normal Request for Proposal process where requirements are posted on MERX, the government's electronic tendering system. Proposals are evaluated on both technical merit and price.

While the system appears to be working well from the government's perspective, the Canadian advertising industry has expressed concern about the use of standing offers. This is a complicated area. Arguments are made that using a limited number of standing offers in fact cuts off real competition for the duration of the period of these offers (i.e., two years). Such a system may not take into account changes in firms, their personnel, and developments in the marketplace (e.g., the rapidly growing use of the Internet as an acceptable mode of advertising). Smaller firms feel that the competitions may be biased towards larger firms and that they are often forced to align with larger firms or face the prospect of not receiving government work. Larger firms take a fee for their participation, reducing the actual professional time allotted to meeting the government's requirements.

This argument has also been put forward by other industries, such as the information technology and management consulting industries. In November 2005, PWGSC announced that, effective December 15, 2005, companies offering professional services such as consulting and human resources services would be able to register on a database to be considered for government contracts. In addition, the Government announced that it was willing to consider additional measures including:

- Recompeting some standing offers and supply arrangements;
- Providing support for joint ventures among small firms; and,
- Offering guidance to suppliers on how to meet exceptions in mandatory standing offers.

In a sense, the “normalization” of the advertising procurement process brings with it all of the demands on regular GOC procurement (e.g., regional balance, support to small business, “set aside” programs, stimulation of innovation, and job creation). It also requires attention to other “normal” procurement irregularities such as “contract splitting” and overly rigorous requirement definitions which may favour incumbent suppliers.

The balance between expediency and fairness in procurement is always a difficult one for government. If the actual volume of government advertising continues to decrease, government may want to examine other procurement strategies to ensure that there are sufficient suppliers in a healthy Canadian advertising industry and that innovation is encouraged. For example, some discretion could be allowed for new forms of advertising (such as Internet-based forms) by holding special competitions or possibly opening competitions for selected campaigns, even for low dollar value requirements.

The fairness of the procurement system will also be enhanced by increasing the number of PWGSC and other government employees with professional training and designations in advertising. The industry has suggested a joint study and program for pre-certification of advertising agencies. Any such programs would have to respect national and provincial jurisdictions for training and certification and also ensure that the initiative was not an attempt to create another form of “closed shop” (e.g., by discriminating against small or new agencies).

7 Assessing Results: Obtaining Value for Money

A major element of the government effort to ensure greater accountability was the re-establishment of the Office of the Comptroller General of Canada in December 2003 to oversee all government spending. The new Comptroller General has taken steps to have departmental comptrollers in place and to introduce professional

certification standards. This is discussed elsewhere in our paper. The increased focus on regularized audits and the tracking of expenditures government-wide is noteworthy. The internal audit function within government has been, and continues to be, re-organized and strengthened to ensure comprehensive audit programs based on sound risk analysis.

Specific to the advertising area, various safeguards were introduced throughout the life cycle of advertising initiatives. One such safeguard involved a requirement to conduct post-campaign evaluations to assess the value received for money spent. This is consistent with the overall public sector trend toward results-based management, which requires that performance monitoring be in place and success measures be identified during the planning stages of an initiative. Federal departments and agencies are now required to conduct a post-campaign evaluation of all major advertising initiatives exceeding \$400,000 in media buys. Such post-campaign research is an integral part of any advertising initiative and therefore must be included in the planning process. Project budgets must ensure that there will be sufficient resources to complete an evaluation. Such planning requires that appropriate indicators to measure success be identified prior to the campaign for use once the campaign has ended.

PWGSC and PCO work with other departments to research and evaluate the impact and value of their advertising initiatives. The “Advertising Campaign Evaluation Tool” consists of a series of standardized questions to be included at the beginning of a post-campaign survey and is used to evaluate major advertising campaigns. Departments and agencies are responsible for ensuring the quality of their evaluations. Data from post-campaign focus groups are publicly available through the Library of Parliament. Accountability to the public is further enhanced through annual PWGSC reports on government advertising and on public opinion research.³ As well, significant findings

from any evaluations must be noted in *Departmental Performance Reports* and departmental *Reports on Plans and Priorities*.

8 Building Professional Capacity in the Government Advertising Community

One of the relevant findings from the Commission of Inquiry was that many of the individuals managing and carrying out advertising contracts lacked professional credentials. Officials in the federal government responsible for the advertising function recognize this gap and have begun to seek solutions to narrow it. The Government has responded by developing a “community of practice” and introducing training requirements in specific areas for procurement officers.

