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Final Audit Report

Audit of the Treasury Board Submission Process

June 2011

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Executive Summary

A Treasury Board submission is an official document submitted by a sponsoring minister on behalf of a federal organization seeking approval or authority from the Treasury Board ministers for an initiative that is beyond the federal organizations delegated authority or involves funding for policies, programs or activities.

The objective of the audit was to assess the effectiveness, efficiency and consistency of procedures and standards applied in Treasury Board submission preparation and approval. The audit was conducted by the Audit and Accountability Bureau and sufficient and appropriate procedures were performed and evidence gathered to support the accuracy of the audit conclusion. The audit findings and conclusion are based on a comparison of the conditions that existed as of the date of the audit, against established criteria that were agreed upon with management. Further, the evidence was gathered in accordance with the *Internal Auditing Standards for the Government of Canada* and the *International Standards for the Professional Practice of Internal Auditing*.

The Treasury Board submission process is a shared responsibility between the Branches and the Chief Financial Officer Branch. The Chief Financial Officer supports the Deputy Minister's role as the Chief Accounting Officer. As part of this role, the Chief Financial Officer attests to the Deputy Minister that the information in the submission is fairly presented, properly analyzed and exercised with due diligence. The Chief Financial Officer Branch has established and documented a sound process for the development of Treasury Board submissions to allow for attestation. The Chief Financial Officer presents a weekly update on departmental Treasury Board submissions to the Executive Committee of the Department, providing key information on individual submissions to allow for ongoing, effective oversight by senior management. The Branch has also developed *Guidelines on Preparing and Processing Treasury Board Submissions* which are comprehensive and updated annually. The Branch is also well positioned to support departmental managers in the development of the Treasury Board submissions, challenge the content of the submissions, facilitates senior management and ministerial approval and liaises with Treasury Board of Canada Secretariat to meet its expectations and requirements.

There are, however, a few specific areas, which could be strengthened to further improve the process. Although Health Canada has developed guidelines related to producing Treasury Board submissions, the Department should develop a Treasury Board Submission Policy to compliment and support implementation of Health Canada's guidelines. The policy will serve to formalize the process in place and provide mandatory direction around specific roles and responsibilities; detail information management expectations as well as address expected project management practices.

Secondly, the Department would benefit from developing a risk profile of the Treasury Board Submission process in order to develop mitigating strategies. The risk profile could also be used to communicate risks to the branches and programs.

A key control in the Treasury Board Submission process is the Department's project authority which has not always been well interpreted by Health Canada staff. As the Department moves forward with the implementation of the new *Policy on the Management of Projects*, which will place an increased focus on managing projects in accordance with their specific risk and complexity, the Chief Financial Officer Branch should secure a challenge function role in support of the Chief Financial Officer's accountability and to assist with the departmental alignment with the new policy expectations.

Lastly, although most functional stakeholders (e.g. Official Languages, audit and evaluation, and legal) were consulted during the preparation and processing of Treasury Board submissions, the departmental privacy officials, as functional experts, were only consulted as deemed necessary by the Departmental Resource Management Directorate and/or Programs. The Department would benefit from having all submissions reviewed by the privacy function for an expert opinion.

Management has agreed with the four recommendations and has provided an action plan that will serve to strengthen the Treasury Board submission process.

1. Introduction

1.1 Background

A Treasury Board submission is an official document submitted by a sponsoring minister on behalf of a federal organization seeking approval or authority from the Treasury Board ministers for an initiative that is beyond a minister's delegated authority or funding for policies, programs or activities. Departments and agencies are expected to produce submissions that clearly identify linkages between new and existing programs, set out clear objectives, expected results and outcomes, provide details about options and/or instrument choices (where business cases are required), and include rigorous costing and performance measurement frameworks.

The format of a Treasury Board submission is standard across government. Each submission includes the following headings: subject; authority; proposal; cost and source of funds; Official Languages; audit and evaluation; remarks; contacts; and annexes. Two of the key areas to be completed in a submission are the Proposal and the Remarks sections. The purpose of the Proposal section is to provide Treasury Board ministers with a clear sense of the exact authorities the sponsoring organization's minister is seeking from the Treasury Board. It is a key section, as it becomes the organization's authority to proceed once the submission is approved. Departments should state each authority being requested, such as: adjustments to funding levels; adjustments to Program Activity Architecture; approval for project authority; access or transfer between votes. Similarly the Remarks section, which needs to be clearly linked to the proposal, outlines the relevant information regarding the proposal/initiative that will allow a thorough analysis. Typically information is provided on the purpose, background, program description, design rationale, objectives, risks and mitigation strategies. Once the Minister has signed the final submission, the organization delivers the original and copies to Treasury Board of Canada Secretariat.

