

**Treasury Board of Canada Secretariat**

**2004–05 Estimates**

**A Report on Plans and Priorities**

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**Reg Alcock**  
**President of the Treasury Board and**  
**Minister responsible for the Canadian Wheat Board**

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## President's Message



It is with pleasure that I present the Treasury Board of Canada Secretariat's *Report on Plans and Priorities* for 2004–05.

For more than two decades, I have been an outspoken advocate of the importance of the public sector and good public sector management. The way we govern ourselves as a society and the efficiency and effectiveness of public administration directly impact our quality of life. Government plays a major role in the economy, helps to safeguard the public interest, and affects the daily lives of Canadian businesses, communities, and families. Put simply, public administration and the public sector make a difference to the social, economic, and cultural well-being of Canadians, as well as our health and security.

Making sure Canadians' tax dollars are invested in their priorities and managed in a manner that is effective, efficient, and accountable are among any government's most fundamental responsibilities.

Since becoming the President of the Treasury Board on December 12, 2003, I have worked closely with colleagues and officials to strengthen our public sector. We have increased openness and transparency, introduced reforms to strengthen financial management and control, initiated several reviews to improve governance, and made a commitment to re-invest in public sector capacity and improve reporting to Parliament.

In this country, and in many others around the world, governments are grappling with the need to modernize their public sectors. Citizens are demanding better information, greater engagement, integrated service, and clearer accountability. Rising expectations, combined with limited resources, mean that we must significantly improve the way we manage information, deliver programs and services, account for public spending, and report on results. The pace of change is rapid and unrelenting. Government, and the public sector as a whole, can and must do more to adapt to changing public priorities.

As a G-8 nation in a competitive, global environment, Canada's federal public sector must set and meet the highest performance standards. As the Prime Minister has stated, "our goal should be nothing less than the finest public service in the world." We must do the right things, in the right way. And we must do so in a manner that serves the public interest, achieves intended results, and stands the test of parliamentary scrutiny and public accountability.

The government has made a clear commitment to strengthening public sector management and the Treasury Board of Canada Secretariat is instrumental in achieving this goal. The mandate of the Secretariat has been re-focussed on its core role as the management board of the federal government. In this capacity, the Secretariat is moving forward aggressively to consolidate its plans and priorities on the achievement of excellence in the stewardship of public resources.

The Secretariat has identified three priority areas for action:

- ▶ Management Performance;
- ▶ Expenditure Management; and
- ▶ Financial Management and Control.

The Secretariat is supporting the government's review of federal expenditures and operations with the aim of reallocating resources from lower to higher priorities and has re-established the Office of the Comptroller General to strengthen financial management and controls.

As well, the Secretariat is working closely with the other organizations that comprise my broader portfolio—namely, the Public Service Human Resources Management Agency of Canada and the Canada School of Public Service—to nurture excellence in the Public Service and to build capacity and tools to support good management.

Significant progress has been and is being made. We can and must do more, however, to meet continually evolving public expectations. To be truly successful in the months and years ahead, sustained leadership and commitment will be required. All public service employees have a stake in improving accountability, in strengthening public sector management, and in assuring the sound stewardship of public resources as part of our ongoing efforts to deliver programs and services that best meet the needs of Canadians.

Members of the federal Public Service deserve the trust and support of Canadians across the country. Public service is an admirable and honourable calling and the calibre, commitment, and integrity of our federal public service employees is recognized worldwide. The men and women who work for the Government of Canada have dedicated their lives to serving our shared interests and making a difference every day to the quality of our lives, at home and abroad.

On behalf of all Canadians, I want to thank the members of the Public Service of Canada for their hard work, professionalism, and dedication to the public interest. I encourage Canadians to read this Report and recognize our shared stake in supporting public service excellence.

The quality of our public sector matters to us all.

The paper version was signed by  
Reg Alcock

President of the Treasury Board and  
Minister responsible for the Canadian Wheat Board

## Management Representation Statement

I submit, for tabling in Parliament, the 2004–05 *Report on Plans and Priorities* (RPP) for the Treasury Board of Canada Secretariat.

This document has been prepared based on the reporting principles and disclosure requirements contained in the 2004–05 *Departmental Report on Plans and Priorities: Preparation Guide*.

