

**Treasury Board of Canada  
Secretariat**

**Departmental Performance Report**

**For the period ending  
March 31, 2006**

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John Baird  
President of the Treasury Board



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# 1. Overview

## President's Message



It is with pleasure that I present the Treasury Board of Canada Secretariat's *Departmental Performance Report* for 2005–06. This document summarizes the achievements of the Secretariat in meeting the objectives outlined in the 2005–06 *Report on Plans and Priorities*.

Fiscal year 2005–06 was a challenging period, marked in the first half of the year by the previous government's response to the Gomery Commission of Inquiry and in the second by the transition to a new government. Throughout, Canadians were clearly concerned about accountability and value for money. The Treasury Board of Canada Secretariat and the Treasury Board Portfolio were central to the government's response to these concerns.

Following the general election, the new Ministry and Treasury Board were established, and the Secretariat played a central role in supporting this transition.

Canada's New Government established a defined set of priorities and a focus on core business. Significant effort was required to streamline and re-align management initiatives in accordance with the government's agenda.

These efforts included coordination of the development of the government's number one priority, the *Federal Accountability Act*, and the associated Action Plan. This landmark piece of legislation amends over 40 separate statutes, with specific measures to strengthen accountability and increase transparency and oversight.

At the same time, the Secretariat continued to lay the foundation for improved public-sector management and expenditure performance. Key accomplishments include:

- ▶ progress in renewing the Treasury Board suite of policies and approval of the new *Policy on Internal Audit*;
- ▶ completion of departmental management assessments using the Management Accountability Framework;
- ▶ continued efforts to better align resources and results, and to improve reporting to Parliament on value for money; and
- ▶ significant engagement of departments on the way forward for transforming corporate administrative shared services in the Government of Canada.

Finally, we are continuing our work to enhance reporting to Parliament to ensure that parliamentarians and Canadians have the information they need to make well-informed decisions and to support Treasury Board's role as the budget office in the expenditure management cycle. Overall, the Secretariat is moving forward to ensure that government is well managed and accountable, and that resources are allocated to achieve results.

As we continue to make progress in all areas, I would like to take this opportunity to recognize the efforts of the men and women of the Treasury Board Portfolio and the Secretariat, and thank them for their continued support, dedication, and hard work.

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

## Management Representation Statement

I submit for tabling in Parliament the 2005–06 *Departmental Performance Report* (DPR) for the Treasury Board of Canada Secretariat.

This document has been prepared based on the reporting principles contained in the *Guide to the Preparation of Part III of the 2005–06 Estimates: Reports on Plans and Priorities and Departmental Performance Reports*.

- ▶ It adheres to the specific reporting requirements outlined in the Secretariat’s guidance;
- ▶ it is based on the department’s approved Program Activity Architecture structure as reflected in its Management, Resources, and Results Structure;
- ▶ it presents consistent, comprehensive, balanced, and reliable information;
- ▶ it provides a basis of accountability for the results achieved with the resources and authorities entrusted to it; and
- ▶ it reports finances based on approved numbers from the Estimates and the Public Accounts of Canada in the DPR.

Wayne G. Wouters  
Secretary of the Treasury Board

## Summary Information

### **Departmental Mandate**

The Treasury Board of Canada Secretariat has a dual mandate. It serves as the advisory and administrative arm of the Treasury Board, and it fulfills certain statutory responsibilities of government as a central government agency. In fulfilling these responsibilities, it sets and oversees management policies and expectations, assesses and advises on the efficiency and quality of program spending and service delivery across government, and manages the human resources of government as the employer of the federal public service.

### **Treasury Board**

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

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

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

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

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

## The Treasury Board Portfolio

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

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

## The Treasury Board of Canada Secretariat

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

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

Key responsibilities of the Secretariat include the following:

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

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

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

In addition, recent changes to the organization of government added two new responsibilities to the Secretariat near the end of fiscal year 2005–06:

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

### **The Office of the Comptroller General**

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

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

## Overview of Resources and Summary of Performance

### Financial Resources

(\$ thousands)	Planned Spending	Total Authorities	Actual Spending
Management and Expenditure Performance	134,322.0	138,661.4	131,201.7
Comptrollership	28,152.0	28,675.7	23,258.6
Centrally Managed Funds	2,418,372.0	1,668,857.1	1,423,799.2
Total	2,580,846.0	1,836,194.2	1,578,259.5

### Human Resources

Full-time Equivalents	Planned	Actual	Difference
Management and Expenditure Performance	1,059	913	146
Comptrollership	200	136	64
Centrally Managed Funds	-	-	
Total	1,259	1,048	211

Status of Performance of Departmental Priorities

<b>Strategic Outcome: Rigorous stewardship of public resources to achieve results for Canadians</b>				
<b>Alignment with Government of Canada Outcomes: Under the whole-of-government framework, the Treasury Board of Canada Secretariat is a federal organization that contributes to all Government of Canada outcomes by providing government services and support to all departments and agencies.</b>				
<b>Priority: Enhance Governance, Accountability, and Management Practices</b>				
<b>Key Initiatives</b>	<b>Summary of Expected Results<sup>1</sup></b>	<b>Summary of Key Milestones</b>	<b>Performance Status for Key Milestones<sup>2</sup></b>	<b>Comments</b>
Implement the Next Phase of the Management Accountability Framework	Management Accountability Framework (MAF) and various management initiatives are aligned, consistent and coherent. MAF indicators and process are developed for assessing departmental management capability and performance. Support on MAF is provided to central agencies, departments, and managers.	Develop options for public reporting on departmental and government-wide management capacity and performance, to commence in 2006.  Confirm the annual cycle and process of management assessment and reporting.  Finalize the framework of indicators.  Work with departments to identify management priorities.	Met most expectations	Departments and central agencies were engaged through rounds of MAF assessments, but work on developing a government-wide report on the state of management was postponed.

1. Complete results statements for each initiative can be found in the Treasury Board of Canada Secretariat's 2005–06 *Report on Plans and Priorities* (RPP), available at [http://www.tbs-sct.gc.ca/est-pre/20052006/TBS-SCT/TBS-SCTr56\\_e.asp](http://www.tbs-sct.gc.ca/est-pre/20052006/TBS-SCT/TBS-SCTr56_e.asp).
2. Performance status:
  - "Met all expectations" indicates that all 2005–06 performance milestones identified in the RPP were fully met;
  - "Met most expectations" indicates that most 2005–06 performance milestones identified in the RPP were met;
  - "Met some expectations" indicates that some 2005–06 performance milestones identified in the RPP were met;
  - "Not met" indicates that the results statement was not achieved in the time frame specified and/or significant work remains to be done.

Strategic Outcome: Rigorous stewardship of public resources to achieve results for Canadians				
Alignment with Government of Canada Outcomes: Under the whole-of-government framework, the Treasury Board of Canada Secretariat is a federal organization that contributes to all Government of Canada outcomes by providing government services and support to all departments and agencies.				
Priority: Enhance Governance, Accountability, and Management Practices				
Key Initiatives	Summary of Expected Results <sup>1</sup>	Summary of Key Milestones	Performance Status for Key Milestones <sup>2</sup>	Comments
Renew and Consolidate the Treasury Board policy suite	A clearer, more streamlined, and integrated suite of management policies that will more effectively support Treasury Board's oversight responsibilities	Complete an overarching Treasury Board policy framework. Identify and seek Treasury Board approval to eliminate certain policies. Rationalize Treasury Board policies. Complete the streamlining of the Treasury Board policy suite (2007).	Met some expectations	Progress was made on an overarching Treasury Board policy framework and renewal of a number of policies. A comprehensive plan and governance oversight were established to monitor progress. However, approvals were delayed due to the election and other external factors.
Improve Reporting to Parliament	Clearer, more useful, and more timely reporting based on performance information that is more comprehensive, easy to understand, contextual, balanced, timely, and transparent	Undertake the evaluation of ad hoc reports to Parliament. Develop a consultation draft of the blueprint. Engage parliamentarians on all aspects of the blueprint. Develop a whole-of-government strategic plan and report.	Met some expectations	Research and some consultations were completed as planned, but work with parliamentarians was delayed due to the election and the minority government.
Enhance Financial, Management, and Performance Information	Improved expenditure and performance information at a level of detail that will support decision making, allocation, and reallocation from lower to higher priorities	Fully implement the <i>Management, Resources, and Results Structure (MRRS) Policy</i> and populate the Expenditure Management Information System (EMIS). Continue EMIS development and implementation. (2007)	Met most expectations	Departments were engaged to develop and strengthen their program activity architectures (PAAs), and progress was made on preparing the ARLU and Main Estimates based on MRRS. Work continues on providing financial and non-financial performance information.

<b>Strategic Outcome: Rigorous stewardship of public resources to achieve results for Canadians</b>				
<b>Alignment with Government of Canada Outcomes: Under the whole-of-government framework, the Treasury Board of Canada Secretariat is a federal organization that contributes to all Government of Canada outcomes by providing government services and support to all departments and agencies.</b>				
<b>Priority: Enhance Governance, Accountability, and Management Practices</b>				
<b>Key Initiatives</b>	<b>Summary of Expected Results<sup>1</sup></b>	<b>Summary of Key Milestones</b>	<b>Performance Status for Key Milestones<sup>2</sup></b>	<b>Comments</b>
Enhance Financial, Management, and Performance Information (cont'd)	<p>Improved transparency and reporting to Parliament and Canadians, such that the basis upon which departments report to Parliament from year to year is consistent with the way departments manage and demonstrate the value for money of their programs and services</p> <p>Better alignment of resources to results, and early warning and intervention when value for money is not apparent</p> <p>Strengthened horizontal management of federal priorities</p>	The Annual Reference Level Update (ARLU) and Main Estimates are prepared based on the new MRRS Policy and through the automated EMIS systems. (2007)		Work continued to implement EMIS features and functionalities, as an ongoing commitment. EMIS continues to provide budget office support to the Secretariat.

**Strategic Outcome: Rigorous stewardship of public resources to achieve results for Canadians**

**Alignment with Government of Canada Outcomes:** Under the whole-of-government framework, the Treasury Board of Canada Secretariat is a federal organization that contributes to all Government of Canada outcomes by providing government services and support to all departments and agencies.

**Priority: Strengthen Expenditure and Financial Management**

Key Initiatives	Summary of Expected Results <sup>1</sup>	Summary of Key Milestones	Performance Status for Key Milestones <sup>2</sup>	Comments
A Strengthened Budget Office Role	<p>More effective and efficient programs that deliver outcomes consistent with government priorities and that are sustainable within the base resource levels approved by the Treasury Board</p> <p>Ready access to, and reports on, information about the government's programs that facilitate accountability to government, Parliament, and Canadians for the results achieved with the money spent</p> <p>Greater responsibility for setting the direct program spending component of the fiscal framework, advising the Treasury Board on post-budget allocation of new policy funds to departments, managing direct program spending as an envelope, and making reallocation decisions to manage within this envelope</p>	<p>Undertake consultations and develop an action plan to achieve a "steady state" process.</p> <p>Develop a plan for production of an annual report to the Treasury Board outlining expenditure management issues from a whole-of-government perspective.</p> <p>Produce the first annual report to the Treasury Board.</p>	<p>Met some expectations</p>	<p>Activities were delayed due to the election.</p>

Strategic Outcome: Rigorous stewardship of public resources to achieve results for Canadians				
Alignment with Government of Canada Outcomes: Under the whole-of-government framework, the Treasury Board of Canada Secretariat is a federal organization that contributes to all Government of Canada outcomes by providing government services and support to all departments and agencies.				
Priority: Strengthen Expenditure and Financial Management				
Key Initiatives	Summary of Expected Results <sup>1</sup>	Summary of Key Milestones	Performance Status for Key Milestones <sup>2</sup>	Comments
Strengthen Internal Audit	More relevant, timely, and quality audits and more effective use of audit information in planning and decision making across government	Select standardized internal audit methodologies and tools. Complete one internal OCG-led, government-wide horizontal audit. Develop three-year plans for a) audits of small departments and agencies (SDAs) and b) government-wide horizontal audits.	Met most expectations	The <i>Policy on Internal Audit</i> was approved in October 2005. Completion of some related activities was delayed due to either the Policy being approved later than planned or the election. Plans for government-wide audits and audits of SDAs were completed and are now being implemented.
Strengthen Financial Management	More rigorous and timely financial management, audit, and verification systems Improved financial management information and decision making	Obtain approval with respect to the roles, responsibilities, and profiles for departmental comptrollers. Obtain approval with respect to the process and criteria for review and sign-off of new spending proposals, including monitoring and reporting provisions. Develop a five-year strategy for the ongoing, annual audit of financial statements of departments and agencies. Develop and implement enterprise-wide standards and processes for financial analysis and reporting on financial position and results. Staff the new OCG, using a phased approach to find and recruit high-calibre professionals.	Met some expectations	Progress was made on a strategy for annual audits of financial statements, but policy development and staffing of the OCG were delayed. New proposed financial management policies, including roles and responsibilities for a proposed chief financial officer in departments, are now being reviewed by a deputy minister-led committee that will report to the government later in 2006. While some success was achieved in strengthening the internal management of the Secretariat, goals for recruitment and staffing of the OCG were largely not met, due to delays in completion of key staffing processes.

Strategic Outcome: Rigorous stewardship of public resources to achieve results for Canadians				
Alignment with Government of Canada Outcomes: Under the whole-of-government framework, the Treasury Board of Canada Secretariat is a federal organization that contributes to all Government of Canada outcomes by providing government services and support to all departments and agencies.				
Priority: Improve Service Delivery and Government Operations				
Key Initiatives	Summary of Expected Results <sup>1</sup>	Summary of Key Milestones	Performance Status for Key Milestones <sup>2</sup>	Comments
Transform Services and their Delivery to Citizens and Clients	Substantial improvements in client satisfaction and the value for money derived from service delivery investments	<p>Carry out ongoing intergovernmental research into determinants of client satisfaction and service improvement priorities for individuals and businesses.</p> <p>Develop an implementation strategy for the Government of Canada Service Vision.</p> <p>Present a next-generation service policy to ministers for approval, to provide post-2005 strategic direction.</p>	Met some expectations	Work to support a service vision was incorporated into forward planning for service transformation alignment.
Lead an Integrated Approach to Internal Service Transformation	Administrative savings and an enhanced capability to assess the cost-effectiveness of shared functions, assess levels of service and their impact on the effectiveness and quality of program delivery, track performance, improve reporting, and make better decisions and investments to improve services	<p>Complete recommendations from Corporate Administrative Shared Services (CASS) and information technology (IT) reviews related to moving to shared services.</p> <p>Provide departments and agencies with guidance related to the implementation of shared services.</p> <p>Launch new governance models for developing and delivering CASS and IT services.</p> <p>Begin preparations for the transfer of the first wave of departments to shared services.</p>	Met some expectations	Departments were engaged on approaches for transforming CASS in the Government of Canada.

<b>Strategic Outcome: Rigorous stewardship of public resources to achieve results for Canadians</b>				
<b>Alignment with Government of Canada Outcomes: Under the whole-of-government framework, the Treasury Board of Canada Secretariat is a federal organization that contributes to all Government of Canada outcomes by providing government services and support to all departments and agencies.</b>				
<b>Priority: Contribute to the People and Human Resources Modernization Agenda</b>				
<b>Key Initiatives</b>	<b>Summary of Expected Results<sup>1</sup></b>	<b>Summary of Key Milestones</b>	<b>Performance Status for Key Milestones<sup>2</sup></b>	<b>Comments</b>
Contribute to the Core Learning Agenda and to Building Public Service Capacity	Enhanced management capacity and functional specialist capacity across the public sector as a whole. Public-sector managers will have better tools and training to understand their performance expectations and deliver on them and will be supported by professional functional specialists who possess the competencies and associated knowledge, training, and experience to provide value-added service in the delivery of the government's programs.	<p>Finalize the shared portfolio strategy for curriculum development for public service managers, linked to the Management Accountability Framework.</p> <p>Complete the development of the Professional Development and Certification Program for the Procurement, Materiel Management, and Real Property Community and the communication strategy to support its implementation.</p> <p>Develop an implementation strategy for the Professional Development and Certification Program in collaboration with stakeholders and partners.</p> <p>Obtain Treasury Board approval for certification standards for departmental comptrollers.</p> <p>Develop certification standards for chief audit executives (CAEs).</p> <p>Develop a core learning strategy for financial management, internal audit, and labour relations.</p>	Met some expectations	<p>Progress was made on developing curricula and professional development and certification programs, but efforts in relation to the financial management community were slowed due to the delay in approving the model for roles and responsibilities (Chief Financial Officer model).</p> <p>While some success was achieved in strengthening the internal management of the Secretariat, goals for recruitment and staffing of the OCG were largely not met, due to delays in securing support and completion of key staffing processes.</p> <p>The development of the certification standards for Chief Audit Executives was completed in September 2005.</p> <p>Core learning strategies for financial management and internal audit are proceeding in collaboration with the Canada School of Public Service.</p>

## Operating Environment

Fiscal year 2005–06 posed many challenges for the Secretariat. These challenges included work in relation to the Gomery Commission of Inquiry, public and political focus on issues of public-sector governance and accountability, continued efforts to address issues of expenditure management and service transformation in government, and finally the requirements to support the transition to a new government.

In the first half of 2005, the Secretariat focussed significant effort on supporting the previous government's response to the Gomery Commission and articulating its Management Agenda. In addition, the Secretariat faced numerous challenges refining management initiatives and supporting Main and Supplementary Estimates in a minority Parliament context. As a result of both political and parliamentary uncertainty, numerous initiatives were delayed. At the same time, the Secretariat worked to respond to concerns from departments and key stakeholders on the need to ensure that management reforms reflected an appropriate balance between the need to strengthen controls and the need to ensure appropriate delegation to departments and managers.

Following the election, the new government established a focussed agenda with a continued but strengthened emphasis on accountability. The Secretariat led the development of legislation for the *Federal Accountability Act*, the new government's first priority. A substantial level of effort was put into developing the legislation in a short time frame over late winter.

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

As part of government's efforts to focus on core business, the Secretariat re-examined its own Program Activity Architecture (PAA) to provide a greater focus on core business and integration of Secretariat operations. The new PAA includes two key program activities: management policy development and oversight and expenditure management and financial oversight, to reflect the management board and budget office responsibilities of the Secretariat.<sup>1</sup> Near the end of the fiscal year, changes to the organization of government added two new responsibilities to the Secretariat, the Regulatory Affairs and Smart Regulations Strategy Group and the Toronto Waterfront Revitalization Initiative, and also added one new organization to the portfolio, the Office of the Registrar of Lobbyists.