8.1

Towards a Community of Practice

There is an emerging trend in the federal government for what are called “communities of practice.” The federal procurement community has recently begun to move in this direction. This concept is also well-entrenched in the audit and evaluation communities, both of which are managed through a central agency (TBS).

The Communications Community Office (CCO) is one means of supporting these efforts for government communications specialists. The CCO is funded by Directors General of Communications across the government and one of its key objectives is learning and training. This effort is in its early stages and progress has been modest to date. Certain specific materials for advertising professionals, such as an Orientation Guide, appear to be out of date or at least difficult to access.⁴

Among CCO activities to support a community of practice are the gathering of lessons learned and the exploration of formal training for members of the community.

8.2

Training Programs

Training programs for federal government employees have received more emphasis recently and are expected to strengthen technical skills in different areas. The federal government has allocated \$35 million to training initiatives at different levels. At the recruitment level, for example, the plan is to re-establish orientation training to impart organizational knowledge, values and ethics for new public servants. Another training stream will focus on management competencies, and there will be training, and possibly certification requirements, for certain communities of practice. For example, the Canada School of Public Service (CSPS) will be the central office for certification of financial officers.

Certification for procurement officers will be delivered at three levels, although such certification is not expected to be tied to conditions of employment. The concept will place emphasis on procurement process skills. Officials engaged in advertising management suggest that there may not be room to focus on commodity-specific skills, such as advertising management. On the other hand, other officials believe that it is possible to include an advertising component in procurement training or in communications management courses.

8.3

Perspectives on Certification

The difficult questions are whether and how to certify various professional groups. In recent years, the Government of Canada has been investing more heavily in this area. In 1998, the effort began with two communities, procurement and materiel management. The driver in both cases was a lack of confidence and trust. More recently, the Office of the Comptroller General has been developing a certification program for internal auditors. In this case, the impetus relates more to a desire to establish minimum professional standards.

Advertising is a sophisticated communications tool that requires specific skills from companies with proven track records. To ensure this level of competence is achieved, emphasis should be placed on the professional credentials of advertising suppliers and their employees. In addition, those persons in government responsible for the planning, procurement and administration of advertising campaigns also should have demonstrated competencies and skill sets. The Commission is not mandated to comment on provincial jurisdiction, which includes the supply of training and the licensing of professional groups. As such, the Commissioner can only encourage the advertising industry to establish professional norms and standards and to place greater emphasis on training programs. Within the public service, however, the Commission might wish to suggest that certain competencies and skill sets be required for officials engaged in advertising management or procurement.

8.4

The Professional Development and Certification Program

The Professional Development and Certification Program emerged as a key human resource renewal initiative in support of modern comptrollership, human resources modernization, and the new policy for continuous learning in the public service. It has two components, professional development and certification, and is designed to provide employees in the procurement, materiel management, and real property community with the learning tools to help acquire the skills, knowledge and expertise required to meet evolving and complex business needs, government priorities, and management initiatives. It is expected to enhance the professionalism and value-added contribution of this community in the delivery of programs and services to Canadians and in the organizations in which they are employed.⁵

The process for certifying internal auditors is expected to be less complex than others because that community already has standards and

institutions. Advertising management is less precisely defined and, accordingly, has more grey areas in terms of what should be certified and how. A certification process can verify technical skills but does not necessarily prove that a candidate has the intellectual skills. Many critics of certification suggest that the focus ought to be on good training instead. Perhaps less complex solutions initially may better serve the interests of the advertising management community.

Among the conditions for putting any certification program in place are the need to establish a review body in addition to the certification body, and the need for a dispute resolution process. These issues must be weighed in the decision calculus before embarking on any such program.

If basic competencies and training requirements can be established and expressed in regulations, greater clarity can be brought to the question of “who is qualified?” In the “sponsorship scandal,” it appears that the focus was more on getting things done as opposed to doing the right things to get things done, and this opened the door to abuse. If the people put in charge of managing advertising programs and the professionals chosen to carry out the work under contract must meet basic standards, the market will ultimately identify who is competent and who does not meet those standards.