- ▶ It accurately portrays the organization's plans and priorities.
- ▶ The planned spending information in this document is consistent with the directions provided in the Minister of Finance's budget and by the Treasury Board of Canada Secretariat.
- ▶ It is comprehensive and accurate.
- ▶ It is based on sound underlying departmental information and management systems.

The reporting structure detailed in this document is the basis for accountability for the results achieved with the resources and authorities provided.

The paper version was signed by  
Jim Judd  
Secretary of the Treasury Board



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## Section I: Introduction

This *Report on Plans and Priorities* is the Treasury Board of Canada's key planning and priority-setting document for the fiscal year 2004–05.

As the formal means by which Parliament grants resources to the Secretariat to carry out its mandate on an annual basis, the primary objectives of the Report are to:

- ▶ provide parliamentarians and Canadians with an overview of the mission and mandate of the Secretariat and its role in supporting Treasury Board as the Management Board of government;
- ▶ outline the Secretariat's planning environment and the issues and challenges that the Secretariat faces in delivering on its mandate;
- ▶ delineate the Secretariat's plans and priorities;
- ▶ document total planned spending, linking resources to priorities and planned outcomes; and
- ▶ provide a basis for assessing future performance.

The remainder of the report is divided into five sections.

Section II provides a broad overview of the Secretariat, including its mission, mandate, and constituent organizations and agencies.

Section III outlines the Secretariat's operating environment and strategic planning framework.

Section IV discusses the Secretariat's priorities, key initiatives, and planned outcomes, which are organized on the basis of four key themes:

- ▶ enhancing management performance;
- ▶ more rigorous expenditure management;
- ▶ strengthening financial management and control; and
- ▶ governance and corporate initiatives.

Section V provides an overview of the organization and accountabilities of the Secretariat.

Section VI contains annexes with details of transfer payments, major initiatives and/or programs, respendable and non-respendable revenue, and the net cost of programs for the Estimates year.

## Section II: Our Raison d'être

The Treasury Board of Canada Secretariat has a dual mandate. It serves as the advisory and administrative arm of the Treasury Board of Canada, and it fulfills certain statutory responsibilities of government as a central government agency.

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 and employer of the Public Service, the Treasury Board functions as the government's management board, overseeing the operations of the entire federal government. It manages the government's financial, personnel, and administrative responsibilities, establishes management policy in each of these areas, examines and approves the proposed spending plans of government departments, and reviews the development of approved programs.

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 statutes that also establish the legislative authorities of the Board.

The Treasury Board has a number of instruments at its disposal to fulfill its responsibilities. It has a suite of policies that set the management and performance expectations of the government. It scrutinizes and approves a range of submissions from departments that seek authority to act in accordance with these policies and government priorities. It sets standards for a range of reports to Parliament on the performance of departments and the results obtained from their appropriated funds. And it approves contracts negotiated with the Public Service setting out the terms of employment.

### A. Mission and Mandate

Under the broad authority of sections 5 to 13 of the *Financial Administration Act*, the Treasury Board of Canada Secretariat supports the Treasury Board in its role as the general manager and employer of the Public Service.

The Secretariat's mission is to support the Treasury Board in the rigorous stewardship of public resources, consistent with the highest standards of public management, in order to achieve results for Canadians. It advises and makes recommendations to the Treasury Board on policies, directives, and regulations, advises on and supports expenditure management across government, is responsible for the comptrollership function of government, and oversees the execution and administration of Treasury Board decisions.

In delivering on this mission, the Secretariat has three key areas of activity, as follows.

- ▶ **Management Performance**, whereby the Secretariat seeks the highest standards of public management by ensuring that management expectations are defined, measurable, and achievable by departments and agencies.

- ▶ **Expenditure Management**, whereby the Secretariat seeks to ensure that resources are aligned to achieve government priorities and that:
  - ministers have the opportunity to annually assess and decide upon the reallocation of existing spending from lower to higher priorities; and
  - parliamentary committees have better information so that they can play a more active role in the Estimates process and in providing broader oversight of government spending and management.
- ▶ **Financial Management and Control**, whereby the Office of the Comptroller General seeks to ensure effective control, oversight, and monitoring of public expenditures so that value for money is a core consideration in spending, expenditure review, and management decisions.