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1. As part of its efforts to improve internal management in response to the Secretariat's Management Accountability Framework assessment, the Secretariat made major changes to its PAA in 2005–06. The PAA summarizes key activities of the organization and provides a framework for results-based management. The changes to the Secretariat's PAA will take effect for the 2007–08 Estimates and Public Accounts display.

## Overview of Departmental Performance

In the context of the challenges in the operating environment and the development of a renewed PAA, as described above, the Secretariat began the fiscal year focussed on four priorities:

- ▶ enhancing governance, accountability, and management practices;
- ▶ strengthening expenditure and financial management;
- ▶ improving service delivery and government operations; and
- ▶ contributing to the people and HR modernization agenda.

Following the election, further effort and focus was put on accountability issues, specifically the development of the *Federal Accountability Act* and expenditure management issues.

At the same time, good progress was made on Secretariat initiatives that focus on the foundations for good management in government, including the Management Accountability Framework (MAF) and the renewal of Treasury Board policies. For example, efforts to lay a more rigorous foundation for assessing the state of public-sector management and management performance moved forward through progress in the development and implementation of the MAF. Key Treasury Board policies were renewed and the groundwork was laid to renew and streamline several additional Treasury Board policies and to rescind a number of obsolete policies and standards. The new Treasury Board *Policy on Internal Audit* was approved in 2005, and the new government re-affirmed the Policy and approach.

In addition to the progress made on foundational initiatives, key areas of the government efforts to support well-managed, accountable government require sustained attention as the Secretariat and departments strive to enable a “whole-of-government” view of operations. The Secretariat and departments have made major strides in building a common information base and system that better reflects federal programs and services through the development of program activity architectures (PAAs). Continued effort is needed to ensure government provides information that will support parliamentarians’ and Canadians’ ability to better assess the government’s performance.

The Secretariat also continued to deliver on its core business operations, including the following. The Secretariat:

- ▶ successfully supported the President and its officials in close to 50 appearances before parliamentary committees;
- ▶ went through the biggest Supplementary Estimates process ever with a new, improved format (although the Supplementary Estimates were tabled in Parliament, supply was not received due to the election call);

- ▶ in lieu of supply during a general election, managed Governor General's special warrants, which covered two fiscal years, 2005–06 and into 2006–07;
- ▶ developed a new and improved reporting format on the use of Governor General's special warrants for Parliament (tabled in 2006–07);
- ▶ developed a government-wide data capturing system (Main Estimates Online) to be implemented in 2006–07;
- ▶ supported two new Treasury Board subcommittees (Service Canada, and Public Service Management and Ethics);
- ▶ successfully negotiated 13 collective agreements;
- ▶ examined and adjusted pension contribution rates in order to ensure that plan members and the Government of Canada, as employer, contribute to the pension plans in a balanced way and to ensure the long-term sustainability of the public-sector pension plans;
- ▶ negotiated significant changes to the Public Service Health Care Plan (PSHCP) with the National Joint Council to improve the PSHCP;
- ▶ hosted over 50 international delegations from regions including Europe, Asia, and Africa on a range of topics related to the Secretariat's mandate;
- ▶ met with 26 ministers to familiarize them with the new *Ministers' Guidelines* and provided sessions to chiefs of staff and other departmental staff on the same topic;
- ▶ developed, coordinated, and implemented the delivery of the Government of Canada's action plan to address potential privacy risks associated with the outsourcing of government services and the *USA PATRIOT Act* and the broader issue of the flow of personal data across borders, including posting the *Privacy Matters* report and the guidance document on the Secretariat's website;
- ▶ conducted a detailed assessment of information technology (IT) security practices across the Government of Canada based on departmental IT security action plans and prepared an action plan to improve the current state of IT security and for a longer-term sustainable IT security program for the Government of Canada; and
- ▶ for the seventh consecutive year, the Auditor General of Canada has issued an unqualified ("clean") opinion on the government's summary financial statements. This gives users assurance that the government's financial statements present fairly both its financial position and the results of its operations.

Finally, the Secretariat made a major effort to renew and improve its internal management, including clarifying and documenting internal roles and responsibilities, and developing new systems and tools in support of its priority activities and core business operations. Efforts to strengthen the Secretariat's internal management included implementation of the new *Public Service Modernization Act* (PSMA), and development and implementation of a staffing plan under the new PSMA to address immediate staffing requirements; enhancements to financial

reporting systems; and completion of a survey on workplace well-being to obtain employee perspectives on workplace issues in the Secretariat.

The rest of this section provides an overview of progress made in each of the four key priority areas, summarizing the Secretariat's commitments, achievements, and lessons learned. More detailed reporting on progress against specific initiatives by priority, linked to program activity, is presented in Section II.

## **Priority A: Enhance Governance, Accountability, and Management Practices**

### *Context and Commitment*

The Secretariat, supported by its portfolio partners, aims to make government as a whole more accountable and to increase openness, transparency, and the quality of information that federal organizations provide to Parliament so that Canadians are better able to hold the government to account for public policy and administration choices.

To achieve these objectives, the Secretariat undertook several key initiatives in fiscal year 2005–06. They included commitments to:

- ▶ *strengthen management performance* by using the MAF to assess the state of departmental management practices and capacity, and to assist departments in developing integrated action plans for management improvement;
- ▶ *renew Treasury Board management policies* by streamlining and clarifying its suite of policy instruments that support the oversight responsibilities of the Treasury Board and delegate, when appropriate and applicable, accountability and responsibility to departments and agencies;
- ▶ *improve transparency in reporting to Parliament* through a focus on results at both the departmental and government-wide level, and provide clarity and timeliness in reporting; and
- ▶ *enhance financial, management, and performance information* by improving the alignment of results to resources for departmental management and accountability needs.

In addition, following the election, the Secretariat supported the government's number one priority through a major effort to develop the *Federal Accountability Act*.

### *Main Achievements*

The Secretariat supported the new government in successfully preparing the *Federal Accountability Act* for tabling in Parliament early in the next fiscal year.

The Secretariat made good progress on certain of these commitments but attention is required to continue to advance efforts in others.

- ▶ Good progress was made on the MAF, which continued to mature through further rounds of MAF-based assessments and with ongoing work on refining the indicators and on supportive tools.
- ▶ Significant achievements were also seen in the renewal of Treasury Board policies, as an overall framework was developed, key policies were renewed, and the groundwork was laid to renew several other Treasury Board policies and also to rescind several out-of-date policies and related directives. The new *Policy on Internal Audit* was developed and approved in October 2005 for implementation starting April 1, 2006.
- ▶ Efforts to improve reporting to Parliament were advanced through the tabling of *Canada's Performance 2005*. It included a chapter on the Aboriginal Horizontal Framework, which pilots a new approach for managing horizontal issues across the federal government.
- ▶ Although consultations were held and plans developed to move forward with a Government of Canada report on plans and priorities, more effort is required to advance work on reporting to Parliament. However, making progress in this area continues to be a challenge, given the context of a minority government.
- ▶ A new and improved Supplementary Estimates reporting format was provided to parliamentarians, to enhance clarity and transparency of information. A new reporting format was developed on the use of Governor General's special warrants to provide a more fulsome report covering two fiscal years. A government-wide data capturing system (Main Estimates Online) was developed.
- ▶ Finally, progress was made on accurately defining the scope of the Expenditure Management Information System (EMIS) project, but more work is needed to advance its implementation.

### *Lessons Learned*

Government is a large and complex organization, and clarifying accountabilities and management policies, renewing the policy suite, and developing reliable and useful performance information on a whole-of-government basis are major undertakings that take time and dedicated effort. As well, the dynamics of a minority government create challenges, such as the need for additional consultations and the need to respond to fluctuating priorities. While progress was made in all areas, it was slower than anticipated in some cases.

Key lessons from the past year include:

- ▶ the need for clear, stable, and measurable indicators of performance;
- ▶ the need for good collaboration with departments in regards to the processes for performance measurement;
- ▶ the need to ensure adequate involvement of functional communities in policy renewal;
- ▶ the importance of building realistic implementation plans; and

- ▶ the need for a holistic, enterprise-wide view of government.

## **Priority B: Strengthen Expenditure and Financial Management**

### *Context and Commitment*

Effective and integrated expenditure and financial management helps maintain balanced budgets, align resources with government priorities, and increase the efficiency of programs and operations. The Secretariat plays a key role in overseeing government expenditures from a whole-of-government perspective, advising government officials on expenditure management decisions, risks and opportunities, and the administration of the Estimates cycle, including the tabling of Main Estimates in Parliament.

In fulfilling these responsibilities, the Secretariat is committed to:

- ▶ assessing the value for money of government programs and services based on well-defined performance metrics;
- ▶ identifying, understanding, and managing risk and relative trade-offs from a whole-of-government perspective; and
- ▶ ensuring rigorous but not cumbersome financial management and internal audit and assurance systems.

To achieve these objectives, the Secretariat undertook several key initiatives in fiscal year 2005–06. They included commitments to:

- ▶ develop a *strengthened budget office role* for the Treasury Board that will support and effect reallocation on an ongoing basis;
- ▶ *strengthen internal audit* in order to provide more relevant, timely, and quality internal audits and to support more effective use of internal audit information in planning and decision making across government; and
- ▶ *strengthen the financial management and control framework* to ensure that the financial statements of the federal government provide complete and accurate information and to support government-wide efforts to ensure that financial systems introduce modern, timely information systems.

### *Main Achievements*

Good progress was made in certain areas but work was delayed in others, due to the impact of events such as the election and transition to a new government.

- ▶ Efforts to strengthen internal audit were advanced as the new Treasury Board *Policy on Internal Audit* was approved in October 2005, and the new government re-affirmed the Policy and approach.

- ▶ Policies to strengthen the financial management and control framework were developed and are undergoing review and consultation, and staffing of key positions to support these initiatives is underway.
- ▶ Finally, although work on strengthening the Treasury Board's role as the budget office was delayed, funding is being sought to examine interdepartmental roles and responsibilities in producing an annual report on expenditure management issues from a whole-of-government perspective.

### *Lessons Learned*

To improve expenditure management, the government must continue to improve the quality of both financial and non-financial information on the value for money and results achieved by programs and services, particularly from a whole-of-government perspective. As well, effective financial management requires clear accountabilities and professional leadership within the Secretariat and in departments and agencies, as well as good governance, sound policies and processes, and timely and accurate information—all of which are supported by effective communications and technology. The changes that are being made over the next several years are transformative and will require dedicated effort. Implementation of such transformative initiatives will require continued focus and attention.

Key lessons from the past year include:

- ▶ the importance of clarifying roles, responsibilities, and objectives, both with other central agencies and within the Secretariat, in regards to how the Secretariat works to support the Treasury Board;
- ▶ reinforcing the importance of continuing to examine program spending from an integrated, holistic perspective rather than on an incremental basis;
- ▶ achieving the right balance between central control and delegated oversight with effective checks and balances; and
- ▶ the need to address challenges in internal Secretariat management processes, including staffing, to ensure that expectations for results are matched with capacity to support delivery.

## **Priority C: Improve Service Delivery and Government Operations**

### *Context and Commitment*

The wide range of services offered by the Government of Canada touches virtually all Canadians—whether as individuals, businesses, or citizens abroad—as well as international clients. Service delivery expectations and capabilities, however, continue to grow.

As a result, fundamental change is required as to how services are designed and delivered. Put simply, to meet public expectations and deliver quality services in an efficient manner into the future, the government must rethink services and their delivery by re-engineering business

processes, consolidating services across delivery channels, rationalizing and integrating its service delivery infrastructure, and eliminating duplication.

In addressing these challenges, the Secretariat is working to:

- ▶ *transform services and their delivery to citizens and clients* by developing a service vision, developing supportive policy, examining determinants of client satisfaction, and reviewing priority infrastructure; and
- ▶ transform those services that are internal to government by *leading an integrated approach to internal service transformation*.

### *Main Achievements*

Good progress was made in advancing both client service delivery and support to government operations.

- ▶ The Secretariat supported the development of effective governance mechanisms for Service Canada, a major transformation initiative launched by the previous government in 2005.
- ▶ The fourth “Citizens First” survey was completed and published, with results showing that targets for service improvement had been surpassed.
- ▶ The draft Government of Canada Service Vision and Implementation Strategy was developed in consultation with departments and agencies.
- ▶ A detailed scoping and implementation options assessment for Corporate Administrative Shared Services (CASS) is underway, with the engagement of departments and policy authorities.
- ▶ The new *Service Policy* and related policy instruments were drafted and consultations were begun.
- ▶ Finally, governance structures were implemented at the deputy minister and assistant deputy minister levels, and with CASS functional communities and departmental CASS coordinators.

### *Lessons Learned*

The Service Improvement Initiative demonstrated that focussing on client-centric approaches to service design and delivery could lead to measurable improvements in client satisfaction with government services. Under this initiative, departments were encouraged to set client satisfaction standards, measure progress against them, undertake research into client priorities and expectations, and respond to findings through service improvement plans. As a result, Canada is regarded as a world leader in service quality. These lessons are guiding the development of a new service policy to ensure client-centric approaches based on service standards and to promote integrated approaches that improve client access.

Key lessons learned include:

- ▶ the need for accurate information on the resource implications of current business processes in order to effectively plan for transition;
- ▶ the importance of careful planning, adopting a phased approach, and paying particular attention to change and risk management when undertaking large-scale transformational initiatives; and
- ▶ the importance of focussing on core roles and responsibilities, and clarifying the Secretariat's role as a central agency in order to provide strategic oversight.

## **Priority D: Contribute to the People and Human Resources Modernization Agenda**

### *Context and Commitment*

As general manager of the federal government, the Treasury Board is responsible for managing the human resources of the public service. The Secretariat supports this role with direct responsibilities for labour relations and compensation, and supports core learning and governance of functional communities through the establishment of administrative policies and performance expectations and standards under the Management Accountability Framework.

Within this context, the Secretariat is working with its portfolio partners to actively support implementation of the *Public Service Modernization Act* by contributing to the Core Learning Agenda and to building public service capacity.

The Secretariat's 2005–06 commitment to *contribute to the Core Learning Agenda and to building public service capacity* is aimed to enhance management capacity and functional specialist capacity across the public sector as a whole.

### *Main Achievements*

The Secretariat provided significant support to the implementation of the *Public Service Modernization Act*, including providing guidance on labour relations issues. Progress was made on developing core learning strategies for financial management, internal audit, and labour relations specialist communities.

In addition, the Secretariat provided support to the Canada School of Public Service in the School's role as the operational lead for providing required training under the new *Policy on Learning, Training and Development*, approved in November 2005.

Progress was made in the recruitment of financial management professionals, as the Secretariat provided support through development programs, resulting in the recruitment of approximately 130 university graduates.

*Lessons Learned*

The Secretariat has an important role to play in supporting learning in the public service to build public-sector capacity. In this initiative, as in others, the dynamics of a minority government create challenges, such as the need for additional consultations and the need to respond to fluctuating priorities.

Key lessons learned include:

- ▶ the need to work with Portfolio partners to ensure that departments and agencies make core learning a priority and provide adequate opportunities for certification and professional development for managers in key areas; and
- ▶ the importance of factoring staffing into the development of plans through better integration of business and human resources planning.

## **Alignment With Government of Canada Outcomes**

Under the whole-of-government framework, the Secretariat is a federal organization that contributes to all Government of Canada outcomes by providing government services and support to all departments and agencies.

The Secretariat's priorities collectively seek to ensure the government is well-managed and accountable, and that resources are allocated to achieve results. They seek to address some of the key expectations of Canadians by creating a government that:

- ▶ ensures the relevance and coherence of programs and services;
- ▶ improves delivery, while providing value for money and sound stewardship of public funds; and
- ▶ reinforces accountability to Parliament in achieving results for Canadians.

The Secretariat therefore directly supports all Government of Canada outcomes by seeking to enhance the public service's overall efficiency and effectiveness and providing direction and oversight to departments and agencies in the delivery of their programs and services.

For example, the Management Accountability Framework (MAF) sets out a comprehensive and coherent accountability regime that specifies the management expectations of deputy heads, while the *Management, Resources, and Results Structure (MRRS) Policy* and the Program Activity Architecture (PAA) provide information on programs and their relation to departmental strategic outcomes. Collectively, these initiatives have begun and will, once at full maturity, provide public service officials, parliamentarians, and Canadians with information on public-sector management and the results being achieved.

Finally, the Secretariat plays a leadership role in horizontal policy reviews aligned with key Government of Canada priorities.

## 2. Analysis of Program Activities by Strategic Outcome

### Introduction

This section provides detailed information on the progress made by the Secretariat in delivering on each of its priorities, plans, and expected results as outlined in the *2005–06 Report on Plans and Priorities*.

During fiscal year 2005–06, the mission and strategic outcome of the Secretariat was to ensure the rigorous stewardship of public resources to achieve results for Canadians. This included setting performance expectations, assessing performance against expectations, assuring effective financial and audit controls, supporting the Treasury Board's role as the employer, and advising Treasury Board ministers and the government on management policy, expenditure management, and compliance issues.

To fulfil these core business responsibilities, the Secretariat was organized into three key areas of activity. They were:

- ▶ Management and Expenditure Performance;
- ▶ Comptrollership; and
- ▶ Centrally Managed Funds.

The long-term strategic outcome of rigorous stewardship of public resources to achieve results for Canadians led the Secretariat to pursue the following four priorities associated with these key areas of activity:

- ▶ enhance governance, accountability, and management practices;
- ▶ strengthen expenditure and financial management;
- ▶ improve service delivery and government operations; and
- ▶ contribute to the people and human resources modernization agenda.

The Secretariat's *2005–06 Report on Plans and Priorities* presented results to be achieved in relation to the priority initiatives linked with each area of activity. In order to report on results achieved for each program activity, the results achieved for each linked priority initiative are described in this section.

The following table provides a crosswalk between program activities and associated priority initiatives. Note that two priority initiatives are linked with both the Management and Expenditure Performance, and Comptrollership program activities, as the initiatives addressed elements of both program activities. The program activity of Centrally Managed Funds was addressed through the core business operations of the Secretariat.