Purpose of a Treasury Board Submission

Approval for projects or contracts exceeding delegated authority

Authority to make Grants and Contributions and approval of major changes to terms and conditions

Approval of incremental funding

Approval of an exception to Treasury Board policy

Authority to change certain regulations and orders

It is important to note that, while the format of Treasury Board submissions is standard, each submission is unique in terms of purpose, subject matter, complexity and urgency. Program capacity in developing submissions and the focus of Treasury Board Secretariat review also vary from submission to submission. In addition, preparation of Treasury Board submissions often takes place in a dynamic and sometimes fluid environment, requiring swift adjustments and calling for sound advice based on knowledge and experience. Treasury Board submissions in response to annual federal budget announcements are cases in point.

At Health Canada, the Departmental Resource Management Directorate of the Chief Financial Officer Branch supports the branches in the development of Treasury Board

submissions. Essentially this Directorate supports departmental managers by performing advisory, challenge and quality control functions. As well, the Directorate facilitates senior management and ministerial approvals and liaises with the Treasury Board Secretariat to satisfy its requirements and standards as well as to ensure timely consideration of submissions by Treasury Board ministers. Over the last three years (2008-2011), Health Canada had 60 submissions and all of them were approved by Treasury Board ministers within the planned timeframe. Last fiscal year, Health Canada participated in seventeen submissions of which the Department was the lead in ten.

1.2 Audit Objective

The objective of the audit was to assess the effectiveness, efficiency and consistency of procedures and standards applied in Treasury Board submission preparation and approval.

1.3 Scope and Approach

The audit of Health Canada's Treasury Board submission process was undertaken by the Audit and Accountability Bureau in accordance with the Health Canada Risk-Based Audit Plan for 2009-2010 to 2011-2012 which was endorsed by the Departmental Audit Committee on May 22, 2009 and subsequently approved by the Deputy Minister. The audit was conducted in accordance with the Government of Canada's *Policy on Internal Audit* and has examined sufficient, relevant evidence and obtained sufficient information and explanations to provide a reasonable level of assurance in support of the audit conclusion.

The audit focused on the Treasury Board submission process and practices to develop a quality Treasury Board submission. The process described in *Health Canada's Guidelines on Preparing and Processing Treasury Board Submissions* is summarized in the flowchart at Appendix B. The audit examined the most material submissions for each fiscal year that were presented to or approved by the Treasury Board in fiscal year 2009-10 and 2010-11. Treasury Board submissions related to Canada's Economic Action Plan were excluded from the audit as they were previously reviewed in the Audit of Health Canada's Economic Action Plan (Budget 2009) Expenditure Controls.

The audit examined Health Canada's Treasury Board submission process for compliance with the Government of Canada's *Guide to Preparing Treasury Board Submissions*. The audit criteria were derived from the Guide and other project management control frameworks.

The audit was carried out within branches and methodologies included: a review of records, documentation, policies, standards, guidelines, frameworks and Treasury Board submissions. The examination phase included interviews with various stakeholders such as program managers and staff from the Chief Financial Officer Branch.

1.4 Statement of Assurance

In the professional judgement of the Chief Audit Executive, sufficient and appropriate procedures were performed and evidence gathered to support the accuracy of the audit conclusion. The audit findings and conclusion are based on a comparison of the conditions that existed as of the date of the audit, against established criteria that were agreed upon with management. Further, the evidence was gathered in accordance with the *Internal Auditing Standards for the Government of Canada* and the *International Standards for the Professional Practice of Internal Auditing*.

2. Findings, Recommendations and Management Responses

2.1 Governance

2.1.1 Oversight

***Audit Criterion:** A senior management committee oversees the Treasury Board submission process and receives key information to effectively prioritize and monitor Treasury Board submission results.*

The Executive Committee is Health Canada's central decision-making body. It is chaired by the Deputy Minister and comprised of the Associate Deputy Minister, Assistant Deputy Ministers and equivalents. The Committee is in charge of the coherent and strategic overall management of the Department's substantive responsibilities and corporate responsibilities.