In supporting **Management Performance**, the Secretariat:

- ▶ assesses both deputy heads and departmental management performance, based on the Treasury Board's Management Accountability Framework and regular bilateral meetings between the Secretary and deputy heads;
- ▶ establishes the criteria, within the Management Accountability Framework, by which the Secretariat will assess both deputy head and departmental management performance through regular bilateral meetings between the Secretary and deputy heads;
- ▶ provides leadership in improving the delivery of government services to clients, through improvements to the way they are delivered and through the development and application of information technology;
- ▶ develops policies, standards, and guidance for management behaviour and practices in areas for which the Treasury Board is responsible—such as human resources, comptrollership, and procurement;
- ▶ advises departments on the application of Treasury Board policies, standards, and guidelines;
- ▶ supports the development of policy practitioner communities; and
- ▶ advises the Treasury Board on the application and relevance of policies to departmental submissions to the Treasury Board, on requests for exemptions from Treasury Board policies, and on the assessment of related departmental audit reports.

In overseeing **Expenditure Management**, the Secretariat:

- ▶ allocates and re-allocates resources;
- ▶ reviews programs—for efficiency, effectiveness, and sustainability;
- ▶ directs investments to achieve increased efficiency and effectiveness;
- ▶ acquires, structures, and analyses information on programs and management;
- ▶ advises on the appropriateness of actual and proposed program delivery structures, for both the Treasury Board and the budget development process;
- ▶ advises on the implications of existing management, program, and resources capacity for the implementation of proposed new policy priorities; and

- ▶ supports Parliament in its role in approving spending and holding the government to account through the preparation of Estimates and Public Accounts, and parliamentary and public reporting on expenditures and program results.

In supporting **Financial Management and Control**, the Secretariat, through the Office of the Comptroller General, is responsible for:

- ▶ setting financial, accounting, and auditing standards and policies for the Government of Canada;
- ▶ overseeing all government spending, including review and sign-off of new spending initiatives;
- ▶ providing advice and guidance to departmental comptrollers (senior financial officers) on sound financial management and administrative practices and procedures;
- ▶ managing and conducting internal audit operations for small agencies that do not have their own internal audit capacity;
- ▶ modernizing the government's financial management suite of policies;
- ▶ providing leadership to the Public Service, through the financial community, focussing on the need to ensure and enforce appropriate financial controls and cultivate sound resource stewardship at all levels across the federal Public Service;
- ▶ nurturing and managing the professional development of the financial community, including establishing accreditation and certification standards and advising on the financial management modules of the public service learning curriculum; and
- ▶ approving the appointment of all departmental comptrollers.

The work of the Secretariat is funded through operating expenditures. In addition, the Secretariat administers Treasury Board central funding related to:

- ▶ government contingencies—these funds are 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, which are not provided for in departmental estimates;
- ▶ government-wide initiatives—these funds are used to supplement budgets in other departments and agencies in support of the implementation of strategic management initiatives in the Public Service of Canada;
- ▶ public service pensions and insurance—these funds provide for:
  - 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, benefit, and insurance plans for employees engaged locally outside Canada; and
  - return to certain employees of their share of the unemployment insurance premium reduction.

## B. The Broader Portfolio

The Treasury Board is also responsible for personnel management in the Public Service of Canada, including the determination of terms and conditions of employment. This includes the determination of some of the terms and conditions of employment of persons appointed by the Governor in Council, the Canadian Forces, and the Royal Canadian Mounted Police. The Treasury Board is also the employer of the employees of the departments and other portions of the Public Service identified in Part I of Schedule I of the *Public Service Staff Relations Act* and, as such, it is the principal employer of the Public Service.<sup>1</sup>

In exercising its responsibilities for personnel management, the Treasury Board's principal activities are to:

- ▶ provide the policy and standards for the classification of positions in the Public Service;
- ▶ establish the terms and conditions of employment through the collective bargaining process and otherwise; and
- ▶ establish standards of discipline and prescribing penalties, including termination of employment for misconduct.

The Secretariat supports the Treasury Board in its role as employer in conjunction with its key portfolio partners, which include:

- ▶ the Public Service Human Resources Management Agency of Canada; and
- ▶ the Canada School of Public Service.<sup>2</sup>

Together, the Secretariat and its portfolio agencies, with the Public Service Commission, share the broad objective of attracting, retaining, and managing an effective, talented, and professional Public Service needed to support and deliver the government's priorities and programs.