Program Activity	Priorities	Key Initiatives
<b>Management and Expenditure Performance</b>	Enhance Governance, Accountability, and Management Practices	Implement the next phase of the Management Accountability Framework
		Renew and consolidate the Treasury Board policy suite
		Improve reporting to Parliament
		Enhance Financial, Management and Performance Information
	Strengthen Expenditure and Financial Management	Strengthen the budget office role
	Improve Service Delivery and Government Operations	Transform services and their delivery to citizens and clients
		Lead an integrated approach to Internal Service Transformation
Contribute to the People and Human Resources Modernization Agenda	Contribute to the Core Learning Agenda and to building public service capacity	
<b>Comptrollership</b>	Enhance Governance, Accountability, and Management Practices	Renew and consolidate the Treasury Board policy suite
	Strengthen Expenditure and Financial Management	Strengthen Internal Audit
		Strengthen Financial Management
Contribute to the People and Human Resources Modernization Agenda	Contribute to the Core Learning Agenda and to building public service capacity	

## Management and Expenditure Performance

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

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

### Planned and Actual Spending

Program Activity (\$ thousands)	Main Estimates	Planned Spending	Total Authorities	Actual
Management and Expenditure Performance	131,720.0	134,322.0	138,661.4	<b>131,201.7</b>

Given the breadth of activities and achievements, this program activity is discussed below as two complementary activities:

- ▶ Public-sector Governance and Management; and
- ▶ Expenditure and Performance Operations.

### Public-sector Governance and Management

Public-sector Governance and Management encompasses those activities that establish the expectations, standards, measures, and incentives that govern public-sector performance and accountability.

Key priority initiatives designed to strengthen public-sector governance and management included:

- ▶ the next phase of the implementation of the Management Accountability Framework;
- ▶ the streamlining and consolidation of the Treasury Board policy suite;
- ▶ the Secretariat's contribution to the Core Learning Agenda; and
- ▶ an integrated approach to Internal and External Service Delivery Transformation.

### Expenditure and Performance Operations

The area of expenditure and performance operations encompasses a suite of activities that includes program evaluation, analysis, assessment, and monitoring at the departmental level, and resource allocations and management across government as a whole.

Expenditure and performance operations assess the value for money of departmental and horizontal management of crosscutting initiatives, such as security, science, and environment. The core business outcome of these activities is a whole-of-government perspective on expenditure management to ensure the optimal allocation of public resources, in keeping with Treasury Board policies and accounting for performance.

Priority initiatives designed to strengthen expenditure and performance operations include:

- ▶ improving reporting to Parliament;
- ▶ strengthening the budget office role; and
- ▶ enhancing financial, management, and performance information.

The following section provides details on results achieved for these initiatives.

## **Implement the Next Phase of the Management Accountability Framework (MAF)**

The Secretariat worked with its portfolio partners to lead the implementation of the MAF and worked with other departments and agencies to ensure alignment, consistency, and coherence between the various management initiatives and MAF. The Secretariat also continued to improve MAF indicators for assessing departmental management capabilities and performance, and the efficiency of its annual cycle for monitoring and engagement. The Secretariat provided ongoing support to departments, agencies, public service managers, and Secretariat analysts regarding MAF and its implementation.

### **Context**

In the fiscal year 2005–06, the MAF matured as the Secretariat’s framework of analysis and the foundation for its comprehensive and effective management oversight.

Over the course of the year, the Treasury Board Portfolio (TBP) used the MAF to assess the state of management practices and capacity in departments and agencies. In response to TBP’s assessments, departments and agencies developed integrated action plans for improving their management capacity and performance. Work to streamline the assessment process and strengthen MAF indicators is ongoing.

### **Highlights**

- ▶ The second round of bilateral meetings between the Secretary of the Treasury Board and 31 deputy heads of departments and agencies was completed in spring 2005, including agreements with deputy heads on management priorities and linkages with their performance management agreements.
- ▶ The framework of indicators was refined and used as the basis for the assessments of 35 departments and large agencies and 19 small agencies in the third round of MAF assessments.
- ▶ An agreement was reached with the Office of the Auditor General of Canada on sharing MAF findings.
- ▶ Work advanced on the development of a performance framework for management reporting.

**Implementing the Next Phase of the Management Accountability Framework**

Results Statement	Plan	Achievements
<p>The Secretariat will work with its portfolio partners to:</p> <ul style="list-style-type: none"> <li>• lead the implementation of the MAF and work with other departments and agencies to ensure alignment, consistency, and coherence between the various management frameworks;</li> <li>• confirm MAF standards and indicators for analyzing management capacity and performance, its mechanisms and process for reviewing departmental progress, its annual cycle for monitoring and engagement, and its protocols for public reporting; and</li> <li>• support departments, agencies, public service managers, and Secretariat analysts with the MAF.</li> </ul>	<p>Work with departments to identify management priorities and take action to address them.</p> <p>Develop options for public reporting on departmental and government-wide management capacity and performance to commence in 2006.</p> <p>Confirm its annual cycle and process of management assessment and reporting. The cycle will include annual compliance monitoring, dialogue, and assessments of management capacity and performance against departmental management plans, the monitoring of government-wide improvements, and the identification and promotion of sound practices.</p> <p>Finalize the framework of indicators of effective management practice, capacity, and performance for purposes of monitoring and reporting to ministers, Parliament, and the public on management performance.</p> <p>Work with the Public Service Human Resources Management Agency of Canada (PSHRMAC) and the Canada School of Public Service (CSPS) to develop a core curriculum for managers based on MAF performance, expectations, and standards and support Secretariat analysts in MAF application.</p>	<p>The second round of bilateral meetings between the Secretary of the Treasury Board and 31 deputy heads of departments and agencies was completed in spring 2005, including agreements with deputy heads on management priorities and linkages to performance management agreements.</p> <p>The third round of MAF assessments was launched in September 2005, although the process was delayed somewhat due to heavy workload across the Secretariat in early fall.</p> <p>The framework of MAF indicators was refined and used as the basis for assessment of 35 departments and large agencies, and 19 small agencies in the third round of MAF assessments. Ongoing communications and training initiatives supported the framework of indicators, as did a searchable database of MAF profiles.</p> <p>Work advanced on the development of a performance framework for reporting on government.</p> <p>The Secretariat participated in the development of a core curriculum with both PSHRMAC and CSPS, and contributed to the deputy minister training program.</p>

## **Renew and Consolidate the Treasury Board Policy Suite**

The renewal of Treasury Board policies aims to provide clearer, more streamlined, and integrated management policies that will more effectively support the Treasury Board's oversight responsibilities. Through policy renewal, the Secretariat also aims to establish clearer accountabilities and performance expectations aligned with the MAF, as well as required processes and compliance reporting for departments and agencies.

### **Highlights**

- ▶ Significant progress was made on the Foundation Framework for Treasury Board Policies.
- ▶ Approval was obtained for the *Policy on Internal Audit* and the *Policy on Learning, Training and Development*, as well as related directives and standards.
- ▶ The *Federal Accountability Act* Action Plan included a commitment for an independent review of the draft *Procurement Policy* and the *Policy on Transfer Payments*.
- ▶ A number of policies and standards were identified to be brought forward for rescinding.

**Renew and Consolidate the Treasury Board Policy Suite**

Results Statement	Plan	Achievements
<p>A clearer, more streamlined, and integrated suite of management policies that will more effectively support the Treasury Board's oversight responsibilities.</p>	<p>Identify and seek Treasury Board approval to eliminate policies that are obsolete or redundant, or that duplicate policy direction found elsewhere in the Treasury Board policy suite.</p> <p>Complete an overarching Treasury Board policy framework.</p> <p>Rationalize Treasury Board policies related to project management, procurement, and real property.</p> <p>Rationalize the remainder of the Treasury Board policy suite, using the experience of renewing the project management, procurement, and real property policies as a model.</p> <p>Communicate new management expectations to departmental and agency deputy heads and practitioners, and provide training and support tools as necessary.</p> <p>Establish organizational structures and new processes to monitor compliance and ensure that policies remain current, relevant, and clear.</p> <p>Complete the streamlining of the Treasury Board policy suite.</p>	<p>Six policies on human resources and 27 standards on IT and human resources were identified as ready for rescinding.</p> <p>The overarching Foundation Framework for Treasury Board policies was completed and prepared for approval.</p> <p>Policies related to the management of real property and materiel were rationalized and prepared for approval.</p> <p>The renewal of the policies on procurement, transfer payments, and financial management was delayed due to the requirement for external, independent reviews in the <i>Federal Accountability Act</i> Action Plan, and the implementation of the pending amendments on contracting responsibilities defined in the <i>Department of Public Works and Government Services Act</i>.</p> <p>The intent of the Policy Renewal Initiative was communicated to departments through various means, including communications with deputy heads. Information sessions and workshops for functional specialists were provided.</p> <p>The Policy Renewal Directorate developed processes and guidance materials to assist the Treasury Board Portfolio policy centres in monitoring compliance. The policy suite governance structure (committees and the Directorate) share the responsibility for monitoring compliance and policy development and implementation.</p> <p>Plans were developed for the renewal of the remainder of the policy suite, work commenced, and progress was tracked against plans.</p>

## **Improve Reporting to Parliament**

As part of its efforts to enhance governance and accountability, the Secretariat is working to improve the overall effectiveness and usefulness of parliamentary reporting. The expected results of these efforts is clearer, more useful, and more timely reporting based on performance information that is more comprehensive, easy to understand, contextual, balanced, timely, and transparent.

### **Context**

Reporting to Parliament is a vital element of accountable government. Timely and accurate information about the status, progress, and performance of government initiatives allows parliamentarians to hold the government to account for spending decisions, program performance, and cost-effectiveness.

Although reforms have been made to the parliamentary reporting process in Canada, it is clear that systemic problems are hindering the ability of Parliament to fully hold the government to account. Members of Parliament have consistently expressed that they want:

- ▶ simpler, more integrated information in government documents;
- ▶ more context and analysis (including trends, graphs, and reporting on horizontal issues);
- ▶ high-level overviews with the ability to drill down to more detail;
- ▶ clearer logic between planning and performance reporting documents;
- ▶ more critical reporting with the ability to demonstrate progress against commitments; and
- ▶ more accessible information showing the linkages between programs, resources, and results.

In order to respond to these concerns, the Secretariat committed to improve reporting to Parliament. As such, a full-time office was created to explore the issues associated with the current reporting process and to identify solutions in consultation with parliamentarians and key stakeholders. Although some consultative aspects of this initiative were delayed due to the election, work to improve reporting to Parliament proceeded with the development of a draft blueprint and the exploration of options to address systemic issues within the current reporting process. In addition, consultations were held with parliamentary staff, public service managers, key stakeholders, and external experts.

### **Highlights**

- ▶ A full-time office was established, and a draft blueprint outlining the systemic issues affecting parliamentary reporting and potential solutions was developed and presented to senior public service managers.
- ▶ An evaluation of statutory reports was completed and options to streamline and rationalize the reports were explored.

- ▶ Consultations were held with parliamentary staff, senior public service managers, key stakeholders, and external experts on options to improve the effectiveness of parliamentary reporting.
- ▶ A prototype of a whole-of-government, high-level overview for the 92 reports on plans and priorities was developed for consultations with departments, central agencies, and others.

## Improve Reporting to Parliament

Results Statement	Plan	Achievements
<p>Clearer, more useful, and more timely reporting based on performance information that is more comprehensive, easy to understand, contextual, balanced, timely, and transparent.</p>	<p>Undertake the evaluation of ad hoc reports to Parliament and use the recommendation arising from this to inform the process.</p> <p>Develop a consultation draft of the blueprint and establish a full-time office to coordinate project implementation.</p> <p>Engage parliamentarians on all aspects of the blueprint.</p> <p>Engage departments and agencies to develop a single planning and reporting framework for government planning, budgeting, and reporting practices.</p> <p>Develop a whole-of-government strategic plan and report that sets out the Government of Canada's strategic and operational plan for the upcoming fiscal year.</p> <p>Explore with parliamentarians the possibility of piloting "evergreen" reporting in the strategic plan and in selected departmental reports on plans and priorities.</p> <p>Influence longer-term changes to planning, reporting, and review of appropriations, consistent with the blueprint and subsequent consultations.</p>	<p>A full-time office was established, and a draft blueprint outlining both the systemic issues affecting parliamentary reporting and potential solutions was developed and presented to senior public service employees.</p> <p>An evaluation of statutory reports was completed and options to streamline and rationalize the reports were explored.</p> <p>Consultations on options to improve reporting to Parliament were undertaken with senior public service managers, key stakeholders, external experts, and parliamentary staff, including individuals from the Library of Parliament. Preparation for parliamentary consultations was underway, although the consultations were delayed due to the election.</p> <p>Departments were engaged in discussions on the departmental planning and performance framework, and an interdepartmental working group was established in September 2005.</p> <p>A <i>prototype</i> of a whole-of-government, high-level overview for the 92 reports on plans and priorities was developed for <i>consultations with departments, central agencies, and others</i>.</p> <p>Enhancements to existing electronic tools were undertaken in order to improve access to information for parliamentarians.</p> <p>A review of the issues and options regarding horizontal reporting was completed.</p>

## **Enhance Financial, Management, and Performance Information**

The Secretariat leads two related initiatives to improve expenditure management information and reporting: the *Management, Resources, and Results Structure (MRRS) Policy* and the Expenditure Management Information System (EMIS). The MRRS Policy provides a new, integrated modern expenditure management framework that supports better management resource allocation and reallocation decisions and reporting by providing a common, government-wide approach to the collection, management, and public reporting of financial and non-financial performance information.

Departments and agencies are required to develop their MRRS, which is comprised of three key elements:

- ▶ clearly defined and measurable strategic outcomes that reflect the organization's mandate and vision and that are linked to the government's priorities and intended results;
- ▶ a program activity architecture (PAA) that articulates an inventory of the organization's programs, at a sufficient level of materiality to reflect how the organization allocates and manages the resources under its control to achieve intended results; and
- ▶ a description of the current governance structure that outlines the decision-making mechanisms, responsibilities, and accountabilities of the organization.

Closely tied to the implementation of the MRRS Policy is the development of EMIS. EMIS is a government-wide system that, once fully developed, will act as the central repository for MRRS-related information and serve as the information platform to support multiple expenditure management functions, as well as help manage resource allocation and reallocation within departments and across government.

EMIS has four main components:

- ▶ a common database that will be used by both departments and the Secretariat to link expenditure and performance information on priorities, planned and actual spending, and results;
- ▶ automated business processes to streamline budgeting and reporting (Annual Reference Level Update (ARLU), Estimates);
- ▶ analytical tools to support the Secretariat's expenditure and management analysis; and
- ▶ common standards to support the government-wide exchange of expenditure information.

## **Context**

Implementation of the MRRS Policy has been continuing since the Policy took effect in April 2005. The Secretariat established the internal MRRS Steering Committee to provide guidance, direction, and clarity around policy issues relating to the implementation of the MRRS Policy. The Secretariat worked with other departments, agencies, and organizations throughout the year to help them further refine their PAA, to enhance their focus on programs, as well as to advance the development of related performance measurement frameworks. This work supports changes in information structures and systems that will facilitate the identification of horizontal issues across organizations, improve information on what is spent on them, and improve reporting to Parliament. As it becomes more embedded in departmental management cultures, progress on the implementation of the MRRS Policy and EMIS will support better management, resource allocation and reallocation decisions and reporting, as well as facilitate departmental comparison and the establishment of a whole-of-government perspective on horizontal files.

## **Highlights**

- ▶ In December 2004, the Treasury Board approved 118 PAAs through an ARLU omnibus submission process for the 2005–06 ARLU/Estimates cycle. These departmental PAAs were used for display in 2005–06 Main Estimates and Public Accounts, and formed the basis for reporting in 2005–06 reports on plans and priorities and departmental performance reports.
- ▶ The 2004–05 ARLU and 2005–06 Main Estimates were converted from the old business line reporting structure of the Planning Resource and Accountability Structure to the new PAA structures outlined in the MRRS Policy. The ARLU for 2006–07 is available online and is currently underway in departments and agencies. The Main Estimates development for 2006–07 is on schedule, at the stage of application testing.
- ▶ In May 2005, a PAA update process was established to enhance accountability when organizations make changes to their PAA for display in the Main Estimates and Public Accounts. In total, 64 organizations requested amendments to their PAAs. The Secretariat supported these departments in obtaining approval of all amendments in August 2005.
- ▶ The Secretariat has been working with organizations throughout the year to help them further refine their PAA to enhance their focus on programs, as well as to advance the development of related performance measurement frameworks. This work supports changes in information structures and systems that will facilitate the identification of horizontal issues across organizations, improve information on what is spent on them, and improve reporting to Parliament. As it becomes more embedded in departmental management cultures, progress on the implementation of the MRRS Policy will support better management, as well as resource allocation and reallocation decisions and reporting and will facilitate departmental comparison and the establishment of a whole-of-government perspective on horizontal files.

**Enhance Financial, Management, and Performance Information**

Results Statement	Plan	Achievements
<p>Improved expenditure and performance information at a level of detail that will support decision making, allocation, and reallocation from lower to higher priorities.</p> <p>Improved transparency and reporting to Parliament and Canadians, such that the basis upon which departments report to Parliament from year to year is consistent with the way departments manage and demonstrate the value for money of their programs and services.</p> <p>Better alignment of resources with results, and early warning and intervention when value for money is not apparent.</p> <p>Strengthened horizontal management of federal priorities and improved ability to manage programs and services that share similar objectives across government.</p>	<p>The Secretariat will work with stakeholders to fully implement the MRRS Policy and EMIS. Consultations and capacity building will be undertaken to address implementation issues and resolve remaining technical, accounting, or information management challenges.</p> <p>The Secretariat will continue EMIS development throughout 2005–06 to be ready in 2006–07 for active data flows from internal government-wide financial management and control systems in order to align actual spending with planned budgets.</p> <p>The Secretariat will implement the EMIS features and functionalities required to streamline internal Secretariat business processes and automate the Treasury Board submission process.</p> <p>The ARLU and Main Estimates are prepared based on the new MRRS Policy and through the automated EMIS systems.</p> <p>Data collection and development of an integrated expenditure management system supports the budget and reallocation processes.</p> <p>The Secretariat, departments, and agencies are actively using MRRS and EMIS to evaluate program performance and inform expenditure allocation decisions.</p> <p>The basis upon which departments report to Parliament from year to year is consistent with the way departments manage, and it provides the basis to demonstrate value for money.</p>	<p>A common definition for Corporate Services in time for the 2006–07 ARLU was deferred; departments were instructed to deal with Corporate Services in the same manner as for the 2005–06 ARLU.</p> <p>The Secretariat has established the MRRS Steering Committee to provide guidance, direction, and clarity around policy issues relating to the continued implementation of the MRRS Policy.</p> <p>The Secretariat led work to identify EMIS requirements to support short-term priorities, with input from the MRRS User Group.</p> <p>In response to internal audit recommendations, work on a detailed action plan was completed. The project scope was reconfirmed and a new business case was developed for deliverables and project organization, for both the short-term (balance of 2005–06) and longer-term success of the project.</p> <p>The 2004–05 ARLU and 2005–06 Main Estimates were converted from Planning Resource and Accountability Structures to PAA structures in alignment with the MRRS Policy. The ARLU for 2006–07 was available online and used by departments and agencies. The Main Estimates development for 2006–07 was delivered on schedule for production of the “Blue Book” and Appropriations Bill.</p>

Results Statement	Plan	Achievements
		<p>EMIS continues to provide support to the budget office functions of the Secretariat, using existing legacy systems until such time as an overall integrated solution can be commissioned.</p> <p>Projects on the Main Estimates online application and production were delivered in 2005 for the production of the 2006–07 Main Estimates.</p>

## **A Strengthened Budget Office Role**

A strengthened expenditure management system and an increased budget office role for the Treasury Board is a prerequisite for being able to conduct ongoing reviews of programs and reallocation from lower to higher priorities.