As such, the Executive Committee provides oversight of the Treasury Board submission process. A review of the Committee's agendas for the period October 1, 2010 to February 4, 2011 noted a standing entry for the review of Treasury Board submissions. This item was led by the Chief Financial Officer who provides the Executive Committee with a weekly Treasury Board Submissions Status Report. The report is provided to the Executive Committee prior to meetings in addition to the departmental stakeholders. The report includes upcoming Treasury Board submissions for both Health Canada and other Health Portfolio agencies. Typically, the submissions are presented by organization and by Treasury Board meeting date. Other information provided includes: title; lead (department and branch); description of authorities or funding requested; Treasury Board meeting and other key dates, and status towards completion. The Treasury Board Submission status report allows members to monitor and prioritize Treasury Board submissions.

At Executive Committee, the Chief Financial Officer verbally presents any risks or areas of concern. When the Chief Financial Officer Branch is made aware that the Executive Committee is interested in a particular submission, the Branch keeps the Committee abreast of the development.

Lastly, the Chief Financial Officer Branch monitors the scheduling, quantity and content of Treasury Board submissions that may be affected by environmental changes such as the federal budget announcement. For example, in relation to federal budgets, the Chief Financial Officer will analyse impacts and inform senior management.

Overall the submission process is well governed as a senior management committee is in place to oversee the Treasury Board submission process and is receiving key information to effectively prioritize and monitor Treasury Board submission results.

2.1.2 Policy and Guidance

Audit Criterion: *There should be up to date guidance and/or policy for the Treasury Board Submission process.*

The 2007 Treasury Board of Canada Secretariat *Guide to Preparing Treasury Board Submissions* provides a good foundation for detailing roles, responsibilities and accountabilities of the Secretariat and departments. The guide is currently being revised and is expected to be released shortly. Health Canada has developed its own *Guidelines on Preparing and Processing Treasury Board Submissions* to complement the guide of the Treasury of Canada Secretariat. It is based on the Treasury Board Secretariat Guide and its purpose is to provide departmental program managers with specific information and practical advice. The Guidelines are comprehensive and updated annually.

Although Health Canada has developed guidelines related to producing Treasury Board submissions, some other government departments are developing policies related to the process. While practical and flexible, the informal nature and voluntary application of guidelines may not fully address compliance issues as a standalone instrument. Guidelines provide “how to” guidance, advice or explanations to managers or functional specialists whereas a policy provides formal, mandatory direction that identifies specific expectations from senior officials. The Department would gain from a Treasury Board submission framework that includes the mandatory application of a policy that is aligned with Treasury Board policy instruments. The policy would complement the recently updated *Health Canada’s Guidelines on Preparing and Processing Treasury Board Submissions*.

Recommendation 1

It is recommended that the Assistant Deputy Minister, Chief Financial Officer Branch develop a departmental Treasury Board submission policy to support the implementation of the Treasury Board Submission Guide and the Health Canada Submission Guidelines.

Management Response

Management agrees with the recommendation.

The Chief Financial Officer Branch will develop a departmental policy on Treasury Board submissions following the planned revision of the Treasury Board Guide, expected over summer 2011, and the annual update of the Health Canada Guidelines in December 2011.

The Health Canada Guidelines will be updated to incorporate Audit and Accountability Bureau recommendations and, where deemed appropriate, ideas put forward by the Audit and Accountability Bureau for consideration in the Audit Report, such as providing instructions on managing protected Treasury Board submission information.

2.1.3 Roles and Responsibilities

Audit Criterion: *Responsibilities and accountabilities related to Treasury Board Submissions have been clearly defined and understood, including the responsibility for monitoring conditions, commitments and authorities.*

Treasury Board of Canada Secretariat provides guidance to departments in preparing Treasury Board submissions. The Treasury Board of Canada Secretariat Program Analyst is the primary point of entry and is responsible for conveying the position of Treasury Board of Canada Secretariat (e.g. legal comments) on the submissions. They challenge the content of Treasury Board submissions and when the submission meets standards, they advance it to Treasury Board ministers for consideration.

The **Chief Financial Officer** attests to the Deputy Minister that the information in the submission is fairly presented and properly analyzed, and that due diligence has been exercised. The Departmental Resource Management Directorate, within the Chief Financial Officer Branch, is the centre of expertise for Treasury Board submissions and performs a liaison function with the branches and with Treasury Board of Canada Secretariat analysts. The Departmental Resource Management Directorate performs a coordinating role in the preparation of Treasury Board submissions. It is also responsible for performing due diligence on the research, analysis, development and preparation of the submissions by the branches.