Areas where the management of advertising-related work may be able to build upon lessons learned from the experience of the internal audit community, are quality assurance and continuous improvement.⁶

The federal audit function utilizes five quality assurance standards from the Institute of Internal Auditors (IIA). IIA Standard 1300 (Quality Assurance [QA] and Improvement Program) specifies that the chief audit executive must develop and maintain a quality assurance and improvement program that covers all aspects of the internal audit activity and continuously monitors its effectiveness. All aspects of the

program should be designed to help the internal auditing activity add value and improve the organization's operations, and to provide assurance that the internal audit activity is in conformity with the standards and the Code of Ethics.

Other IIA QA standards relate to a process for monitoring the quality program (including ongoing performance reviews and self-assessment), and ensuring proper supervision so that objectives are achieved, quality is assured, and there is professional development of the staff.

The IIA has developed a specialty certification for public sector auditors, known as the Certified Government Auditing Professional (CGAP). The broad scope of this specialty emphasizes the internal auditor's role in strengthening accountability to the public and improving government services.⁷

In addition, the IIA offers a Certified Internal Auditor (CIA) designation. This is currently the only globally accepted certification for internal auditors and remains the standard by which individuals demonstrate their competency and professionalism in the internal auditing field.

The Office of the Comptroller General (OCG) is in the process of requiring such designations for the Senior Heads of Audit (and Evaluation) in federal departments within two years of their appointments.

The federal government should be encouraged to explore all means of endorsing professional standards and attempting to recruit or train individuals to meet those standards. In the end, certification will ensure competent management of advertising and sponsorship activities in the future.

9 Political Parties and Advertising Agencies

As the level of transparency and oversight of the advertising function in the federal government continues to expand, there should be

increasingly few opportunities for advertising agencies and political parties to maintain the unholy alliance that has been characteristic of this function in the past.

It has been suggested by a number of observers that there should be a “cooling off” period for agencies working on political campaigns before they can bid on government contracts, so that agencies who may have worked for the party which forms the government would not immediately be rewarded for their efforts. The new election financing reforms essentially eliminate any *pro bono* work by agencies, and there is a deeper question of whether corporations who legitimately participate in the political process should be penalized and denied access to government business. Such an approach might actually have the opposite effect of encouraging covert participation or else discouraging all agencies from participation for fear of losing legitimate market opportunities.

By the same token, membership in a political party is the democratic right of all Canadians, and individuals should not be penalized for their party allegiances, just as they should not be unfairly rewarded.

The advertising industry itself may wish to explore a code of conduct for agencies dealing with political parties, so that there are clear guidelines as well as sanctions for companies who violate industry standards. One impact of the “sponsorship scandal” was that the advertising industry, especially in Quebec, felt unfairly tainted by rogue firms who had little or no connection to the mainstream of the industry. Every effort must be made to avoid this form of “guilt by association” in the future.

Politics can be a blood sport and the pursuit of power may lead individuals and organizations to test the ethical limits of society. Political parties, advertising agencies, and those tasked with overseeing our

democratic institutions and processes, must be especially vigilant to ensure that basic standards of fairness are met. Individual Canadians must also speak out when they witness or suspect that these institutions and processes are being manipulated.

10 The New Approach to Sponsorships

In December 2003, Prime Minister Martin announced the cancellation of the Sponsorship Program and the dismantling of Communication Canada. Nevertheless, the new Government of Canada Communications Policy includes a small section on Sponsorships (section 25) and a larger section on Partnering and Collaborative Arrangements (section 24). The new policy makes individual departmental managers responsible for arranging or administering sponsorships, but they must consult with the head of communications in their department before issuing (or accepting) a sponsorship. In addition, the deputy head must be informed regularly of any communications plans or activities where a sponsorship arrangement is involved. Further, sponsorship activities will be subject to the same audit, evaluation and performance reporting processes that are required for other partnering or collaborative communications activities.

Since the “sponsorship scandal” became public, there appears to be reluctance on the part of the federal government to participate in sponsorship arrangements. Existing programs such as trade fairs, exhibitions and cultural initiatives continue to provide some visibility for the “Canada brand,” but there is really no single focus at the current time for relatively small-scale sponsorship initiatives.

The current practice is to consider any new sponsorship initiative as part of the Government’s “grants and contributions” programs. Sponsorships *per se* are a legitimate activity of both public and private sector organizations, and the disengagement of the federal government from this area has already been cited by many grassroots

social/cultural/agricultural/sports/heritage organizations as negatively affecting their events.