In the fiscal year 2005–06, the Secretariat progressed on two initiatives in support of a strengthened budget office. The Secretariat focussed on developing an action plan to create the processes and capacity within the Secretariat to report annually in the fall to the Treasury Board on expenditure management issues from a whole-of-government perspective. The Secretariat also engaged in considerable research into the issue of the nature of financial information needed to support the expenditure management system.

### **Context**

Efforts to enhance the Treasury Board's budget office role were delayed by the election and transition to a new government.

Sufficient progress was made on the development of a fall report to the Treasury Board on expenditure management to recognize that significantly more analysis of the roles and responsibilities is required.

The accounting basis of the financial information in the Annual Reference Level Update exercise is part of the larger issue of determining the financial information needed to support the expenditure management system. Following a competitive process, the Secretariat engaged a consulting company to conduct a study to determine whether and, if so, how accrual concepts should apply to the development, documentation, and execution of the budgets and appropriations of the federal government. The study began in September 2005, with the final report delivered by the end of the fiscal year.

### **Highlights**

- ▶ Funding is being sought to examine interdepartmental roles and responsibilities in producing an annual report on expenditure management issues from a whole-of-government perspective.
- ▶ The report on increasing the use of accrual accounting concepts in budgeting and appropriations provided important information on the accrual reform experiences of other jurisdictions and the risks, benefits, and implementation implications of various approaches that could be applied to the federal government.

## A Strengthened Budget Office Role

Results Statement	Plan	Achievements
<p>More effective and efficient programs that deliver outcomes consistent with government priorities and that are sustainable within the base resource levels approved by the Treasury Board.</p> <p>Ready access to, and reports on, information about the government's programs that facilitate accountability to government, Parliament, and Canadians for the results achieved with the money spent.</p> <p>Greater responsibility for setting the direct program spending component of the fiscal framework and in advising the Treasury Board on post-budget allocation of new policy funds to departments.</p> <p>Greater responsibility for managing direct program spending as an envelope with the associated responsibility to make reallocation decisions to manage within this envelope.</p>	<p>Undertake consultations and develop an action plan to achieve the "steady state" outlined above.</p> <p>Develop a plan for production of an annual report to the Treasury Board outlining expenditure management issues from a whole-of-government perspective.</p> <p>Produce the first annual report to the Treasury Board.</p> <p>Continue to examine the feasibility of running the ARLU exercise on an accrual and modified cash basis.</p>	<p>Work on an ongoing review of existing program expenditures was delayed due to the election and change in priorities with a new government.</p> <p>Interdepartmental roles and responsibilities in producing an annual report require further analysis. Funding is being sought to examine these issues.</p> <p>Conducted further research and produced a report on increasing the use of accrual accounting for budgeting and appropriation purposes.</p>

## **Transform Services and their Delivery to Citizens and Clients**

Under the Service Strategy initiative, performance indicators and measures are being developed to assess the efficiency and cost-effectiveness of government services and to determine whether services are meeting the needs and expectations of citizens, businesses, and international clients. In addition, efforts continued to enhance policy support and to examine functional issues related to client interfaces, common databases, and information sharing.

In the fiscal year 2005–06, the Secretariat focussed its efforts on development of an implementation strategy for the Government of Canada Service Vision.

### **Context**

Key challenges affecting the modernization of service delivery include ensuring departments and agencies have the capacity to transform services; establishing mechanisms to support effective management of clients across service channels; and moving to consolidate or share delivery infrastructures.

### **Highlights**

- ▶ Service Canada was formally launched by the previous government in September 2005, and supporting governance mechanisms were established at the same time.
- ▶ The fourth “Citizens First” survey was completed and published, and the 2005 target of achieving a 10 per cent improvement in citizen satisfaction for the 18 most important Government of Canada services was surpassed.
- ▶ The *Service Policy* and related policy instruments were drafted and consultation has begun.
- ▶ The Secretariat defined a vision and basic description of an enterprise information management (IM) program for the Government of Canada and identified specific improvements needed to achieve expected outcomes, most notably effective IM services that support departments and agencies in program and service delivery to Canadians.

## Transform Services and their Delivery to Citizens and Clients

Results Statement	Plan	Achievements
<p>Substantial improvements in client satisfaction and the value for money derived from service delivery investments.</p>	<p>Provide ongoing support to ensure alignment of departmental service integration projects, consistent with the service vision.</p> <p>Carry out ongoing intergovernmental research into determinants of client satisfaction and service improvement priorities for individuals and businesses.</p> <p>Lead the development of an implementation strategy for the overall Government of Canada Service Vision, including transformation targets and priorities, and governance models to ensure alignment of departmental initiatives.</p> <p>Present a next-generation service policy to ministers for approval to provide post-2005 strategic direction.</p> <p>Initiate and advance operational reviews of priority service delivery elements (e.g. call centre infrastructure).</p>	<p>Service Canada was formally launched in September 2005. Supporting governance mechanisms were also established.</p> <p>The fourth "Citizens First" survey was completed and published. Citizen satisfaction with 18 core Government of Canada services all improved compared to 2003 scores.</p> <p>The draft Government of Canada Service Vision and Implementation Strategy was developed in consultation with departments and agencies.</p> <p>The new draft <i>Service Policy</i> and related policy instruments were drafted and consultations begun.</p> <p>A service delivery operational review was conducted. MAF assessments will be used to assess departmental compliance with service policy requirements on an ongoing basis.</p>

## **Lead an Integrated Approach to Internal Service Transformation**

The Secretariat is leading an integrated approach to transforming government-wide administrative services, including finance, human resources, materiel, and IT services. Surveys indicate that there is a significant potential for savings by adopting a shared services model for delivering administrative and IT services. Savings generated by reducing inefficiencies and duplication through shared systems could be used to advance the government's broader service transformation agenda and support the Expenditure Review Subcommittee agenda of continuous reallocation.

### **Context**

Given the scope and complexity of this initiative, efforts over 2005–06 focussed on gathering additional information and assessing the implementation options required to move forward in a coherent manner. In addition, supportive governance mechanisms and policy frameworks were established to provide appropriate consultation, feedback, and monitoring systems, and to provide input on issues such as information privacy.

### **Highlights**

- ▶ CASS detailed scoping and implementation options assessment is underway, with the engagement of departments and policy authorities.
- ▶ Governance structures to guide Internal Services Transformation were implemented at the deputy minister and assistant deputy minister levels, and with CASS functional communities and departmental CASS coordinators.
- ▶ The Secretariat defined a vision and basic description of an enterprise IM program for the Government of Canada and identified specific improvements needed to achieve expected outcomes, most notably effective IM services that aid modernization of internal government services.

## Lead an Integrated Approach to Internal Service Transformation

Results Statement	Plan	Achievements
<p>Administrative savings and an enhanced capability to assess the cost-effectiveness of shared functions, assess levels of service and their impact on the effectiveness and quality of program delivery, track performance, improve reporting, and make better decisions and investments to improve services.</p>	<p>Complete recommendations from CASS and IT reviews related to moving to shared services.</p> <p>Provide departments and agencies with guidance related to the implementation of shared services and the use of a shared service solution for all organizations by 2010.</p> <p>Launch new governance models for developing and delivering CASS and IT services.</p> <p>Begin preparations for the transfer of the first wave of departments to shared services.</p> <p>Continue the creation of an information management infrastructure to support ongoing alignment of shared services.</p> <p>Fully implement recommendations from the CASS and IT reviews.</p>	<p>CASS scoping and implementation options assessment is underway with the engagement of departments and policy authorities.</p> <p>The <i>Service Policy</i> and related policy instruments were drafted and consultation begun.</p> <p>Proposed governance structures were drafted at the deputy minister and assistant deputy minister levels, and with CASS functional communities and departmental CASS coordinators.</p> <p>Preparations for CASS in the first wave of departments were delayed, although preparations for IT shared services in the first wave of departments are well advanced.</p> <p>Development of the business model, initial implementation plan, and business case to support transfer of the first wave of departments to CASS shared services is underway.</p> <p>The Secretariat defined a vision and basic description of an enterprise IM program for the Government of Canada, and identified specific improvements needed to achieve expected outcomes.</p>

## **Contribute to the Core Learning Agenda and to Building Public Service Capacity**

The Secretariat contributed to the Core Learning Agenda and to building public service capacity in support of two strategic outcomes, management and expenditure performance, and comptrollership. This section reviews progress related to support to enhancing management and expenditure performance. A description of activities related to supporting comptrollership follows in a subsequent section.

Training and learning programs are required to provide today's and tomorrow's public service employees, managers, and the functional specialists who support them with the professional development opportunities they need to meet performance expectations and standards.

With the Management Accountability Framework (MAF) providing a vision and focus, specific elements of building training and learning include:

- ▶ strengthening capacity for functional specialists, as in the Professional Development and Certification Program for the Procurement, Materiel Management, and Real Property Community; and
- ▶ establishing core learning curricula and certification standards in key areas such as labour relations.

### **Context**

Implementation of the new *Public Service Modernization Act* and associated policies provided an opportunity for the Secretariat to link management oversight issues with required learning. An ongoing challenge will be for departments and agencies to provide the required support for specialists to attend the courses required for core learning, certification, and professional development.

### **Highlights**

- ▶ The new *Policy on Learning, Training and Development* was approved in November 2005. The Secretariat provided support to the Canada School of Public Service (CSPS) in the latter's role as the operational lead for providing required training under the new Policy.
- ▶ The Secretariat is also working with CSPS to develop core learning strategies for labour relations.

**Contribute to the Core Learning Agenda and to Building Public Service Capacity**

Results Statement	Plan	Achievements
<p>Enhanced management capacity and functional specialist capacity across the public sector as a whole. Public-sector managers will have better tools and training to understand their performance expectations and deliver on them and will be supported by professional functional specialists who possess the competencies and associated knowledge, training, and experience to provide value-added service in the delivery of the government's programs.</p>	<p>Finalize the shared portfolio strategy for curriculum development for public service managers, linked to the Management Accountability Framework.</p> <p>Complete the development of the Professional Development and Certification Program for the Procurement, Materiel Management, and Real Property Community and the Communication Strategy to support its implementation.</p> <p>Develop an implementation strategy for the Professional Development and Certification Program in collaboration with stakeholders and partners.</p> <p>Develop a core learning strategy for labour relations.</p>	<p>Work on the Professional Development and Certification Program for the Procurement, Materiel Management, and Real Property Community was postponed to fiscal year 2006–07.</p> <p>Core learning strategies for labour relations are proceeding in collaboration with CSPS.</p>

## Comptrollership

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

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

### Planned and Actual Spending

Program Activity (\$ thousands)	Main Estimates	Planned Spending	Total Authorities	Actual
Comptrollership	27,924.0	28,152.0	28,675.7	<b>23,258.6</b>

Priority initiatives designed to support Comptrollership include efforts to:

- ▶ strengthen internal audit;
- ▶ contribute to the renewal and consolidation of the Treasury Board policy suite through enhanced internal audit and financial management policies;
- ▶ strengthen financial management; and
- ▶ contribute to the Core Learning Agenda through capacity building and community development for the internal audit and financial communities.

The following section provides details on results achieved for these initiatives.

## **Strengthen Internal Audit**

Efforts to strengthen the internal audit function have the objective of providing more relevant, timely, and quality internal audits and supporting more effective use of internal audit information in planning and decision making across government.

### **Context**

Strengthening internal audit implies strong internal audit organizations in both the Office of the Comptroller General and in departments and agencies, backed by certified professionals and by independent audit committees. Internal audit organizations must also be supported by generally accepted standards and practices, and by methodologies that support consistent, high-quality auditing across government. Quality must be monitored by the Office of the Comptroller General, and work must be undertaken to strengthen internal audit capacity through recruitment and retention initiatives, strengthened liaison and partnership with professional associations, and curriculum development.

Although efforts in this area were affected by the transition to a new government, the new government re-affirmed the *Policy on Internal Audit* and approach.

### **Highlights**

- ▶ The new Treasury Board *Policy on Internal Audit* was approved in October 2005.
- ▶ The new government re-affirmed the Policy and approach through the *Federal Accountability Act*.

**Strengthen Internal Audit**

Results Statement	Plan	Achievements
<p>More relevant, timely, and quality audits and more effective use of audit information in planning and decision making across government, which will enhance the stewardship of public resources through independent, objective, and timely assurance services, based on sound risk analyses of departmental and major horizontal activities, in a manner consistent with legislation, regulations, and Treasury Board policies and direction.</p>	<p>Select standardized internal audit methodologies and tools.</p> <p>Complete one internal OCG-led, government-wide horizontal audit.</p> <p>Develop three-year plans for a) audits of small departments and agencies and b) government-wide horizontal audits.</p> <p>Staff the new OCG, using a phased approach to find and recruit high-calibre professionals. This includes the capacity to perform assessments of departmental internal audit functions.</p> <p>Monitor the performance of the internal audit function across the Government of Canada on an ongoing basis and report on findings to the Secretary of the Treasury Board.</p>	<p>The new Treasury Board <i>Policy on Internal Audit</i> was approved in October 2005, to take effect on April 1, 2006. The new government has re-affirmed the Policy. However, the date of the Policy's approval altered the timing of the initial implementation.</p> <p>The selection of standardized internal audit methodologies and tools now focusses on two areas: manual and electronic systems. Selection of a manual system has been largely completed, and draft business requirements to select an electronic system are complete.</p> <p>The policy work to support an internal OCG-led, government-wide horizontal audit was outlined and the implementation planning discussed within OCG, the Secretariat, and the community.</p> <p>The concepts supporting the development of three-year plans for audits of SDAs and government-wide horizontal audits were completed, with the final plans awaiting the risk assessments and the establishment of the audit committee.</p> <p>The OCG's new Internal Audit Sector began resourcing by various means in order to begin and prepare for the full implementation of the new <i>Policy on Internal Audit</i>. Staffing was significantly hindered, due to many factors: the limitations imposed on the human resources function prior to the coming into force of the new <i>Public Service Employment Act</i>, the dearth of skilled audit professionals, and the lack of a targeted classification for internal auditors.</p>

## **Strengthen Financial Management**

The Office of the Comptroller General is working to:

- ▶ strengthen the financial management and control framework, including policies, guidance, systems, analyses, and advisory services across the federal public service as a whole;
- ▶ ensure that the financial statements of the federal government provide complete and accurate information in accordance with accepted accounting principles and time frames set out by the government; and
- ▶ support government-wide efforts to ensure that financial systems produce relevant, timely, and accurate information to track all spending and support effective scrutiny and decision making.

### **Context**

As with internal audit, significant change is required. Stronger financial management organizations are needed in both the Office of the Comptroller General and in line departments. The policy framework for financial management needs to be modernized to provide a robust model of financial management governance, including the roles and responsibilities of key stakeholders. As noted in the *Report on Plans and Priorities*, success requires clear expectations and sustained commitment. A focus on change management is also required to support the larger community of financial managers and mitigate the concerns departmental managers may have with the new directives, standards, and methodologies.

Significant progress has been made on the plan's foundational elements. Drafts of the Financial Management Policy Framework, together with draft policies on financial management governance, internal control, resource management, financial information and reporting, transfer payments, and financial systems have been prepared. Consultations on these critical documents will continue into fiscal year 2006–07. Concurrently, the OCG has developed an extensive action plan, in collaboration with line departments, to address capacity building and financial community development issues.

### **Highlights**

- ▶ Consultation was initiated on drafts of the Financial Management Policy Framework, together with draft policies on financial management governance, internal control, financial information and reporting, transfer payments, and financial systems.
- ▶ A draft protocol for the review and sign-off of new spending initiatives by departmental chief financial officers was developed and consultations have begun with senior staff in departments and agencies.

## Strengthen Financial Management

Results Statement	Plan	Achievements
<p>More rigorous and timely financial management, audit, and verification systems.</p> <p>Improved financial management information and decision making.</p>	<p>Obtain approval with respect to the roles, responsibilities, and profiles for departmental comptrollers.</p> <p>Obtain approval with respect to the process and criteria for review and sign-off of new spending proposals, including monitoring and reporting provisions. Fully implement the review and sign-off process throughout the Government of Canada.</p> <p>Develop a five-year strategy for the ongoing, annual audit of financial statements of departments and agencies.</p> <p>Develop and implement enterprise-wide standards and processes for financial analysis and reporting on financial position and results.</p> <p>Explore the feasibility of having the federal government's audited annual unqualified consolidated financial statements and the Public Accounts ready for tabling much earlier.</p> <p>Staff the new OCG, using a phased approach to find and recruit high-calibre professionals.</p> <p>Update the Financial Management Control Framework (FMcF) and renew financial management policies in support of strengthened comptrollership.</p> <p>Determine the specific administrative areas that will need to be supported by the Government of Canada's new financial systems (as appropriate within the scope of the Lead an Integrated Approach to Internal Service Transformation priority).</p>	<p>Significant progress on articulating the proposed model for chief financial officers (CFOs)—the new title for departmental comptrollers. The role of the CFO will be incorporated into the <i>Policy on Financial Management Governance</i>.</p> <p>Consultations began on a preliminary draft protocol for the review and sign-off of new spending initiatives by CFOs. This requirement will also be incorporated into the <i>Policy on Financial Management Governance</i>.</p> <p>A phased implementation strategy for the ongoing, annual audit of financial statements of departments and agencies was developed in consultation with line departments and the Office of the Auditor General of Canada. Implementation is currently underway.</p> <p>Departments will be required to include financial statements in their 2005–06 DPRs.</p> <p>A study of accrual accounting and budgeting was completed.</p> <p>Progress on developing and implementing enterprise-wide standards and processes for financial analysis and reporting on financial position and results was delayed due to other priorities.</p> <p>The schedule for preparing and tabling the Public Accounts and government's financial statements was accelerated, and further acceleration is anticipated.</p>

Results Statement	Plan	Achievements
	<p>Develop associated business processes and standards for data and information, and implement these in selected departments and agencies.</p>	<p>The FMCF is being incorporated into the new Financial Management policy suite, and consultations have begun on preliminary drafts of the five core financial management policies in support of the Financial Management (FM) Policy Framework.</p> <p>Approval of the FM Policy Framework (and related core policies) will be determined in the context of the findings of the Senior Committee on the Review of the Financial Management Framework that was announced as part of the Federal Accountability Action Plan.</p> <p>The revised <i>Policy on Transfer Payments</i> and the core directive were developed, along with five related directives.</p> <p>Significant work has been delivered, including reports on the Common Chart of Accounts, Financial Reporting Strategy, and Common Enterprise Data. Implementation in departments will take place in the context of the Shared Services initiative.</p>

## **Contribute to the Core Learning Agenda and to Building Public Service Capacity**

As noted on page 47, the Secretariat contributed to the Core Learning Agenda and to building public service capacity in support of two strategic outcomes, management and expenditure performance, and comptrollership. This section reviews progress related to core learning and building public service capacity in support of initiatives related to the comptrollership strategic outcome.