Program Managers in conjunction with the Departmental Resource Management Directorate and Branch Senior Financial Officer, determine if a submission is required. The program manager develops the Treasury Board submissions within established timelines and consults with the Departmental Resource Management Directorate, Branch Senior Financial Officer and functional areas (e.g. legal, audit, evaluation, official languages, privacy, etc.).

Branch Senior Financial Officers assist with all financial issues and the development of financial tables in support of producing the Treasury Board submissions.

Responsibilities and accountabilities as well as clear direction are described in the *Guide to Preparing Treasury Board Submissions* of the Treasury Board of Canada Secretariat and in Health Canada's *Guidelines on Preparing and Processing Treasury Board Submissions*. The audit analyzed the recent changes to the Health Canada guide. Some of the gaps of the previous version have been addressed as well as references to more recent policies and guides. Examples include *Policy on Investment Planning*, *Policy on Management of Projects*, and *Business Case Guide and Template*. However, there is no reference to two key functions and deliverables: Privacy (Privacy Impact Assessment) and Security (threat and risks). (See Recommendations 2 and 4)

2.2 Risk Management

***Audit Criterion:** Risks associated with the Treasury Board submission process are identified and mitigated.*

Treasury Board Submission Process Risks

The Departmental Resource Management Directorate is responsible for leadership in the submission process that is effective in producing quality Treasury Board submissions on time so approvals can result in timely funding for departmental program delivery and operations.

Industry best practices encourage the use of risk management tools and techniques to address potential risks and to minimize impacts. Although Treasury Board of Canada Secretariat policies do not require risk assessments to be documented, it is a best practice to develop and communicate risk management plans especially given the material significance of Treasury Board submissions.

While Health Canada submissions have always been timely in obtaining the necessary resources for program delivery and departmental operations, Departmental Resource Management Directorate should look at the department-wide risks of the submission process as an additional means to ensure continuing success. A standard set of risks and mitigation strategies for the Treasury Board submission process once shared with stakeholders may help them understand the potential pitfalls and engage them in potential risk mitigation. A key element in this risk profile, for example, would be the uneven state of business planning and project management practices in the Department.

Recommendation 2

It is recommended that the Assistant Deputy Minister, Chief Financial Officer Branch develop a risk profile and mitigating strategy to identify and communicate risks associated with the Treasury Board submission process.

Management Response

Management agrees with the recommendation.

The Chief Financial Officer Branch will identify common risks encountered in the Treasury Board submission process and develop a risk profile and associated mitigation strategy for communication to stakeholders in support of the development of Treasury Board submissions.

The risk profile will be developed, updated annually where necessary, and attached to the Health Canada Submission Guidelines.

Risk Analysis within the Treasury Board Submission

***Audit Criterion:** Risk analysis within the Treasury Board submission is completed to demonstrate how risks will be managed and mitigated.*

The Treasury Board of Canada Secretariat Guide requires a risk analysis to be completed for all types of Treasury Board submissions. The submissions are to provide details of specific risks that need to be managed and measures proposed to mitigate those risks. General risk categories to be included are: complexity of implementing the proposal; robustness of organization's structures, accountabilities and management regimes to deliver proposal; previous or current issues as a result of proceeding with the proposal; and financial.

The risk management sections of thirteen (13) submissions were reviewed to confirm that risk analysis was incorporated. All these submissions had a risk analysis section that identified high/significant risks and related mitigation strategies. There was a clear link between the risk and good mitigation strategies.

Corporate Risk Profile

Health Canada's Corporate Risk Profile identifies the key risks or challenges from a strategic and/or horizontal perspective that could affect the Department's ability to meet its objectives and capacity to deliver programs. The consideration is on activities required by the organization to avoid or to be prepared for unwanted events.

The 2009 and 2010 profiles identified the same risk that relates to financial integrity of programs and is directly related to the Treasury Board submission process. This is attributed to sun setting Treasury Board submissions which will result in a 24 percent to 46 percent reduction of current funding level over the two fiscal years 2009-2010 and 2011-2012. The corporate mitigation strategy to address these concerns were developed and included in the profile.

At the departmental level, risks with respect to Treasury Board submissions are being identified, mitigation strategies developed and risks monitored.

2.3 Control

2.3.1 Control and Monitoring Activities

***Audit Criterion:** Control and monitoring activities have been effectively designed and implemented as an integral part of the Treasury Board submission process.*

Treasury Board Submission Requirements

The current Government of Canada *Project Approval Policy* and *Submission Guide* stipulate when a Treasury Board submission is required. A key control in determining when a submission is required is the Department's project authority which is based on project cost thresholds outlined in the *Project Approval Policy*. For example, if the Department wanted to introduce a new project within one of its existing programs, and

the project is estimated to cost more than \$1 million then the Department would prepare a submission for Treasury Board approval. Essentially, anytime a Department wants to do something beyond their existing authority limits they must produce a submission.