In summary, the strategic goal of the Treasury Board of Canada Secretariat is to ensure excellence in the stewardship of public resources. In achieving this goal, the Secretariat's strategic objectives are to promote excellence in:

- ▶ management performance;
- ▶ expenditure management; and
- ▶ financial management and control.

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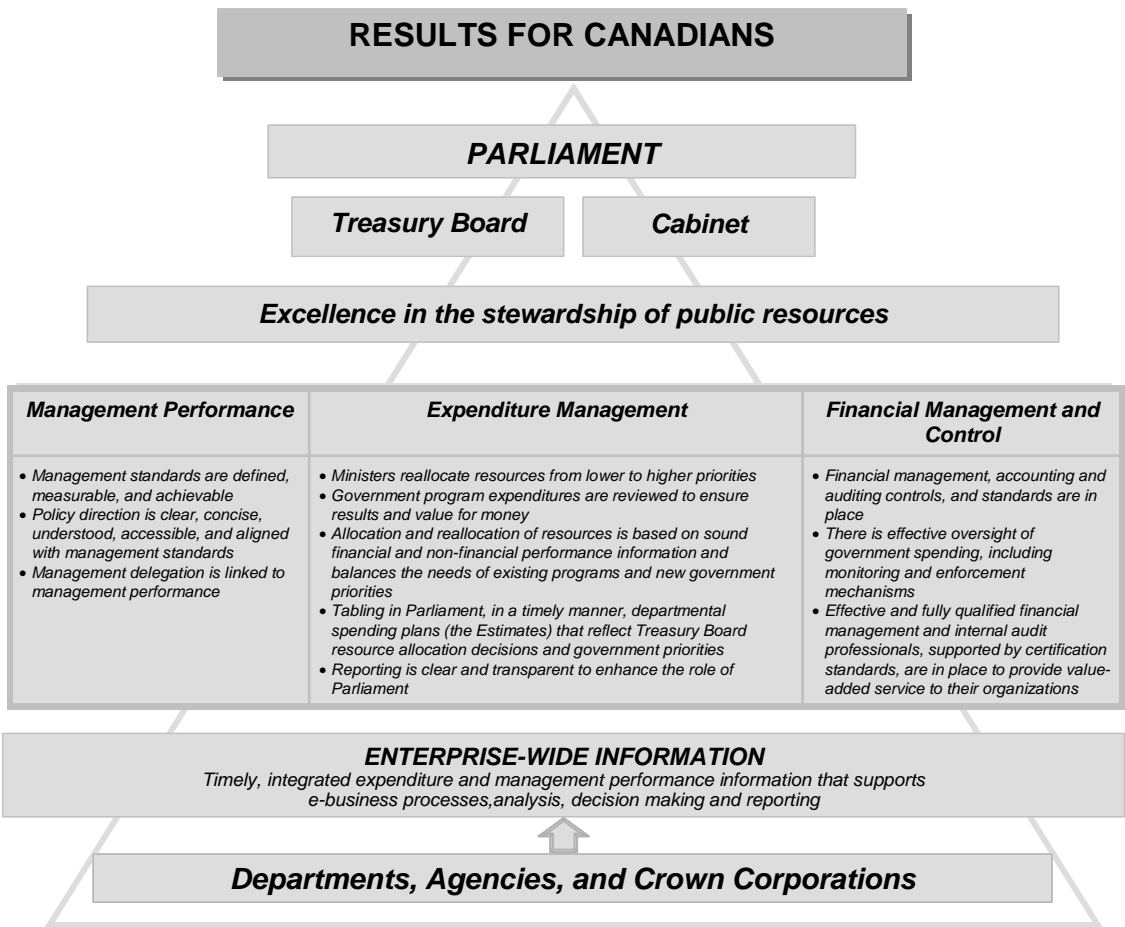
<sup>1</sup> Other employers are referred to as separate employers and are identified in Part II of Schedule I of the *Public Service Staff Relations Act*. Examples of separate employers are the Canadian Food Inspection Agency, the National Research Council Canada, the Office of the Auditor General of Canada, and the Communications Security Establishment.

<sup>2</sup> These two agencies and their current responsibilities resulted from the machinery changes announced on December 12, 2003, and, more recently, those announced on July 20, 2004, in which the two agencies formed part of the President of the Treasury Board's portfolio.