With the Management Accountability Framework (MAF) providing a vision and focus, specific elements of building training and learning include:

- ▶ certification standards for departmental comptrollers and chief audit executives; and
- ▶ establishing core learning curricula and certification standards in key areas such as financial management and internal audit.

### **Context**

Implementation of the new *Public Service Modernization Act* and associated policies provided an opportunity for the Secretariat to link management oversight issues with required learning. An ongoing challenge will be for departments and agencies to provide the required support for specialists to attend the courses required for core learning, certification, and professional development.

### **Highlights**

- ▶ An agreement has been signed with CSPPS to develop core learning strategies for financial management, and discussions were begun on core learning strategies for internal audit.

### Contribute to the Core Learning Agenda and to Building Public Service Capacity

Results Statement	Plan	Achievements
<p>Enhanced management capacity and functional specialist capacity across the public sector as a whole. Public-sector managers will have better tools and training to understand their performance expectations and deliver on them and will be supported by professional functional specialists who possess the competencies and associated knowledge, training, and experience to provide value-added service in the delivery of the government's programs.</p>	<p>Develop an implementation strategy for the Professional Development and Certification Program in collaboration with stakeholders and partners.</p> <p>Obtain Treasury Board approval for certification standards for departmental comptrollers.</p> <p>Develop certification standards for chief audit executives.</p> <p>Develop a core learning strategy for financial management and internal audit.</p> <p>Implement a strategy to recruit accredited comptrollers and train current comptrollers to meet certification standards.</p> <p>Implement a strategy to recruit chief audit executives and train current chief audit executives to meet certification standards.</p>	<p>Work on the Professional Development and Certification Program for the Procurement, Materiel Management, and Real Property Community was postponed to fiscal year 2006–07.</p> <p>The chief financial officer model and related accreditation standards were completed but not presented to the Treasury Board for approval, due to the election and change in government. A new target date is to be established.</p> <p>The development of the certification standards for chief audit executives was completed in September 2005, as reflected in the <i>Guidelines on Expected Qualifications for Chief Audit Executives</i> (available at <a href="http://publiservice.tbs-sct.gc.ca/pubs_pol/dcgpubs/ia-vi/eqcae-cadv_e.asp">http://publiservice.tbs-sct.gc.ca/pubs_pol/dcgpubs/ia-vi/eqcae-cadv_e.asp</a>).</p> <p>Core learning strategies for financial management and internal audit are proceeding in collaboration with CSPS.</p> <p>Implementation of the strategy is planned, following CFO policy approval.</p> <p>The approval of the <i>Policy on Internal Audit</i> in 2005 provides the vehicle to move forward to establish and implement the strategy, with full implementation to be achieved in March 2009.</p>

## Centrally Managed Funds

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

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

Managing access to the central reserves under Treasury Board control was the core business of this program activity. These funds were administered in accordance with the applicable legislation and/or Treasury Board policies and standards.

### Planned and Actual Spending

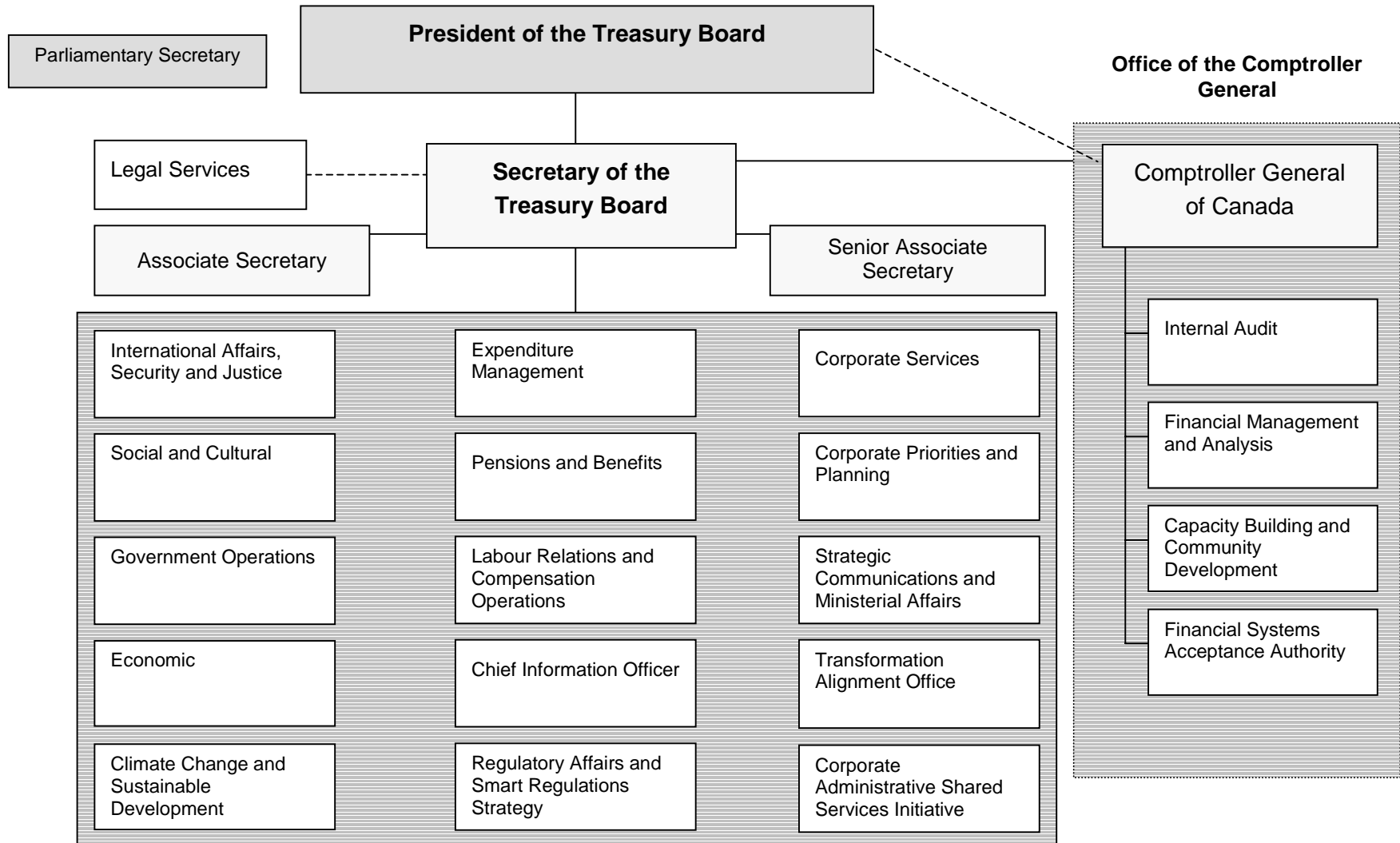
(\$ thousands)	Main Estimates	Planned Spending	Total Authorities	Actual
Centrally Managed Funds	2,419,770.0	2,418,372.0	1,668,857.1	<b>1,423,799.2</b>

There are several centrally managed funds, including:

- ▶ Government Contingencies (Treasury Board Vote 5), which consists of funds used to supplement other appropriations to provide the government with the flexibility to meet unforeseen expenditures until parliamentary approval can be obtained and to meet additional pay list costs, such as severance pay and parental benefits, that are not provided for in departmental estimates;
- ▶ Compensation Adjustments (Treasury Board Vote 15), which consists of funds that are transferred to departments and agencies for salary adjustments in the Supplementary Estimates; and
- ▶ Public Service Insurance (Treasury Board Vote 20), which consists of funds for the:
  - payment of the employer’s share of health, income maintenance, and life insurance premiums;
  - payments to or in respect of provincial health insurance plans;
  - payment of provincial payroll taxes and Quebec sales tax on insurance premiums;
  - pension, benefits, and insurance plans for employees engaged locally outside Canada; and
  - the return to certain employees of their share of the unemployment insurance premium reduction.

### 3. Supplementary Information

#### Organizational Information



**Table 1: Comparison of Planned to Actual Spending (including FTEs)**

(\$ thousands)	2003–04 Actual	2004–05 Actual	2005–06			
			Main Estimates	Planned Spending	Total Authorities <sup>1</sup>	Actual
<b>Program Activity</b>						
Management and Expenditure Performance	110,047.6	119,134.0	131,720.0	134,322.0	138,661.4	<b>131,201.7</b>
Comptrollership	23,156.1	22,552.5	27,924.0	28,152.0	28,675.7	<b>23,258.6</b>
Centrally Managed Funds <sup>2</sup>	1,362,865.8	1,433,386.4	2,419,770.0	2,418,372.0	1,668,857.1	<b>1,423,799.2</b>
<b>Total<sup>3, 4</sup></b>	<b>1,496,069.5</b>	<b>1,575,072.9</b>	<b>2,579,414.0</b>	<b>2,580,846.0</b>	<b>1,836,194.2</b>	<b>1,578,259.5</b>
Less: Non- respendable Revenue	(10,216.0)	(10,512.6)	-	(10,000.0)	(11,908.8)	<b>(11,908.8)</b>
Plus: Cost of Services Received Without Charge	13,474.6	12,394.6	-	12,074.8	12,672.3	<b>12,672.3</b>
<b>Net Cost of the Secretariat</b>	<b>1,499,328.1</b>	<b>1,576,954.9</b>	<b>2,579,414.0</b>	<b>2,582,920.8</b>	<b>1,836,957.7</b>	<b>1,579,022.9</b>
<b>Full-time Equivalents</b>	<b>1,051</b>	<b>996</b>	<b>1,195</b>	<b>1,259</b>	<b>1,210</b>	<b>1,048</b>

- For the 2005–06 reporting cycle, the “Total Authorities” column refers to total spending authorities received during the fiscal year, as well as funding received from 2005–06 Governor General’s special warrants and Treasury Board Vote 10.
- Total Authorities for Centrally Managed Funds include Treasury Board Votes 5, 10, and 20, as well as other statutory votes related to public service pensions and benefits. Votes 5 and 10 are special Treasury Board votes that consist of funds used to supplement other appropriations. In 2005–06, prior to accessing Governor General’s special warrants, \$750,000,000 was transferred from Vote 5 to other ministries, and \$16,050,000 was transferred from Vote 10 to this and other ministries. These transfers reduce the Treasury Board of Canada Secretariat’s Authorities, and the departmental performance reports of recipient departments and agencies show an increase in Authorities.
- Total Authorities and Actual expenditures by program activity differ from what is reported in the 2005–06 Public Accounts. In the 2005–06 Public Accounts, the following two statutory votes, “Unallocated employer contributions made under the *Public Service Superannuation Act* and other retirement acts and the *Employment Insurance Act*,” and “Payments for the pay equity settlement pursuant to section 30 of the *Crown Liability and Proceedings Act*,” were allocated under the program activities “Management and Expenditure Performance” and “Comptrollership.” To ensure proper comparison to Planned Spending figures, Total Authorities and Actual expenditures have been allocated to the two statutory votes under the program activity “Centrally Managed Funds.” Total Authorities were also decreased by \$27,326,000 to reflect changes in authorities for Revenue related to Public Service Insurance.
- In order to present useful comparative information, 2003–04 Actuals exclude the statutory payment of \$84,484.0 made to the Canadian Wheat Board pursuant to subsection 7(3) of the *Canadian Wheat Board Act* for losses sustained in the 2002–03 wheat pool. This payment does not fit the Secretariat’s current Program Activity Architecture.

**Table 2: Resources by Program Activity**

Program Activity (\$ thousands)	2005–06				
	Operating	Contributions and other Transfer Payments	Budgetary Total: Gross Budgetary Expenditures	Less: Responsible Revenues	Total: Net Budgetary Expenditures
<b>Management and Expenditure Performance<sup>1</sup></b>					
Main Estimates	134,839.0	-	134,839.0	3,119.0	131,720.0
Planned Spending	137,441.0	-	137,441.0	3,119.0	134,322.0
Total Authorities	141,530.4	250.0	141,780.4	3,119.0	138,661.4
<b>Actual Spending</b>	<b>133,674.4</b>	<b>62.5</b>	<b>133,736.9</b>	<b>2,535.2</b>	<b>131,201.7</b>
<b>Comptrollership<sup>1</sup></b>					
Main Estimates	27,924.0	-	27,924.0	-	27,924.0
Planned Spending	28,152.0	-	28,152.0	-	28,152.0
Total Authorities	28,650.7	25.0	28,675.7	-	28,675.7
<b>Actual Spending</b>	<b>23,233.6</b>	<b>25.0</b>	<b>23,258.6</b>	-	<b>23,258.6</b>
<b>Centrally Managed Funds<sup>1</sup></b>					
Main Estimates	2,549,650.0	520.0	2,550,170.0	130,400.0	2,419,770.0
Planned Spending	2,548,252.0	520.0	2,548,772.0	130,400.0	2,418,372.0
Total Authorities <sup>2</sup>	1,798,737.1	520.0	1,799,257.1	130,400.0	1,668,857.1
<b>Actual Spending</b>	<b>1,581,221.1</b>	<b>303.9</b>	<b>1,581,525.0</b>	<b>157,725.8</b>	<b>1,423,799.2</b>
<b>Total</b>					
Main Estimates	2,712,413.0	520.0	2,712,933.0	133,519.0	2,579,414.0
Planned Spending	2,713,845.0	520.0	2,714,365.0	133,519.0	2,580,846.0
Total Authorities	1,968,918.2	795.0	1,969,713.2	133,519.0	1,836,194.2
<b>Actual Spending</b>	<b>1,738,129.1</b>	<b>391.4</b>	<b>1,738,520.5</b>	<b>160,261.0</b>	<b>1,578,259.5</b>

1. Total Authorities and Actual expenditures by program activity differ from what is reported in the 2005–06 Public Accounts. In the 2005–06 Public Accounts, the following two statutory votes, “Unallocated employer contributions made under the *Public Service Superannuation Act* and other retirement acts and the *Employment Insurance Act*” and “Payments for the pay equity settlement pursuant to section 30 of the *Crown Liability and Proceedings Act*,” were allocated under the program activities “Management and Expenditure Performance” and “Comptrollership.” To ensure proper comparison to Planned Spending figures, Total Authorities and Actual expenditures have been allocated to the two statutory votes under the program activity “Centrally Managed Funds.” Total Authorities were also decreased by \$27,326,000 to reflect changes in authorities for Revenue related to Public Service Insurance.
2. Total Authorities for Centrally Managed Funds include Treasury Board votes 5, 10, and 20, as well as other statutory votes related to public service pensions and benefits. Votes 5 and 10 are special Treasury Board votes that consist of funds used to supplement other appropriations. In 2005–06, prior to accessing Governor General’s special warrants, \$750,000,000 was transferred from Vote 5 to other ministries, and \$16,050,000 was transferred from Vote 10 to this and other ministries. These transfers reduce the Treasury Board of Canada Secretariat’s Authorities, and the departmental performance reports of recipient departments and agencies show an increase in Authorities.

**Table 3: Voted and Statutory Items**

(\$ thousands)		2005–06			
Vote or Statutory Item	Truncated Vote or Statutory Wording	Main Estimates	Planned Spending	Total Authorities	Actual
1	Program Expenditures	140,551.00	142,925.0	152,312.4	139,442.6
(S)	President of the Treasury Board— salary and motor car allowance	70.0	70.0	71.5	71.5
(S)	Contributions to Employee Benefits Plans	19,023.0	19,479.0	14,946.2	14,946.2
(S)	Court awards	-	-	-	-
(S)	Spending proceeds from the disposal of surplus Crown Assets	-	-	7.1	-
5	Government Contingencies <sup>1</sup>	750,000.0	750,000.0	-	-
10	Government-wide Initiatives <sup>2</sup>	16,050.00	14,652.0	-	-
15	Collective Bargaining <sup>3</sup>	-	-	-	-
20	Public Service Insurance <sup>4</sup>	1,653,700.0	1,653,700.0	1,626,374.2	1,381,316.3
(S)	<i>Public Service Pension Adjustment Act</i>	20.0	20.0	6.0	6.0
(S)	Unallocated employer contributions made under the <i>Public Service Superannuation Act</i> and other retirement acts and the <i>Employment Insurance Act</i>	-	-	42,207.8	42,207.8
(S)	Payments for the pay equity settlement pursuant to section 30 of the <i>Crown Liability and Proceedings Act</i>	-	-	269.1	269.1
<b>Total Treasury Board of Canada Secretariat</b>		<b>2,579,414.0</b>	<b>2,580,846.0</b>	<b>1,836,194.2</b>	<b>1,578,259.5</b>

1. Vote 5, Government Contingencies, supplements other appropriations to provide the government with the flexibility to meet unforeseen expenditures until parliamentary approval can be obtained and to meet additional pay list costs, such as severance pay and parental benefits, that are not provided for in departmental estimates. In 2005–06, prior to accessing Governor General's special warrants, \$750,000,000 was transferred from Vote 5 to other ministries. These transfers reduce the Treasury Board of Canada Secretariat's Authorities, and the departmental performance reports of recipient departments and agencies show an increase in Authorities.
2. Vote 10, Government-wide Initiatives, supplements other appropriations in support of the implementation of strategic management initiatives in the public service of Canada. In 2005–06, prior to accessing Governor General's special warrants, \$16,050,000 was transferred from Vote 10 to this and other ministries. These transfers reduce the Treasury Board of Canada Secretariat's Authorities, and the departmental performance reports of recipient departments and agencies show an increase in Authorities.
3. Vote 15, Supplements, permits other appropriations to provide funding for the increased personnel costs of collective agreements between the Treasury Board and collective bargaining units representing public servants, as well as collective agreements signed by separate employers. Authorities are initially increased in Treasury Board Vote 15 through Supplementary Estimates and then subsequently transferred to Operating Votes of recipient departments. In 2005–06, there were no transfers in or out of Vote 15, as increases were sought through Governor General's special warrants.
4. Vote 20, Public Service Insurance, covers the payment of the employer's share of health, income maintenance, and life insurance premiums; payments to or in respect of provincial health insurance plans; provincial payroll taxes; pension, benefits, and insurance plans for employees engaged locally outside Canada; and the return to certain employees of their share of the employment insurance premium reduction.