This authority has not always been well understood and interpreted by all Health Canada staff. However, going forward, this key control will be phased out as of April 1, 2012 when the Government of Canada will move to the new Treasury Board *Policy on the Management of Projects*. The approach for determining the requirement for project approval will shift from cost-based thresholds to a risk-based self-assessment process. Senior management will be expected to “self-assess” Health Canada’s capacity to manage projects by using a questionnaire provided by the Secretariat. Similarly, project managers will be expected to “self-assess” individual project risk by computing the *Project Complexity and Risk Assessment* using a second questionnaire developed by the Secretariat. The score of the *Project Complexity and Risk Assessment* relative to the score of the *Organizational Capacity* determines whether a project must be included in the newly established investment plan. Each year the investment plan will become the submission for the Department to have projects approved by the Treasury Board.

Given the self-assessment approach to the risk assessments, it is important that the Chief Financial Officer Branch secure a role in the review of the project complexity risk assessments so that the Department continues to maintain a challenge function in support of the Chief Financial Officer’s accountability.

Recommendation 3

It is recommended that the Assistant Deputy Minister, Chief Financial Officer Branch, as part of the implementation of the new Treasury Board Policy on the Management of Projects, review project complexity risk assessments to identify Treasury Board submission requirements for project approval.

Management Response

Management agrees with the recommendation.

The Chief Financial Officer Branch has commenced the review and will continue the practice as the Department moves forward with the implementation of the new *project management policy*.

The Chief Financial Officer Branch will also provide an explanation of the new project approval requirements in the Health Canada Submission Guidelines.

Information Management

Managing information is an essential component in the management of departmental business. Information is created, gathered, stored and made available in various formats (paper and electronic) and for various purposes.

The Treasury Board of Canada Secretariat Guide indicates that the Department is responsible for deciding on the security designation or classification of a Treasury Board submission. The minimum designation is Protected B and the designation should be indicated on the front of the submission. As stated by the Chief Financial Officer Branch, the Department's baseline security classification for Treasury Board Submissions is Protected B with some exceptions classified as Secret. The Department would benefit from explicit instructions on how to handle classified information in the *Guidelines on Developing and Processing Treasury Board Submissions*. As such, paper documents must be stored and transmitted according to security requirements. Similarly, electronic information must be stored on IT equipment such as servers, USB Flash Drives and transmitted on networks that meet the secret security standards. (See Recommendation 1)

Privacy Impact Assessments

A Privacy Impact Assessment is a process that helps departments and agencies determine whether new technologies, information systems and initiatives or proposed programs and policies meet basic privacy requirements. The Government of Canada's *Directive on Privacy Impact Assessment* requires departmental privacy advisors, as functional experts, to be consulted during the submission process to determine whether a Privacy Impact Assessment is required. However, in the past, the Departmental Resource Management Directorate and the programs were deciding whether the submission may involve potential privacy matters. Only those submissions that were deemed to have potential privacy implications were forwarded to Health Canada's privacy function. While the Departmental Resource Management Directorate and the programs have screened each submission for potential privacy implications, the process would be strengthened if every submission is forwarded to the privacy advisors for expert opinion.

Recommendation 4

It is recommended that the Assistant Deputy Minister, Chief Financial Officer Branch, include the privacy function in the regular review of all Health Canada submissions to identify the potential requirement for a Privacy Impact Assessment.

Management Response

Management agrees with the recommendation.

The Chief Financial Officer Branch will implement the requirement for inclusion of the Access to Information and Privacy Office of the Corporate Services Branch in the regular review of all Health Canada Treasury Board submissions. This will continue to be coordinated via the Planning Information Management Services team within the Corporate Services Branch.

The Chief Financial Officer Branch will make a special, immediate revision to the Health Canada Submission Guidelines to reflect the requirement for such review.

Quality Assurance Process

Quality Assurance is a critical best practice used by management to provide a reasonable level of confidence that products consistently meet the standards of quality. The Chief Financial Officer signs-off on all Treasury Board submissions as an attestation that all relevant information has been considered and that, on balance, the proposal is sound and its projected costs and benefits are realistic. The Chief Financial Officer relies on the following four levels of review as the basis for the attestation.