If the federal government intends to re-enter the area of sponsorships, it should do so armed with the following “lessons learned” from the events of 1994 to 2001. We recommend that:

- *Specific guidelines should be established for the objectives of sponsorship activities. (It is noted that Partnering, Collaborative Arrangements and Sponsorships is one of the 17 subject areas for which the Treasury Board Secretariat will be developing guidelines as annexes to the Communications Policy of the Government of Canada.)*
- *Like advertising activities, sponsorship activities should be conducted in a fair and transparent manner, free from political interference in the selection and management of individual sponsorship activities. (As with all government programs, Ministers should be free to set overall priorities and objectives within their departments.)*
- *Sponsorship activities (or variations thereof) should be clearly identified and described in all planning, management and reporting documents to departmental management, central agencies and to Parliament.*
- *Regular evaluations and audits should be undertaken of both a sample of individual sponsorship projects, as well as overall Government of Canada sponsorship activities, to ensure they are meeting stated objectives, providing value for money, not creating unintended consequences, and are free from partisanship in their management and administration.*
- *If a central focus for a formal sponsorship program is required, it should be in a program department, rather than in a central agency or a common service organization. Because of the number and variation of sponsorship events and activities, it is probably unnecessary to have a central planning and coordination mechanism similar to the Government Advertising Committee. Nevertheless, it might be useful to have an advisory group which could provide technical advice to departments that are contemplating or entering collaborative or sponsorship activities. This group could, for example, be*

associated with the Federal Identity Program office in the TBS or with the Advertising Coordination and Partnerships Sector in PWGSC.

We would like to point out that the current Government of Canada Communications Policy does not apply to certain Crown Corporations and other public institutions listed in Schedule III to the *Financial Administration Act*. This includes entities such as Via Rail, Canada Post and the Royal Canadian Mint. While these organizations may have commercial and other reasons for seeking “branding” independence, there should, nonetheless, be some onus on them to assist in reinforcing the Government of Canada corporate image.

11 Conclusion

Overall, the Government of Canada has learned the lessons of the “sponsorship scandal,” even before Justice John Gomery released his reports. If anything, the reaction has been to create what is tantamount to a “bunker mentality” to ensure that no abuses of the advertising system will occur again. By separating out the responsibilities for planning, procurement, agency selection, financing, and evaluation and audit, and strengthening many of the policies and procedures, additional checks and balances have been added to the system. There has also been a concerted effort to remove the involvement of ministers and political staff from the processes and operations, except for the establishment of strategic priorities, which is a legitimate role.

Some say that the pendulum may have swung too far and that some form of normalization is required. This would certainly seem to be the case with respect to sponsorships—where the “s-word” has now been almost totally eliminated from the government’s jargon and mindset.

The events which constituted the “sponsorship scandal” have undoubtedly cast a long dark shadow, but they have also inaugurated a new era in the federal government’s approach to advertising and sponsorships. That

said, we cannot predict how long it will last. Caution, probity, fairness, transparency, and value for money have all become new watchwords in this once controversial area. The Auditor General of Canada pointed out that there were enough rules—some people just did not follow them, and others just looked away. Whether the new rules and procedures and the best intentions of politicians and public servants will once and for all end the unholy alliance between political parties and advertising agencies, will be a subject for auditors, political scientists, journalists, and historians to ponder in years to come.

Endnotes

- ¹ Jonathan Rose, in quoting Jim Coutts, former principal secretary to Prime Minister Trudeau, captures the essence of the concept: “There are Liberal agencies and Tory agencies. That’s the way advertising works in Canada.” *Making “Pictures in Our Heads”—Government Advertising in Canada*, Praeger Series in Political Communication, 2000, p. 89.
- ² This information appears on the Treasury Board Secretariat website http://www.tbs-sct.gc.ca/gr-rgr/gomery/amr-rgp05_e.asp. The information is based on an announcement of April 28, 2003 by the Minister of PWGSC. The details of the Minister’s announcement are available at <http://www.news.gc.ca/cfm/view/en/index.jsp>.
- ³ The annual report on advertising is found at http://www.communication.gc.ca/reports_rapports/adv_pub/2002-2003/argca_rapgc_04_e.html.
- ⁴ *Advertising in the Government of Canada—An Orientation Guide 2003-2004*, Communication Canada.
- ⁵ Full details on the program can be found at <http://www.tbs-sct.gc.ca/pd-pp/>.
- ⁶ *Ibid.*, pp. 36-38.
- ⁷ From the IIA website, http://www.theiia.org/index.cfm?doc_id=926.

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