**Table 4: Services Received Without Charge**

(\$ thousands)	2005–06
Accommodation provided by Public Works and Government Services Canada	8,312
Salary and associated expenditures of legal services provided by the Department of Justice Canada	4,360
<b>Total 2005–06 Services Received Without Charge</b>	<b>12,672</b>

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**Table 5: Sources of Respendable and Non-respendable Revenue**

## Respendable Revenue

(\$ thousands)	Actual 2003–04	Actual 2004–05	2005–06			
			Main Estimates	Planned Revenue	Total Authorities	Actual
<b>Management and Expenditure Performance</b>						
Revenue related to the administration of the <i>Public Service Superannuation Act</i> <sup>1</sup>	2,248.4	2,192.3	3,119.0	3,119.0	3,119.0	<b>2,535.2</b>
<b>Comptrollership</b>	-	-	-	-	-	-
<b>Centrally Managed Funds</b>						
Revenue related to Public Service Insurance <sup>2, 3</sup>	148,340.8	174,234.9	130,400.0	130,400.0	157,725.8	<b>157,725.8</b>
<b>Total Respendable Revenue</b>	<b>150,589.2</b>	<b>176,427.2</b>	<b>133,519.0</b>	<b>133,519.0</b>	<b>160,844.8</b>	<b>160,261.0</b>

## Non-respendable Revenue

(\$ thousands)	Actual 2003–04	Actual 2004–05	2005–06			
			Main Estimates	Planned Revenue	Total Authorities	Actual
Revenue from parking fees <sup>4</sup>	10,216.0	10,511.6	-	10,000.0	11,168.4	<b>11,168.4</b>
External revenue from Access to Information requests <sup>5</sup>	1.0	1.0	-	-	1.4	<b>1.4</b>
Revenue related to the administration of the <i>Public Service Superannuation Act</i> <sup>6</sup>	-	-	-	-	549.3	<b>549.3</b>
Refunds of previous year's expenditures	-	-	-	-	156.6	<b>156.6</b>
Disciplinary penalties <sup>7</sup>	-	-	-	-	33.1	<b>33.1</b>
<b>Total Non-respendable Revenue</b>	<b>10,217.0</b>	<b>10,512.6</b>	<b>-</b>	<b>10,000.0</b>	<b>11,908.8</b>	<b>11,908.8</b>

1. Respendable revenue is used to cover salaries and operating costs from "Public Service Superannuation," in respect of chargeable costs associated with administering the *Public Service Superannuation Act*.
2. Respendable revenue is used to cover health care insurance plan costs from revolving funds and from departments and agencies that pay for employee benefit plans from a non-statutory appropriation. The recovery is based on 8 per cent of the total monthly personnel costs. This account also is used to record the pensioners' share of Pensioners Dental Services Plan contributions.
3. Authorities are forecast based on historical payroll costs. In accordance with government revenue respending policy, authorities can be increased up to 125 per cent of planned revenue to compensate for higher than forecast payroll costs. Any revenue above the 125 per cent is frozen and cannot be respent.

4. This represents revenue from monthly remittances of parking fees from the Department of Health and the "Payroll System General Ledger."
5. This represents revenue from fees charged for the processing of access requests filed under the *Access to Information Act*.
6. This represents revenue to cover employee benefit plans, Health, and Accommodation costs from "Public Service Superannuation," in respect of chargeable costs associated with administering the *Public Service Superannuation Act*.
7. This represents revenue from pay deductions for disciplinary penalties.

**Table 6: Resource Requirements by Branch or Sector**

Organization (\$ thousands)	2005–06			Total
	Management and Expenditure Performance	Comptrollership	Centrally Managed Funds	
Office of the Comptroller General				
Planned Spending		21,392.0		21,392.0
Actual Spending		15,183.7		15,183.7
Management Accountability Framework <sup>1</sup>				
Planned Spending	593.9			593.9
Actual Spending	-			-
Expenditure Operations and Reporting Sector <sup>1</sup>				
Planned Spending	4,443.7			4,443.7
Actual Spending	-			-
Expenditure Management Information System <sup>1</sup>				
Planned Spending	6,932.6			6,932.6
Actual Spending	-			-
Expenditure Management Review Teams <sup>1</sup>				
Planned Spending	8,553.6			8,553.6
Actual Spending	-			-
Expenditure Management Sector <sup>1</sup>				
Planned Spending	-			-
Actual Spending	20,034.9			20,034.9
Chief Information Officer Branch				
Planned Spending	25,790.8			25,790.8
Actual Spending	23,996.7			23,996.7
Labour Relations and Compensation Operations Branch				
Planned Spending	9,453.2			9,453.2
Actual Spending	8,890.3			8,890.3
Pensions and Benefits Sector				
Planned Spending	6,790.8			6,790.8
Actual Spending	5,077.4			5,077.4

1. In March 2005, the Expenditure Management Sector was created by integrating the Expenditure Policy, Analysis and Information, and Expenditure Operations and Reporting sectors into a single organization. This new sector provides a central focus within the Secretariat for the full range of core functions needed to support and strengthen its role in the government's broader expenditure management system. The Management Accountability Framework, as well as the Expenditure Management Review teams, have also been integrated into existing program and policy sectors.

Organization (\$ thousands)	2005-06			Total
	Management and Expenditure Performance	Comptrollership	Centrally Managed Funds	
<b>Social and Cultural Sector</b>				
Planned Spending	3,881.3			3,881.3
Actual Spending	4,695.2			4,695.2
<b>Economic Sector</b>				
Planned Spending	4,054.2			4,054.2
Actual Spending	3,920.8			3,920.8
<b>Government Operations Sector</b>				
Planned Spending	11,310.6			11,310.6
Actual Spending	9,221.2			9,221.2
<b>International, Security and Justice Sector</b>				
Planned Spending	3,315.6			3,315.6
Actual Spending	3,703.1			3,703.1
<b>Special Initiatives<sup>2</sup></b>				
Planned Spending	-			-
Actual Spending	660.6			660.6
<b>Branches under Secretariat Corporate Administration<sup>3</sup></b>				
Planned Spending	49,201.9	6,759.7		55,961.7
Actual Spending	51,001.6	8,074.9		59,076.5
<b>Vote 5, 10, 20, and other Statutory Votes</b>				
Planned Spending			2,418,372.0	2,418,372.0
Actual Spending			1,423,799.2	1,423,799.2
<b>Total</b>				
<b>Planned Spending</b>	<b>134,322.3</b>	<b>28,151.7</b>	<b>2,418,372.0</b>	<b>2,580,846.0</b>
<b>Actual Spending</b>	<b>131,201.7</b>	<b>23,258.6</b>	<b>1,423,799.2</b>	<b>1,578,259.5</b>

2. Includes Accountability in Government, Sustainable Development, Federal Regional Councils, and the Transformation Alignment Office.

3. Includes the President's Office, Secretary's Office, Associate Secretary's Office, Legal Services, Strategic Policy and Communications, Corporate Administrative Shared Services, Corporate Services, and other central costs.

**Table 7–A: User Fees Act**

A. User Fee	Fee Type	Fee-setting Authority	Date Last Modified	2005–06					Planning Years		
				Forecast Revenue (\$ thousands)	Actual Revenue (\$ thousands)	Full Cost (\$ thousands)	Performance Standard	Performance Results	Fiscal Year	Forecast Revenue (\$ thousands)	Estimated Full Cost (\$ thousands)
Fees charged for the processing of access requests filed under the <i>Access to Information Act</i> (ATIA)	Other products and services (O)	ATIA	1992	1.0	1.7	394.1	Response provided within 30 days following receipt of request; the response time may be extended pursuant to section 9 of ATIA. Notice of extension to be sent within 30 days after receipt of request.  ATIA provides fuller details; see <a href="http://lois.justice.gc.ca/en/a-1/8.html">http://lois.justice.gc.ca/en/a-1/8.html</a> .	Statutory deadlines met 95 per cent of the time	2006–07	1.8	425.0
									2007–08	2.0	450.0
									2008–09	2.2	475.0
				Subtotal (R)	Subtotal (R)	Subtotal (R)			Subtotal: 2006–07	2006–07	
				Subtotal (O)	Subtotal (O)	Subtotal (O)			Subtotal: 2007–08	2007–08	
									Subtotal: 2008–09	2008–09	
				Total	Total	Total			Total 6.0	Total 1350.0	

**B. Date Last Modified**

N/A

**C. Other Information**

It is the department's practice to waive fees where the total owing per request amounts to less than \$25.00, when the request has not been answered within the legislated time frames and additional costs would normally have been incurred, or there is a public interest in disclosure. There was a significant increase in the number of times fees were waived in 2005–06, due to the informal processing of monthly requests for the reports generated by the Coordination of Access to Information Requests System (CAIRS). It was also due to a new electronic disclosure service that we are now able to offer. In order to reduce costs and increase efficiency, documents released are occasionally provided on CD-ROM, which means that no reproduction fees are charged to the applicant.

**Table 7–B: Policy on Service Standards for External Fees**

A. External Fee	Service Standard <sup>1</sup>	Performance Result <sup>1</sup>	Stakeholder Consultation
Fees charged for the processing of access requests filed under the <i>Access to Information Act</i> (ATIA)	Response provided within 30 days following receipt of request; the response time may be extended pursuant to section 9 of ATIA. Notice of extension to be sent within 30 days after receipt of request.  ATIA provides fuller details; see <a href="http://lois.justice.gc.ca/en/a-1/8.html">http://lois.justice.gc.ca/en/a-1/8.html</a> .	Statutory deadlines met 95 per cent of the time.	The service standard is established by ATIA and the <i>Access to Information Regulations</i> . Consultations with stakeholders were undertaken for amendments made in 1986 and 1992.
<p><b>B. Other Information</b></p> <p>Two delay complaints were filed with the Office of the Information Commissioner. One was not substantiated and one was resolved to the satisfaction of the Information Commissioner.</p> <p>It is the department's practice to waive fees where the total owing per request amounts to less than \$25.00, when the request has not been answered within the legislated time frames and additional costs would normally have been incurred, or there is a public interest in disclosure. There was a significant increase in the number of times fees were waived in 2005–06, due to the informal processing of monthly requests for the reports generated by the Coordination of Access to Information Requests System (CAIRS). It was also due to a new electronic disclosure service that we are now able to offer. In order to reduce costs and increase efficiency, documents released are occasionally provided on CD-ROM, which means that no reproduction fees are charged to the applicant.</p>			

**Table 8: Details on Project Spending****Expenditure Management Information System (EMIS)**

The Expenditure Management Information System (EMIS) is a government-wide system that, once fully developed, will act as the central repository for MRRS-related information and serve as the information platform to support multiple expenditure management functions, as well as help manage resource allocation and reallocation within departments and across government.

EMIS has four main components:

- ▶ a common database that will be used by both departments and the Secretariat to link expenditure and performance information on priorities, planned and actual spending, and results;
- ▶ automated business processes to streamline budgeting and reporting (Annual Reference Level Update (ARLU), Estimates);
- ▶ analytical tools to support the Secretariat's expenditure and management analysis; and
- ▶ common standards to support the government-wide exchange of expenditure information.

For more information on plans and achievements for this project, please see the section entitled "Enhance Financial, Management, and Performance Information" in Section II.

Supplementary information on project spending can be found at <http://www.tbs-sct.gc.ca/est-pre/estime.asp>.

**Table 9: Treasury Board of Canada Secretariat Financial Statements (Unaudited) For the Year Ended March 31, 2006**

**Statement of Management Responsibility for Financial Statements**

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2006, and all information contained in these statements rests with departmental management. These financial statements have been prepared by management in accordance with Treasury Board accounting policies, which are consistent with Canadian generally accepted accounting principles for the public sector.

Management is responsible for the integrity and objectivity of the information in these financial statements. Some of the information in the financial statements is based on management's best estimates and judgment and gives due consideration to materiality. To fulfil its accounting and reporting responsibilities, management maintains a set of accounts that provides a centralized record of the Secretariat's financial transactions. Financial information submitted in the preparation of the *Public Accounts of Canada* and included in the Secretariat's *Departmental Performance Report* is consistent with these financial statements.

Management maintains a system of financial management and internal control designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded, and that transactions are in accordance with the *Financial Administration Act*, are executed in accordance with prescribed regulations, within parliamentary authorities, and are properly recorded to maintain accountability of government funds. Management also seeks to ensure the objectivity and integrity of data in its financial statements by careful selection, training, and development of qualified staff, by organizational arrangements that provide appropriate divisions of responsibility, and by communication programs aimed at ensuring that regulations, policies, standards, and managerial authorities are understood throughout the Secretariat.

Management is supported by the Internal Audit and Evaluation Committee. Membership is comprised of the Secretary (as the Chair), the associate secretaries, the Comptroller General of Canada and key assistant secretaries, as well as the Senior General Counsel. The Committee meets regularly to provide advice to the Secretary in discharging its responsibilities for risk management, the design and operation of the Management Control Framework, and the quality of financial and other performance information used for decision making and reporting. Furthermore, it ensures that results of internal audit are incorporated into departmental priority setting, planning, and decision-making processes and strengthens the independence and effectiveness of the internal audit function.

The financial statements of the department have not been audited.

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Wayne G. Wouters  
Secretary of the Treasury Board  
Ottawa, Canada  
September 14, 2006

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Coleen Volk  
Senior Financial Officer  
Ottawa, Canada  
September 14, 2006

**Treasury Board of Canada Secretariat****Statement of Operations (Unaudited)****For the year ended March 31***(\$ thousands)*

	2006	2005
<b>EXPENSES (Note 5)</b>		
Management and Expenditure Performance	147,180	125,777
Comptrollership	25,117	23,164
Centrally Managed Funds	1,423,797	1,433,386
<b>TOTAL EXPENSES</b>	<b>1,596,094</b>	<b>1,582,327</b>
<b>REVENUES (Note 6)</b>		
Management and Expenditure Performance	3,695	3,302
Comptrollership	79	120
Centrally Managed Funds	11,168	10,512
<b>TOTAL REVENUES</b>	<b>14,942</b>	<b>13,934</b>
<b>NET COST OF OPERATIONS</b>	<b>1,581,152</b>	<b>1,568,393</b>

The accompanying notes form an integral part of these financial statements.

**Treasury Board of Canada Secretariat**  
**Statement of Financial Position (Unaudited)**

**As at March 31**

*(\$ thousands)*

	2006	2005
<b>ASSETS</b>		
<b>Financial assets</b>		
Accounts receivable (Note 7)	194,736	83,277
<b>Non-financial assets</b>		
Tangible capital assets (Note 8)	649	1,263
<b>TOTAL ASSETS</b>	<u>195,385</u>	<u>84,540</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 9)	385,233	610,705
Vacation pay and compensatory leave	4,317	4,353
Deferred revenues (Note 10)	-	551
Employee severance benefits (Note 11)	17,245	14,530
	<u>406,795</u>	<u>630,139</u>
<b>EQUITY OF CANADA</b>	<u>(211,410)</u>	<u>(545,599)</u>
<b>TOTAL</b>	<u>195,385</u>	<u>84,540</u>

Contingent liabilities (Note 12)

The accompanying notes form an integral part of these financial statements.

**Treasury Board of Canada Secretariat**  
**Statement of Equity of Canada (Unaudited)**  
**For the year ended March 31**  
*(\$ thousands)*

	2006	2005
<b>Equity of Canada, beginning of year</b>	<b>(545,599)</b>	<b>(228,496)</b>
Net cost of operations	(1,581,152)	(1,568,393)
Current year appropriations used (Note 3)	1,578,259	1,575,072
Revenue not available for spending	(12,400)	(11,741)
Change in net position in the Consolidated Revenue Fund (Note 3)	336,810	(324,436)
Services provided without charge (Note 13)	12,672	12,395
<b>Equity of Canada, end of year</b>	<b>(211,410)</b>	<b>(545,599)</b>

The accompanying notes form an integral part of these financial statements.

**Treasury Board of Canada Secretariat**  
**Statement of Cash Flow (Unaudited)**  
**For the year ended March 31**  
*(\$ thousands)*

	2006	2005
<b>Operating activities</b>		
Net cost of operations	1,581,152	1,568,393
Non-cash items:		
Amortization of tangible capital assets	(668)	(627)
Gain on disposal of tangible capital assets	7	-
Services provided without charge	(12,672)	(12,395)
Variations in Statement of Financial Position:		
Increase (decrease) in accounts receivable	111,459	(86,013)
Decrease (increase) in accounts payable:		
Accounts payable and accrued liabilities	225,473	(240,412)
Vacation pay and compensatory leave	36	1,589
Employee severance benefits	(2,715)	6,805
Decrease in deferred revenues	551	649
Cash used in operating activities	1,902,623	1,237,989
<b>Capital investment activities</b>		
Acquisition of tangible capital assets	53	938
Proceeds from disposition of tangible capital assets	(7)	(32)
Cash used in capital investment activities	46	906
<b>Financing activities</b>		
Net cash provided by the Government of Canada	(1,902,669)	(1,238,895)

The accompanying notes form an integral part of these financial statements.

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## Treasury Board of Canada Secretariat

### Notes to the Financial Statements (Unaudited)

#### 1. Authority and Objectives

Under the broad authority of sections 5 to 13 of the *Financial Administration Act*, the Treasury Board of Canada Secretariat supports the Treasury Board as a committee of ministers in its role as the general manager and employer of the public service. It is headed by the Secretary, who reports to the President of the Treasury Board.

The mission of the Secretariat is to ensure that the rigorous stewardship of public resources achieves results for Canadians.

The core business of the Secretariat is currently organized into three key areas of program activity:

##### a) Management and Expenditure Performance

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

##### b) Comptrollership

This program activity aims to put in place effective audits, financial and management controls, and oversight and reporting mechanisms, and to provide assurance that value for money is being achieved through investments made with public funds.