- Responsible program managers (up to and including Assistant Deputy Ministers)
- Branch Senior Financial Officers
- Other functional areas (e.g. official languages, audit, evaluation, privacy, etc.)
- Departmental Resource Management Directorate

The Departmental Resource Management Directorate has a leadership role in overseeing the Treasury Board submission process in the Department. The Division challenges all Treasury Board submissions to verify whether the quality of the submission meets the acceptance standard of the Treasury Board of Canada Secretariat. The Directorate uses relevant sections in the Treasury Board Guide (containing various check lists and detailed common quality standards) and the HC guidelines (with departmental specific information) as the basis to perform quality control over different Treasury Board submissions. It has also trained and encouraged other stakeholders involved in the preparation of submissions to exercise due diligence and quality control in a similar way. Quality control checklists did exist in the older versions of the Health Canada guidelines, but they were removed for lack of practical use.

It would be useful to re-examine the quality assurance process in the Department and further verify the utility of quality control checklists. Key quality control standards, properly summarized in a comprehensive list, would provide a powerful tool for Departmental Resource Management Directorate and other stakeholders to ensure consistent performance and tracking of quality control functions.

Lessons Learned

The Departmental Resource Management Directorate and program managers identify the key stakeholders for each Treasury Board submission at the beginning of the process. It supports stakeholders throughout the process by providing guidance when required. The Directorate indicated that they conduct an informal lessons learned exercise on a periodic basis that is limited to its staff. The Directorate also applies lessons learned to update the *Guidelines to Preparing and Processing Treasury Board Submissions* and training documentation. The Department would benefit from a lessons learned exercise that involves discussions with all stakeholders to increase awareness and further strengthen relationships.

Treasury Board Conditions and Commitments

Conditions may be imposed by Treasury Board upon approval of a submission. For example, the Treasury Board can ask a department to report to Treasury Board of Canada

Secretariat on consultations with provinces to improve data collection. A commitment is an action that the Department will implement as proposed in the approved submission. For example, the Department would commit to conduct a summative evaluation during a specific fiscal year to measure program outcomes.

As per the roles and responsibilities listed in the January 2011 version of the Health Canada *Guidelines to preparing Treasury Board Submissions*, it is the responsibility of the Departmental Resource Management Directorate to track and coordinate the implementation of Treasury Board conditions and commitments made in Treasury Board Submissions. The Departmental Resource Management Directorate tracks the conditions and commitments in the authority database and reminds the programs to implement outstanding conditions and commitments.

The submission database maintained by the Departmental Resource Management Directorate indicates that most of the programs comply with the conditions and commitments in a timely manner. The audit team generated a report from the authority database that provided a listing of all conditions and commitments and noted that a more frequent review and update of the submission database would be beneficial. The Chief Financial Officer Branch has implemented the practice to report on conditions and commitments and updated the submission database on a quarterly basis.

Mapping Business Processes

Industry best practices stress the importance of integration and communication of business processes between divisions to prevent overlooking business elements. The Chief Financial Officer Branch has documented and mapped the control process for the Treasury Board submission process to support implementation of Health Canada submission guidelines. The mapping of the Treasury Board submission control requires some modifications since recent changes to the submission process were not reflected in the most up to date process flowchart and controls documentation. It could be beneficial for the Departmental Resource Management Directorate to update the mapping and include it in the departmental guidelines.

2.3.2 Project Scheduling

Audit Criterion: *Project scheduling practices are effectively applied to the Treasury Board submission process.*

The Treasury Board of Canada Secretariat's *Guide to Preparing Treasury Board Submissions* and Health Canada's *Guidelines on Preparing and Processing Treasury Board Submissions* highlight the importance of timelines and the complexity of developing submissions. The time sensitivity of the annual departmental budget cycles warrants the integration of the Treasury Board submission schedule with the budget cycle. The Treasury Board approval process is also time sensitive and requires careful planning if one is to meet the required milestones. The situation is complex as many organizational units and sometimes multiple departments are involved in the process.

A Treasury Board submission, at minimum, involves Treasury Board ministers, Treasury Board secretariat (program analysts, policy centres and senior managers), departmental programs, finance (Chief Financial Officer, Departmental Resource Management Directorate, and Branch Financial Officers, various centres of expertise including those for Grants and Contribution management and costing) and other functional areas such as legal, audit, evaluation, privacy, human resources etc. It can involve multiple directorates within a branch or across different branches. It can also be led by Health Canada but involve other departments or led by another department with Health Canada participating. Each submission involves multiple sign offs at various levels within the Department.