With its portfolio partners, the Secretariat also supports the Treasury Board in its role as the principal employer of the federal Public Service, and the corporate management of the portfolio as a whole through an ongoing **Corporate Management** function, whereby the Secretariat supports priority areas and works to provide a supportive environment for its own employees.

C. Strategic Planning Framework

The diagram below provides an overview of the Treasury Board of Canada Secretariat’s strategic planning framework, highlighting strategic outcomes and objectives.



More information on the Treasury Board of Canada Secretariat can be found at the following Web site: [www.tbs-sct.gc.ca](http://www.tbs-sct.gc.ca).

## Section III: Planning Overview

The Secretariat faces a challenging planning environment. There is clear public demand for greater openness and transparency, accountability, and expenditure oversight in government. It operates in a very complex environment. And the Secretariat itself must respond to government direction to re-focus its mandate on its core roles and government priorities.

The following section provides an overview of:

- ▶ the Secretariat's operating environment; and
- ▶ government direction.

### A. Operating Environment

Making sure Canadian tax dollars, programs, and services are aligned with government and public priorities and managed in a manner that is effective, efficient, and accountable is a fundamental responsibility of good government.

The Government of Canada is the largest organization in Canada. Taken as a whole, it is made up of hundreds of widely different organizational entities that serve a wide array of public policy objectives and priorities.

Within this context, the federal government is more than four times larger than the next largest employer, with seven times more revenue than the next largest organization in the country. It has more than 1,600 programs and 2,000 points of service in Canada and abroad. It administers more than \$180 billion per year supporting national programs, services, and transfers to the provinces and processes more than 350 million transactions. And it plays a role in supporting international security and trade, in regulating and overseeing commerce, in protecting our environment, and in strengthening our social safety systems. Put simply, the Government of Canada makes enormous contributions to the social, economic, and cultural well-being of Canadians.

The government is supported by 450,000 federal employees—public service employees, RCMP officers, and members of the military—who are dedicated to protecting Canadians' interests and values, improving how we govern, and serving Canadians well. Canada's federal public service employees are drawn from every region of the country, embrace Canada's diversity, and have contributed significantly to the quality of life that Canadians enjoy and to the enviable reputation Canada has in the world.

However, the federal Public Service is facing significant challenges. Globalization, the information revolution, greater demand for openness, and increased scrutiny have all intensified pressure to strengthen management, accountability, and transparency across the public sector, to demonstrate results, and give Canadians value for money. Pressures are also increasing as the demographic profile of the federal public sector ages and Canada becomes ever more diverse. Further, Canadians increasingly expect seamless, integrated services.

Traditional structures of government often cannot meet Canadians' growing demands for timeliness, transparency, and integrated services and faster service delivery.

The net result is that the public sector is facing growing and deepening challenges in terms of its ability to meet higher public expectations for service, openness, and accountability, while remaining within existing resources.

## B. Government Direction

The government has made a commitment to respond to these issues and to strengthen public sector management. Specifically, the government's plan to strengthen public sector management includes comprehensive measures to:

- ▶ strengthen comptrollership and oversight;
- ▶ review and improve expenditure and performance management;
- ▶ enhance openness, transparency, and the role of Parliament; and
- ▶ build public sector capacity in key areas.

As a means to this, the role of the Secretariat was changed on December 12, 2003, to provide more rigorous oversight of government expenditures in pursuit of public sector management excellence. The Secretariat was restructured in the following ways:

- ▶ The Comptroller General was established as a distinct office within the Secretariat.
- ▶ The bulk of the Secretariat's human resources management functions were transferred to the new Public Service Human Resources Management Agency of Canada.
- ▶ The Government On-Line program was transferred from the Secretariat's Chief Information Officer Branch to Public Works and Government Services Canada.

The Secretariat retained responsibility for supporting the Treasury Board as the employer of the Public Service with respect to labour relations, compensation management, pensions, and benefits.