##### c) Centrally Managed Funds

This program activity provides sound management and administration of central funds related to government contingencies; government-wide initiatives; and public service pensions, benefits, and insurance.

#### 2. Significant Accounting Policies

The financial statements have been prepared in accordance with Treasury Board accounting policies, which are consistent with Canadian generally accepted accounting principles for the public sector.

Significant accounting policies are as follows:

##### a) Parliamentary appropriations

The Secretariat is financed by the Government of Canada through parliamentary appropriations. Appropriations provided to the Secretariat do not parallel financial reporting according to generally accepted accounting principles, since appropriations are primarily based on cash flow

requirements. Consequently, items recognized in the Statement of Operations and on the Statement of Financial Position are not necessarily the same as those provided through appropriations from Parliament. Note 3 to these financial statements provides a high-level reconciliation between the bases of reporting.

**b) Net cash provided by the Government of Canada**

The Secretariat operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by the Secretariat is deposited to the CRF and all cash disbursements made by the Secretariat are paid from the CRF. Net cash provided by the Government of Canada is the difference between all cash receipts and all cash disbursements, including transactions between departments and agencies of the Government of Canada.

**c) Change in net position in the Consolidated Revenue Fund**

The change in net position in the CRF is the difference between net cash provided by the government and appropriations used in a year, excluding the amount of non-respendable revenue recorded by the Secretariat. It results from timing differences between when a transaction affects appropriations and when it is processed through the CRF.

**d) Revenues**

Funds received from external parties for specified purposes are recorded upon receipt as deferred revenues. These revenues are recognized in the period in which the related expenses are incurred.

Other revenues are accounted for in the period in which the underlying transaction or event occurred that gave rise to the revenues.

**e) Expenses**

Expenses are recorded on an accrual basis:

- ▶ Grants are recognized in the year in which the conditions for payment are met. In the case of grants that do not form part of an existing program, the expense is recognized when the government announces a decision to make a non-recurring transfer, provided the enabling legislation or authorization for payment receives parliamentary approval prior to the completion of the financial statements.
- ▶ Contributions are recognized in the year in which the recipient has met the eligibility criteria or fulfilled the terms of a contractual transfer agreement.
- ▶ Vacation pay and compensatory leave are expensed as the benefits accrue to employees under their respective terms of employment.
- ▶ Services provided without charge by other government departments for accommodation and legal services are recorded as operating expenses at their estimated cost.

**f) Government-wide employee benefits**

Eligible public service employees participate in the Public Service Pension Plan sponsored by the Government of Canada. Contributions to the Plan for all departments and agencies, including additional contributions in respect of any actuarial deficiencies, are funded by the Secretariat as Centrally Managed Funds and they are expensed in the year incurred. The Secretariat recovers a portion of the pension contributions from other departments and agencies.

The Government of Canada also sponsors a variety of other benefit plans that the Secretariat is responsible for administering and/or funding through its Centrally Managed Funds. These benefits are recognized to expenses when they become due. A portion of these benefits is also recovered from other departments and agencies.

For the pension benefits and other future employee benefits covered by these plans, actuarially determined liabilities and related disclosure are presented in the financial statements of the Government of Canada, the ultimate sponsor of these benefits. As administrator of the Centrally Managed Funds, the Secretariat expenses these benefits or contributions as they become due and records no accruals for future benefits. This accounting treatment corresponds to the funding provided to the department through parliamentary appropriations.

**g) Departmental employee future benefits**

*Pension benefits:* Eligible employees of the Secretariat participate in the Public Service Pension Plan. The Secretariat's share of contributions pertaining to the current service cost of its employees is allocated to the expenses of the program activities of Management and Expenditure Performance, and Comptrollership in the year incurred and presented as recoveries under the Centrally Managed Funds.

*Severance benefits:* Employees are entitled to severance benefits, as provided for under labour contracts or conditions of employment. These benefits are accrued as employees render the services necessary to earn them. The obligation relating to the benefits earned by employees of the Secretariat is calculated using information derived from the results of the actuarially determined liability for employee severance benefits for the Government of Canada as a whole.

**h) Accounts receivable**

Accounts receivable is stated at the amount expected to be ultimately realized. A provision is made for receivables where recovery is considered uncertain.

**i) Tangible capital assets**

All tangible capital assets having an initial cost of \$10,000 or more are recorded at their acquisition cost. Amortization of tangible capital assets is done on a straight-line basis over the estimated useful life of the asset as follows:

<b>Asset class</b>	<b>Amortization period</b>
Machinery and equipment	Three to five years
Motor vehicles	Three years
Leasehold improvements	Term of lease
Assets under construction	Once in service, in accordance with asset class

**j) Contingent liabilities**

Contingent liabilities are potential liabilities that may become actual liabilities when one or more future events occur or fail to occur. To the extent that it is likely that the future event will occur or will fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded. If the likelihood is not determinable or an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements.

**k) Measurement uncertainty**

The preparation of these financial statements in accordance with Treasury Board accounting policies, which are consistent with Canadian generally accepted accounting principles for the public sector, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses reported in the financial statements. At the time of preparation of these statements, management believes the estimates and assumptions to be reasonable.

The most significant items where estimates are used are contingent liabilities, the liability for employee severance benefits, and the useful life of tangible capital assets. Actual results could differ significantly from those estimated. Management’s estimates are reviewed periodically and, as adjustments become necessary, they are recorded in the financial statements in the year they become known.

**3. Parliamentary Appropriations**

The Secretariat receives most of its funding through annual parliamentary appropriations. Items recognized in the Statement of Operations and the Statement of Financial Position in one year may be funded through parliamentary appropriations in a prior, current, or future year. Accordingly, the Secretariat has different net results of operations for the year calculated on a funding basis to those calculated on an accrual basis. The differences are reconciled in the following tables:

**a) Reconciliation of net cost of operations to current year appropriations used:**

	2006	2005
	(\$ thousands)	
Net cost of operations	1,581,152	1,568,393
Adjustments for items affecting net cost of operations but not affecting appropriations:		
Amortization of tangible capital assets	(668)	(627)
Gain on disposal of tangible capital assets	7	-
Services provided without charge	(12,672)	(12,395)
Vacation pay and compensatory leave	36	1,589
Department of Justice Canada fees	(2,172)	(2,126)
Employee severance benefits	(2,715)	6,805
Revenue not available for spending	12,400	11,741
Refunds of previous year's expenditures	2,865	771
	(2,919)	5,758
Adjustments for items not affecting net cost of operations but affecting appropriations:		
Accountable advances	(27)	-
Acquisitions of tangible capital assets	53	291
Adjustments to tangible capital assets	-	630
	26	921
Current year appropriations used	1,578,259	1,575,072

**b) Appropriations provided and current year appropriations used**

	2006	2005
	(\$ thousands)	
Voted authorities:		
Vote 1—Program Expenditures	152,312	131,139
Vote 5—Government Contingencies	-	639,299
Vote 10—Government-wide Initiatives	-	10,750
Vote 20—Public Service Insurance	1,653,700	1,609,500
	1,806,012	2,390,688
Statutory authorities:		
President of the Treasury Board—salary and motor car allowance	72	70
Contributions to employee benefit plans	14,946	13,487
Payments under the <i>Public Service Pension Adjustment Act</i>	6	24
Payments for the pay equity settlement pursuant to section 30 of the <i>Crown Liability and Proceedings Act</i>	269	379
Unallocated employer contributions made under the <i>Public Service Superannuation Act</i> and other retirement acts and the <i>Employment Insurance Act</i>	42,208	82,982
Spending of proceeds from the disposal of surplus Crown assets	-	7
	57,501	96,949
Lapsed authorities:		
Vote 1—Program Expenditures	(12,870)	(3,010)
Vote 5—Government Contingencies	-	(639,299)
Vote 10—Government-wide Initiatives	-	(10,750)
Vote 20—Public Service Insurance	(272,384)	(259,499)
Spending of proceeds from the disposal of surplus Crown assets	-	(7)
	(285,254)	(912,565)
Current year appropriations used	1,578,259	1,575,072

**c) Reconciliation of net cash provided by the government to current year appropriations used**

	2006	2005
	(\$ thousands)	
Net cash provided by government	1,902,669	1,238,895
Revenue not available for spending	12,400	11,741
Change in net position in the Consolidated Revenue Fund:		
Variation in accounts receivable	(111,459)	86,013
Variation in accounts payable and accrued liabilities:		
Accounts payable and accrued liabilities	(225,473)	240,412
Vacation pay and compensatory leave	(36)	(1,589)
Employee severance benefits	2,715	(6,805)
Other adjustments	(2,557)	6,405
	(336,810)	324,436
Current year appropriations used	1,578,259	1,575,072

**4. Centrally Managed Funds**

The Government of Canada sponsors defined benefit pension plans covering virtually all employees. The Secretariat funds the employer's contributions to the Public Service Pension Plan and Retirement Compensation Arrangement, including additional contributions in respect of actuarial deficiencies.

The Secretariat also funds payments to or in respect of the:

- ▶ employer's share of contributions to the Public Service Death Benefit Account;
- ▶ employer's share of Canada and Quebec Pension Plan contributions and Employment Insurance premiums;
- ▶ employer's share of health, disability, and life insurance premiums and related Quebec sales tax;
- ▶ claims and related costs under the Public Service Dental Care Plan and the Pensioners' Dental Services Plan;
- ▶ provincial payroll taxes;
- ▶ pension, benefit, and insurance plans for employees engaged locally outside Canada by Canadian missions abroad; and
- ▶ returns to certain employees of their share of the Employment Insurance premium reduction.

Generally, Public Service Pension Plan contributions, Public Service Death Benefit Account contributions, Canada and Quebec Pension Plan contributions, and Employment Insurance premiums are recovered from all departments, agencies, and revolving funds pro rata, based on salaries and wages incurred. Contributions to health care plans are recovered from certain departments and agencies, and all revolving funds based on 8 per cent (2005: 8 per cent) of salaries and wages incurred.

A breakdown by major category is as follows:

	2006	2005
	(\$ thousands)	
<b>Expenses</b>		
Public Service Pension Plan and Retirement Compensation Arrangement contributions	2,235,456	2,046,476
Public Service Pension Plan and Retirement Compensation Arrangement contributions in respect of actuarial deficits	16,200	16,200
Public Service Death Benefit Account contributions	9,568	8,742
Canada and Quebec Pension Plan contributions	445,152	464,913
Employment Insurance premiums	296,490	252,305
Employment Insurance premium reduction	1,776	195
Quebec Parental Insurance Plan premiums	5,333	-
Public Service Health Care Plan premiums	495,080	536,733
Public Service Dental Care Plan claims	194,491	202,272
Pensioners' Dental Services Plan claims	77,077	72,252
Provincial health insurance plan premiums	38,812	39,432
Provincial payroll taxes	398,717	365,867
Group disability and life insurance premiums	288,736	270,211
Pension and other employee benefits in respect of locally engaged staff employed in Canadian missions abroad	38,721	36,785
Pension and similar payments to former employees	304	355
Miscellaneous special payments, e.g. Court awards	269	379
Operating expenses	-	109
<b>Total Expenses</b>	4,542,182	4,313,226
<b>Recoveries</b>		
Contributions to employee benefit plans recovered from other government departments and agencies	2,960,659	2,705,653
Contributions to health care plans recovered from other government departments and agencies	112,626	130,339
Pensioners' contributions to the Pensioners' Dental Services Plan	45,100	43,848
<b>Total Recoveries</b>	3,118,385	2,879,840
<b>Net Expenses</b>	1,423,797	1,433,386

## 5. Expenses

The following table presents details of expenses by category:

	2006	2005
	(\$ thousands)	
Transfer payments	87	259
Operating expenses:		
Centrally Managed Funds (Note 4)	1,423,797	1,433,386
Departmental salary and employee benefits	103,915	85,531
Professional and special services	43,984	38,533
Accommodation	8,312	9,530
Machinery and equipment	6,052	4,741
Transportation and telecommunications	4,514	3,910
Information	1,286	1,144
Repairs and maintenance	1,285	1,584
Utilities, materiel, and supplies	1,249	1,268
Rentals	777	706
Amortization	668	627
Other subsidies and payments	168	1,108
Total operating expenses	1,596,007	1,582,068
<b>Total Expenses</b>	<b>1,596,094</b>	<b>1,582,327</b>

## 6. Revenues

	2006	2005
	(\$ thousands)	
Parking fees	11,168	10,512
Recovery of pension administration costs	3,214	2,722
Other revenues	560	700
<b>Total Revenues</b>	<b>14,942</b>	<b>13,934</b>

## 7. Accounts Receivable

The following table presents details of accounts receivable:

	2006	2005
	(\$ thousands)	
Receivables from other government departments and agencies	194,620	82,984
Receivables from external parties	72	36
Advances to employees	33	52
Deposits in transit to the Receiver General	11	205
<b>Total Accounts Receivable</b>	<b>194,736</b>	<b>83,277</b>

## 8. Tangible Capital Assets

	Cost (\$ thousands)			
	Opening Balance	Acquisitions	Disposals	Closing Balance
Machinery and equipment	812	25	-	837
Motor vehicles	82	28	28	82
Leasehold improvements	1,893	-	-	1,893
Assets under construction	160	-	-	160
	2,947	53	28	2,972

	Accumulated Amortization (\$ thousands)			
	Opening Balance	Amortization	Disposals	Closing Balance
Machinery and equipment	376	200	-	576
Motor vehicles	46	19	28	37
Leasehold improvements	1,261	449	-	1,710
Assets under construction	-	-	-	-
	1,683	668	28	2,323

	Net book value 2006	Net book value 2005
	(\$ thousands)	
Machinery and equipment	261	435
Motor vehicles	45	36
Leasehold improvements	183	632
Assets under construction	160	160
	649	1,263

Amortization expense for the year ending March 31, 2006, is \$667,818 (\$627,350 in 2005).

### 9. Accounts payable and accrued liabilities

The following table presents the details of accounts payable and accrued liabilities:

	2006	2005
	(\$ thousands)	
Accounts payable to other government departments and agencies	267,477	485,064
Accounts payable to external parties	117,756	125,641
<b>Total accounts payable and accrued liabilities</b>	385,233	610,705

### 10. Deferred revenue

Deferred revenue represents the balance of unearned revenue related to a one-time lump sum signing bonus related to the acquisition card contract with the Bank of Montreal. The revenues are used to offset costs related to the improvement of the acquisition card program.

	2006	2005
	(\$ thousands)	
Opening balance	551	1,200
Revenue recognized	551	649
Closing balance	-	551

## 11. Employee Benefits

### a) Pension benefits

Eligible public service employees participate in the Public Service Pension Plan, which is sponsored and administered by the Government of Canada. Pension benefits accrue up to a maximum period of 35 years at a rate of 2 per cent per year of pensionable service times the average of the best five consecutive years of earnings. The benefits are integrated with the Canada or Quebec Pension Plan benefits and they are indexed to inflation.

The Secretariat funds the employer's contributions to the Public Service Pension Plan, including additional contributions in respect of actuarial deficiencies, on behalf of all government departments and agencies, and recovers a portion of those costs. During the year, the Secretariat contributed \$11,060 thousand (\$13,487 thousand in 2005) in respect of its own employees, which represents approximately 2.6 times the contributions made by its employees.

### b) Severance benefits

The Secretariat provides severance benefits to its employees based on eligibility, years of service, and final salary. These severance benefits are not pre-funded. Benefits will be paid from future appropriations. Information about the severance benefits, measured as at March 31, is as follows:

	2006	2005
	(\$ thousands)	
Accrued benefit obligation, beginning of year	14,530	21,335
Expense for the year	1,365	(8,735)
Benefits paid during the year	1,350	1,930
Accrued benefit obligation, end of year	17,245	14,530

## 12. Contingent liabilities

In the normal course of its operations, the Secretariat becomes involved in various legal actions. Some of these potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded on the department's financial statements.

As at March 31, 2006, the Secretariat has contingent liabilities of \$34 billion (\$34 billion in 2005), based on the Secretariat's legal assessment of the potential exposure. The existence and amount of the liability depend upon the future outcome of these legal actions, which are not

currently determinable. No accrual for these contingent liabilities has been made in the financial statements. The most significant of these legal actions is described below:

In September 1999, the *Public Service Superannuation Act* was amended, to enable the Government of Canada to deal with excess amounts in the Public Service Superannuation Account and Pension Fund governed by this Act. The legal validity of these provisions has since been challenged in the courts. The outcome of this lawsuit has not been determined at this time.

### 13. Related-party transactions

#### *Services provided without charge*

The Secretariat is related as a result of common ownership to all Government of Canada departments, agencies, and Crown corporations. The Secretariat enters into transactions with these entities in the normal course of business and on normal trade terms.

During the year, the Secretariat received, without charge from other departments, accommodation and legal services. The services without charge have been recognized in the Statement of Operations as follows:

	2006	2005
	<b>(\$ thousands)</b>	
Accommodation	8,312	9,530
Legal services	4,360	2,865
<b>Total</b>	<b>12,672</b>	<b>12,395</b>

The government has structured some of its administrative activities for efficiency and cost-effectiveness purposes so that one department performs these on behalf of all departments without charge. The costs of these services, which include payroll and cheque issuance services provided by Public Works and Government Services Canada, are not included as an expense in the Statement of Operations.

## **Table 10: Response to Parliamentary Committees, and Audits and Evaluations for Fiscal Year 2005–06 (previous government)**

### **Response to Parliamentary Committees**

#### **Interim Report on the Main Estimates 2005–06, Foundations**

The focus of this report was on foundations and included recommendations related to improving reporting to Parliament, audit and evaluation frameworks, and determining the impact of a revised accounting standard on the government reporting entity.

See the *Government Response to the Eleventh Report of the Standing Senate Committee on National Finance* (tabled October 26, 2005) available at [http://www.tbs-sct.gc.ca/report/gr-rg/2005/1018\\_e.asp](http://www.tbs-sct.gc.ca/report/gr-rg/2005/1018_e.asp).

#### **Internal Audit in Departments and Agencies**

The focus of this report was the internal audit function within departments and agencies. The Committee requested a firm timeline for the development and implementation of a new internal audit policy, including benchmarking and monitoring mechanisms, and the development of a strategy for implementing such a policy. The Committee further recommended that the internal audit function be placed under the authority of the Comptroller General, that it provide greater clarity on funding for the internal audit function, and that a new classification structure be adopted for internal auditors.

See the *Government Response to the Fifteenth Report of the Standing Committee on Public Accounts* (tabled October 7, 2005) available at [http://www.tbs-sct.gc.ca/report/gr-rg/2005/1007\\_e.asp](http://www.tbs-sct.gc.ca/report/gr-rg/2005/1007_e.asp).