Success is dependent on effective project planning, identification of deliverables, milestones, tasks and level of effort, and scheduling within the time sensitive timelines. These are especially critical for complex submissions. Program managers are the lead for submissions and are responsible for project managing the process. The audit found that some were using a very high level timeline/schedule. In other cases, a more detailed plan was developed and monitored. Specifying the use of a more detailed project management timeline with proper identification of resources and risks, in the Health Canada guidelines would provide better support for the development of Treasury Board submissions. (See Recommendation 1)

2.4 Learning

***Audit Criterion:** The organization provides employees with sufficient training and tools to deliver quality Treasury Board submissions.*

Producing a Treasury Board submission requires an understanding of the departmental process and a sound knowledge of Treasury Board submission content requirements. It is important to provide sufficient training to stakeholders, especially to employees that are new to the development of Treasury Board submissions. On the job training is provided usually through communications between the Departmental Resource Management Directorate and program managers. It includes provision of advice, comments and recommendations on draft versions of the submissions and the provision of documentation such as guidelines, timelines and sample submissions. General training has also been provided to managers and staff in target program areas where a Treasury Board submission is forthcoming.

The Departmental Resource Management Directorate held information sessions on Treasury Board submissions for target stakeholders in July 2008, September 2008, December 2009 and January 2010, which included a presentation from the Treasury Board of Canada Secretariat. A training session has also been scheduled for May 2011. The training material of the Departmental Resource Management Directorate provided valuable information to attendees; however, it would be strengthened by adding examples of model submissions. Also, the training material could incorporate additional references to Treasury Board of Canada Secretariat guidance such as the *Outcome Management Guide*. The audit team conducted interviews with Health Canada leads on Treasury Board submissions and functional areas with Treasury Board submission responsibilities.

While a majority indicated that training was provided, a few staff indicated that they had not received formal training. Trained program managers and staff allow for a more efficient process. It would be beneficial for the Departmental Resource Management Directorate to update the list of target stakeholders.

3. Conclusion

The Treasury Board submission process continues to evolve with the Government of Canada's processes and is currently well positioned to continue to produce submissions to support departmental programs. Overall the submission process is well governed as a senior management committee is in place to oversee the Treasury Board submission process and is receiving key information to effectively prioritize and monitor Treasury Board submission results.

There are, however, a few specific areas, which could be strengthened to further improve the process. Although Health Canada has developed guidelines related to producing Treasury Board submissions, the Department should develop a Treasury Board Submission Policy to complement and support implementation of Health Canada's guidelines. The policy will serve to formalize the process in place and provide mandatory direction around specific roles and responsibilities; detail information management expectations as well as address expected project management practices.