#### **Accountability of Foundations of the February 2005 Report of the Auditor General of Canada**

The report was entirely dedicated to foundations and recommended changes in the ways in which foundations report to Parliament, which transfers to foundations are reported in the Estimates, and to the mandate of the Auditor General of Canada to allow her to audit such organizations. In addition, the Committee requested further study on possible amendments to the funding agreements with foundations and the application of a revised accounting standard on the Government Reporting Entity and its potential impact on accounting for foundations in the Public Accounts.

See the *Government Response to the Twelfth Report of the Standing Committee on Public Accounts* (tabled September 28, 2005) available at [http://www.tbs-sct.gc.ca/report/gr-rg/2005/0928\\_e.asp](http://www.tbs-sct.gc.ca/report/gr-rg/2005/0928_e.asp).

#### **Governance in the Public Service of Canada: Ministerial and Deputy-ministerial Accountability**

The House of Commons Standing Committee on Public Accounts made four recommendations aiming to strengthen the practice of ministerial responsibility in the Government of Canada. Following its investigation of the sponsorship program in spring 2004, the Committee recommended that deputy ministers be designated as accounting officers, as they are in the United Kingdom, and that the government endeavour to retain deputy ministers in their positions for at least three years.

See the *Government Response to the Tenth Report of the Standing Committee on Public Accounts* (tabled August 17, 2005) available at [http://www.tbs-sct.gc.ca/report/gr-rg/2005/0817\\_e.asp](http://www.tbs-sct.gc.ca/report/gr-rg/2005/0817_e.asp).

#### **Chapter 3, “The Sponsorship Program,” Chapter 4, “Advertising Activities,” and Chapter 5, “Management of Public Opinion Research,” of the November 2003 Report of the Auditor General of Canada**

The House of Commons Standing Committee on Public Accounts made 29 recommendations aiming to strengthen oversight and reporting in areas such as financial management, internal audit, contracting management, Crown corporations, and executive appointment and promotion practices in the public service of Canada. The Committee also endorsed the recommendations without reservation from Chapters 3, 4, and 5 of the Auditor General of Canada’s November 2003 report, which stemmed from her government-wide audits focussed on sponsorship and advertising activities.

See the *Government Response to the Ninth Report of the Standing Committee on Public Accounts* (tabled July 20, 2005) available at [http://www.tbs-sct.gc.ca/report/gr-rg/2005/0720\\_e.asp](http://www.tbs-sct.gc.ca/report/gr-rg/2005/0720_e.asp).

**2004 Report on Plans and Priorities and the Report on Performance for the period ending March 31, 2004, of the Office of the Auditor General of Canada (OAG)**

The House of Commons Standing Committee on Public Accounts made five recommendations dealing with funding for the Office of the Auditor General of Canada and implementation of her recommendations by the government. The Committee noted its concerns involving the “status of permanent funding for the operations of the Office, how and with whom that funding is established, and the implementation by the government of recommendations stemming from performance audits.”

See the *Government Response to the Seventh Report of the Standing Committee on Public Accounts* (tabled June 22, 2005) available at [http://www.tbs-sct.gc.ca/report/gr-rg/2006/08-16\\_e.asp](http://www.tbs-sct.gc.ca/report/gr-rg/2006/08-16_e.asp).

**Public Accounts of Canada 2004**

The subject of this report was the Public Accounts of Canada and the related opinion and observations of the Auditor General of Canada, for the year ended March 31, 2004. The recommendations contained in the report relate to the observations of the Auditor General and as such urged the government to:

- address the surplus in the Employment Insurance account;
- resolve the issues surrounding accounting for foundations and undertake changes to allow the Auditor General of Canada to conduct value-for-money audits for large foundations;
- resolve outstanding issues around accrual accounting;
- move to accrual-based appropriations; and
- introduce greater clarity in its financial reporting with respect to the paying down of debt.

See the *Government Response to the Sixth Report of The Standing Committee on Public Accounts* (tabled June 22, 2005) available at [http://www.tbs-sct.gc.ca/report/gr-rg/2005/0622\\_e.asp](http://www.tbs-sct.gc.ca/report/gr-rg/2005/0622_e.asp).

**Response to the Auditor General of Canada, including to the Commissioner of the Environment and Sustainable Development (CESD)—previous government**

<b>OAG Report</b>	2005 November Report Chapter 1, “Royal Canadian Mounted Police—Contract Policing” <a href="http://www.oag-bvg.gc.ca/domino/reports.nsf/html/20051101ce.html">http://www.oag-bvg.gc.ca/domino/reports.nsf/html/20051101ce.html</a>
<b>Recommendation</b>	1.76 The RCMP should seek a means of clearly separating the funding, measurement, and reporting of its contract policing activities to avoid adverse impacts on its other activities when contract policing costs change. (1.71–1.75)
<b>Departmental response</b>	<a href="http://www.oag-bvg.gc.ca/domino/reports.nsf/html/20051101aa_e.html">http://www.oag-bvg.gc.ca/domino/reports.nsf/html/20051101aa_e.html</a>
<b>OAG Report</b>	2005 November Report Chapter 2, “The Quality and Reporting of Surveys” <a href="http://www.oag-bvg.gc.ca/domino/reports.nsf/html/20051102ce.html">http://www.oag-bvg.gc.ca/domino/reports.nsf/html/20051102ce.html</a>
<b>Recommendation</b>	2.19 The Treasury Board of Canada Secretariat’s annual <i>Guide to the Preparation of Part III of the Estimates: Reports on Plans and Priorities and Departmental Performance Reports</i> should ask departments and agencies to ensure that: <ul style="list-style-type: none"> <li>• references to survey data are accompanied by a basic description of how the survey was conducted, along with key indicators of data quality and any data limitations;</li> <li>• this information is readily accessible through footnotes or endnotes; and</li> <li>• more detailed methodological information is publicly accessible, preferably through an Internet link to the final survey report.</li> </ul> (2.14–2.18)
<b>Departmental response</b>	<a href="http://www.oag-bvg.gc.ca/domino/reports.nsf/html/20051102aa_e.html">http://www.oag-bvg.gc.ca/domino/reports.nsf/html/20051102aa_e.html</a>
<b>OAG Report</b>	2005 November Report Chapter 4, “Managing Horizontal Initiatives” <a href="http://www.oag-bvg.gc.ca/domino/reports.nsf/html/20051104ce.html">http://www.oag-bvg.gc.ca/domino/reports.nsf/html/20051104ce.html</a>
<b>Recommendations</b>	4.73 The Privy Council Office and the Treasury Board of Canada Secretariat should identify the circumstances that require special attention as horizontal initiatives and the appropriate governance regimes for different conditions and types of horizontal initiatives. (4.65–4.72)
	4.79 The Privy Council Office and the Treasury Board of Canada Secretariat should develop frameworks that set specialized guidance and expectations on governance, accountability, coordination, and results-based management of horizontal initiatives for federal organizations. As part of this effort, the Treasury Board of Canada Secretariat should develop specialized guidance for evaluating horizontal initiatives. (4.74–4.78)
	4.86 The Treasury Board of Canada Secretariat should identify and develop guidance on allocating funding for horizontal initiatives and develop appropriate funding instruments for the horizontal delivery of federal programs. (4.80–4.85)
<b>Departmental response</b>	<a href="http://www.oag-bvg.gc.ca/domino/reports.nsf/html/20051104ad_e.html">http://www.oag-bvg.gc.ca/domino/reports.nsf/html/20051104ad_e.html</a>
<b>OAG Report</b>	2005 April Report Chapter 5, “Rating Selected Departmental Performance Reports” <a href="http://www.oag-bvg.gc.ca/domino/reports.nsf/html/20050405ce.html">http://www.oag-bvg.gc.ca/domino/reports.nsf/html/20050405ce.html</a>

**Recommendations** 5.76 We are not making any formal recommendations to departments because our message continues to be that they should make a greater effort to better understand the basic principles of good reporting and they should continue to work on improving their performance reports. While the onus is on departments to improve these reports, the Treasury Board of Canada Secretariat should also continue to help departments by reviewing their performance reports and providing leadership and opportunities to increase their understanding and acceptance of the principles and practices of good performance reporting.

**Departmental response**

<http://www.oag-bvg.gc.ca/domino/reports.nsf/html/20050405ce.html#ch5hd3d>

**CESD Report**

2005 Report  
Chapter 1, "Fisheries and Oceans Canada"  
Canada's Oceans Management Strategy  
<http://www.oag-bvg.gc.ca/domino/reports.nsf/html/c20050901ce.html>

**Recommendation**

1.30 Fisheries and Oceans Canada should, through its Treasury Board submission on the Oceans Action Plan, Phase I, have Canada's Oceans Action Plan recognized and managed as a government horizontal initiative. Consistent with the *Oceans Act*, Fisheries and Oceans Canada, in collaboration with participating departments, should lead and facilitate the development and implementation of action plan initiatives. Working with the Treasury Board of Canada Secretariat, the department should also coordinate the reporting of results achieved. (1.19–1.29)

**Departmental response**

[http://www.oag-bvg.gc.ca/domino/reports.nsf/html/c20050901ab\\_e.html](http://www.oag-bvg.gc.ca/domino/reports.nsf/html/c20050901ab_e.html)

**CESD Report**

2005 Report  
Chapter 4, "Safety of Drinking Water: Federal Responsibilities"  
<http://www.oag-bvg.gc.ca/domino/reports.nsf/html/c20050904ce.html>

**Recommendation**

4.47 The Treasury Board of Canada Secretariat, through the National Joint Council, should adopt the guidance for providing safe drinking water in areas of federal jurisdiction, as a requirement under the Sanitation Directive. (4.43–4.45). When the National Joint Council opens the Directive for renegotiation, the Treasury Board of Canada Secretariat will table wording recommending the guide be entrenched in the Sanitation Directive.

**Departmental response**

[http://www.oag-bvg.gc.ca/domino/reports.nsf/html/c20050904ab\\_e.html](http://www.oag-bvg.gc.ca/domino/reports.nsf/html/c20050904ab_e.html)

**CESD Report**

2005 Report  
Chapter 6, "Green Procurement"  
<http://www.oag-bvg.gc.ca/domino/reports.nsf/html/c20050906ce.html>

**Recommendations**

6.10 Public Works and Government Services Canada and the Treasury Board of Canada Secretariat, in cooperation with other responsible departments and agencies, should take all necessary steps—including setting milestones, allocating adequate resources, and assigning staff with appropriate expertise—to ensure that the green procurement policy is completed, approved, and implemented by 2006. This is the time frame promised in the 2004 Speech from the Throne. (6.6–6.9)

6.18 Through the green procurement policy and strategy, Public Works and Government Services Canada, in cooperation with other responsible departments and agencies, should promote the inclusion of green procurement expectations in the performance evaluation of managers with significant procurement responsibilities and should require departments and agencies to report on implementation. (6.12–6.17)

6.24 Public Works and Government Services Canada, in cooperation with other responsible departments, should ensure that the green procurement strategy sets out the role of the sustainable development strategies in green procurement. It should also ensure that guidance on green procurement is developed in time for the 2007 strategies, including a core set of practical and progressive green procurement objectives and targets that departments and agencies would be expected to incorporate. (6.19–6.23)

6.27 Public Works and Government Services Canada and the Treasury Board of Canada Secretariat, in cooperation with other responsible departments, should ensure that the green procurement policy establishes clear accountability for reporting annually on progress and develop a plan to improve green procurement reporting through the sustainable development strategies. (6.25–6.26)

6.35 Public Works and Government Services Canada, in cooperation with other responsible departments, should ensure that the green procurement strategy establishes a consistent, coordinated approach to green procurement training and to the development and delivery of tools. Green procurement is a required competency and is a mandatory part of any required training program for procurement personnel. (6.28–6.34)

6.40 Public Works and Government Services Canada should review standing offers and other pre-negotiated arrangements to determine which should be greened. It should also ensure that procurement officers give first consideration to green offers. (6.37–3.39)

6.45 In light of its new lead in greening government operations, Public Works and Government Services Canada, with support from the Privy Council Office, should clarify the responsibilities of other departments and interdepartmental committees that have an important role in greening government operations, including green procurement. It should continue to build on the organizational structure that has been evolving through the Sustainable Federal House in Order. (6.41–3.44)

6.48 Public Works and Government Services Canada should include green procurement as a key part of initiatives to improve and increase central management of procurement. Specifically, it should include green procurement in the mandate of the commodity councils and management teams. (6.46–3.47)

**Departmental  
response**

[http://www.oag-bvg.gc.ca/domino/reports.nsf/html/c20050906aa\\_e.html](http://www.oag-bvg.gc.ca/domino/reports.nsf/html/c20050906aa_e.html)

### Internal Audits or Evaluations

*Internal Audits:*

- *Internal Audit and Evaluation Division—TBS Contracting Process*
- *Audit of the development of the Expenditure Management Information System (EMIS)—Final Report—Management Response—November 25, 2005*  
Available at [http://www.tbs-sct.gc.ca/report/orp/siglist\\_e.asp](http://www.tbs-sct.gc.ca/report/orp/siglist_e.asp).

**Table 11: Sustainable Development Strategy**

Department	Treasury Board of Canada Secretariat
Points to Address	Departmental Input
1. What are the key goals, objectives, and/or long-term targets of the Sustainable Development Strategy (SDS)?	The Secretariat's 2004–06 SDS has three goals: (1) support departments in setting, achieving, and reporting on SD goals; (2) make progress on federal priorities related to SD; and (3) make the Secretariat's operations more environmentally friendly.
2. How do your key goals, objectives, and/or long-term targets help achieve your department's strategic outcomes?	<p>The three SD goals support the Secretariat's three strategic outcomes:</p> <ul style="list-style-type: none"> <li>• stewardship, the sound public management of federal resources;</li> <li>• human resources management, creating a modern, effective, well-managed public service; and</li> <li>• service improvement, assuring citizen-centred service delivery.</li> </ul> <p>The goals support these strategic outcomes by setting the management policy expectations and priorities with respect to the stewardship of public resources in support of sustainable development:</p> <ul style="list-style-type: none"> <li>• improved management practices;</li> <li>• horizontal management of key SD files;</li> <li>• reducing resource consumption; and</li> <li>• raising awareness of SD issues across government.</li> </ul>
3. What were your targets for the reporting period?	The 2004–06 SDS made 28 commitments across these three goals. Key targets include advancing activities related to leadership on key horizontal initiatives, broadening capacity within the Secretariat's program and policy analysis areas to include sustainable development in these activities, improving parliamentary and public reporting on SD issues, the continued implementation of a strategy to reduce resource consumption throughout Secretariat operations, and the continued encouragement of individual employees to minimize the environmental impact of Secretariat operations.
4. What is your progress (this includes outcomes achieved in relation to objectives and progress on targets) to date?	<p>Goal 1: Support departments in setting, achieving, and reporting on SD goals.</p> <ul style="list-style-type: none"> <li>• In collaboration with other horizontal initiatives (climate change, Aboriginal programs, and greening government operations), advanced horizontal management practices and frameworks</li> <li>• Created Performance Management Desktop software to facilitate horizontal governance, tracking, monitoring, analysis, and reporting</li> <li>• Provided essential support in establishing the Office of Greening Government Operations</li> <li>• Identified training opportunities for SD</li> <li>• Supported the development of the joint Public Works and Government Services Canada/Environment Canada/Natural Resources Canada Policy on Green Procurement</li> </ul>

Department	Treasury Board of Canada Secretariat
Points to Address	Departmental Input
	<p>Goal 2: Make progress on federal priorities related to SD</p> <ul style="list-style-type: none"> <li>• Federal Contaminated Sites Action Plan—oversaw funding allocation to 97 care and maintenance or remediation projects and over 500 site assessment projects, and ensured that the Action Plan is implemented, consistent with the Treasury Board Federal Contaminated Sites Management Policy</li> <li>• Implemented a major redesign of the Federal Contaminated Sites Inventory to improve the scope and quality of information provided by custodians to the inventory and improved the inventory’s capacity to support Action Plan progress reporting</li> <li>• Provided ongoing leadership, advice, and government-wide guidance/support in greening the federal fleet and organizing annual workshops that include raising awareness of sustainable fleet management practices</li> <li>• Revised the Executive Vehicle Policy to demonstrate leadership in greening government operations by directing departments to use more energy-efficient executive vehicles and alternative fuels</li> </ul> <p>Goal 3: Make the Secretariat’s operations more environmentally friendly</p> <ul style="list-style-type: none"> <li>• Continued development of the Green Citizenship Network and work on its business case, a strategy to reduce resource consumption, including reducing paper and energy use and solid waste</li> <li>• Provided green procurement training to acquisition cardholders</li> <li>• Continued to encourage individual employees to minimize the environmental impact of Secretariat operations through awareness activities</li> </ul>
<p>5. What adjustments have you made, if any? (To better set the context for this information, discuss how lessons learned have influenced your adjustments.)</p>	<p>The Secretariat is currently reviewing its SDS to develop a new strategy for 2007–09 that will be tabled in December 2006. Adjustments to the 2007–09 strategy will be informed by our lessons learned to date from SDS 2004–06 and will incorporate the recent change in Secretariat priorities, the Environment Canada government-wide SD guidance, and the Public Works and Government Services Canada/Treasury Board of Canada Secretariat/Environment Canada government-wide guidance on greening operations.</p>

**Table 12: Procurement and Contracting**

Department	Treasury Board of Canada Secretariat
Points to Address	Organization's Input
1. Role played by procurement and contracting in delivering programs	Procurement and contracting play a vital role in ensuring that the goods and services needs of the Secretariat are met in a timely manner, while ensuring that the laws, policies, and guidelines governing government procurement are respected.
2. Overview of how the department manages its contracting function	Contracting and procurement activity in the Secretariat is centralized. While managers have delegated authority to enter into contracts, contract documents and financial commitments are created by the centralized Contracting Section. The Contracting Section also provides advice and guidance on all aspects of the contracting process. The Secretariat's Contract Review Committee reviews all contracts with an estimated value of greater than \$10,000. Procurement of goods is also carried out centrally, with the exception of purchases made using acquisition cards.
3. Progress and new initiatives enabling effective and efficient procurement practices	Under current procurement reform initiatives, the Secretariat is making broader use of standing offers and supply arrangements. Managers are also encouraged to make use of the acquisition card program to meet low dollar value needs.

**Table 13: Travel Policies**

The Secretariat adheres to travel policies and parameters as established by the *Special Travel Authorities* and the *Travel Directive, Rates and Allowances*.