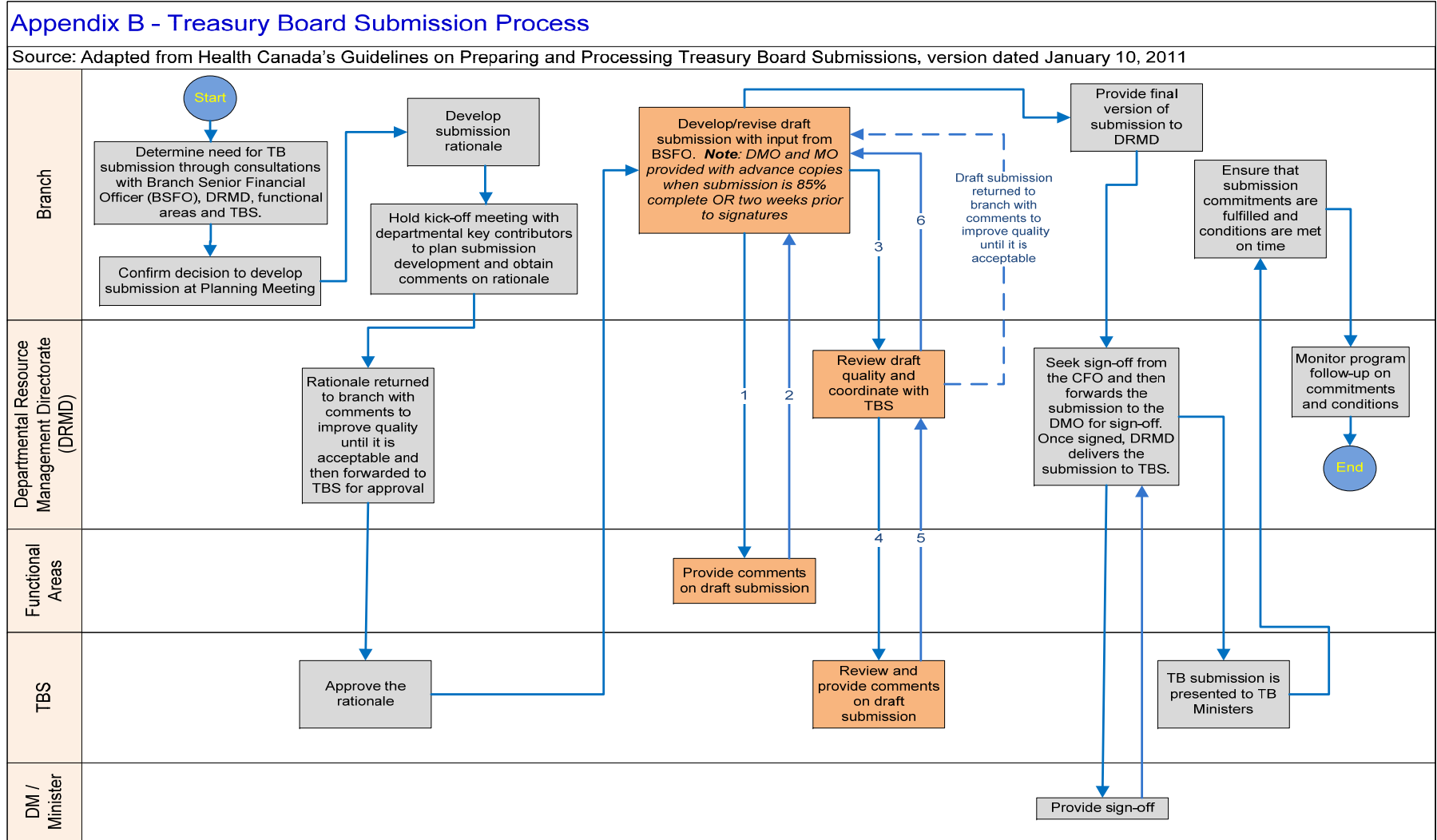
Secondly, the Department would benefit from developing a risk profile of the Treasury Board Submission process in order to develop mitigating strategies. The risk profile could also be used to communicate risks related to the process to the branches and programs.

A key control in the Treasury Board Submission process is the Department's project authority which has not always been well interpreted by Health Canada staff. As the Department moves forward with the implementation of the new *Policy on the Management of Projects*, which will place an increased focus on managing projects in accordance with their specific risk and complexity, the Chief Financial Officer Branch should secure a challenge function role in support of the Chief Financial Officer's accountability and to assist with the departmental alignment of the new policy expectations.

Lastly, although most functional stakeholders (e.g. Official Languages, audit and evaluation, and legal) were consulted during the preparation and processing of Treasury Board submissions, the departmental privacy officials, as functional experts, were only consulted as deemed necessary by the Departmental Resource Management Directorate and/or Programs. The Department would benefit from having all submissions reviewed by the privacy function for an expert opinion.

Appendix A –Lines of Enquiry and Criteria

Lines of Enquiry	Audit Criteria
<p>1) Governance</p>	<p>1.1 A senior management committee oversees the Treasury Board submission process and receives key information to effectively prioritize and monitor Treasury Board submission results.</p> <p>1.2 There should be up to date guidance and or a policy for the Treasury Board submission process.</p> <p>1.3 Responsibilities and accountabilities related to Treasury Board submissions have been clearly defined and understood, including the responsibility for monitoring <i>Treasury Board</i> conditions, commitments and authorities.</p>
<p>2) Risk Management</p>	<p>2.1 Risks associated with the Treasury Board submission process are identified and mitigated.</p> <p>2.2 Risk analysis within the Treasury Board submission is completed to demonstrate how risks will be managed and mitigated.</p>
<p>3) Control</p>	<p>3.1 Control and monitoring activities have been effectively designed and implemented as an integral part of the Treasury Board submission process.</p> <p>3.2 Project scheduling practices are effectively applied to the Treasury Board submission process.</p>
<p>4) Learning</p>	<p>4.1 The organization provides employees with sufficient training and tools to deliver quality Treasury Board submissions.</p>



 - This is an iterative process until TBS gives the "green light" which indicates that the Secretariat is prepared to advance the submission for consideration by TB Ministers.