Key challenges in responding to this direction include:

- ▶ modernizing the expenditure management system operations and cycle, and enhancing the role of the Treasury Board in the annual budgetary process;
- ▶ continuing work to renew Treasury Board management policy, strengthen the Management Accountability Framework, and streamline the Treasury Board policy suite;
- ▶ enhancing departmental oversight and engagement;
- ▶ developing integrated, enterprise-wide information management and analysis systems, as well as the Management Resources and Results and Reporting Structure and Expenditure Management Information System;
- ▶ re-engineering and streamlining internal Secretariat business processes; and
- ▶ re-organizing the Secretariat to deliver in this new environment.

To meet the challenges it is facing and deliver on the government's agenda to strengthen public sector management, the Secretariat is focussing its plans and priorities on achieving excellence in the stewardship of public funds. We have identified three priority areas, namely Management Performance, Expenditure Management, and Financial Management and Control, for the upcoming year and each of these areas is discussed in detail in the next section of this document.



## Section IV: Priorities, Results, and Plans by Strategic Outcome

In order to strengthen public sector management and ensure the proper stewardship of public funds, the Secretariat has identified three priority areas:

- ▶ Management Performance;
- ▶ Expenditure Management; and
- ▶ Financial Management and Control.

Each of these areas, as well as our own corporate management and the key initiatives that support them will be defined and described in this section.<sup>3</sup> Each key initiative will outline results to be achieved, planned activities, and the risks to be managed.

Taken together, these initiatives will help to ensure the Secretariat is better able to do its job supporting the sound stewardship of public resources across the government as a whole.

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<sup>3</sup> At the time this document was prepared, the Secretariat was still in the midst of a restructuring process and a resource review that could result in a realignment of the organizational structure, reporting structure, and/or associated resources as they are portrayed in this document.

## A. Summary

The following table shows the Secretariat's resource allocation by previously introduced priority areas and the key initiatives that support them:

Strategic Outcome: <b>Rigorous Stewardship of Public Resources Consistent with the Highest Standards of Public Management to Achieve Results for Canadians</b>			
<b>Management Performance</b>			
<b>(\$ thousands)</b>	<b>2004-05</b>	<b>2005-06</b>	<b>2006-07</b>
Operating expenditures	51,729	27,273	25,354
Public service pensions and insurance (Vote 20)	1,609,520	1,784,220	1,784,220
<b>The Secretariat seeks to ensure the highest standards of public management by:</b>			
<ul style="list-style-type: none"> <li>strengthening management performance through the government's Management Accountability Framework (ongoing);</li> <li>renewing Treasury Board management policies (ongoing);</li> <li>building public service management capacity (new);</li> <li>proactive disclosure of government spending (ongoing);</li> <li>strengthening accountability and governance regimes (new); and</li> <li>transforming government service delivery (new).</li> </ul>			
<b>Expenditure Management</b>			
<b>(\$ thousands)</b>	<b>2004-05</b>	<b>2005-06</b>	<b>2006-07</b>
Operating expenditures	50,109	41,925	39,620
Government Contingencies (Vote 5)	750,844	750,750	750,000
<b>The Secretariat seeks to ensure that resources are aligned to achieve government priorities by:</b>			
<ul style="list-style-type: none"> <li>reviewing government expenditures (ongoing);</li> <li>reallocating from lower to higher priorities (ongoing);</li> <li>improving expenditure management and performance information (ongoing); and</li> <li>reforming Estimates and reporting to Parliament (new).</li> </ul>			
<b>Financial Management and Control</b>			
<b>(\$ thousands)</b>	<b>2004-05</b>	<b>2005-06</b>	<b>2006-07</b>
Operating expenditures	8,496	7,037	7,037
Government Initiatives (Vote 10)	32	-	-
<b>The Secretariat seeks to ensure effective control, oversight, and monitoring systems for public expenditures so that value for money is a core consideration in spending, expenditure review, and management decisions by:</b>			
<ul style="list-style-type: none"> <li>strengthening financial management (ongoing and new);</li> <li>strengthening the internal audit function (ongoing and new);</li> <li>building public service financial management and audit capacity (ongoing and new); and</li> <li>strengthening financial management systems (ongoing and new).</li> </ul>			
<b>Corporate Management</b>			
<b>(\$ thousands)</b>	<b>2004-05</b>	<b>2005-06</b>	<b>2006-07</b>
Operating expenditures	38,205	31,952	30,840
Government Initiatives (Vote 10)	10,000	10,000	10,000
<b>The Secretariat will ensure strategic and effective departmental management to achieve the strategic outcome of stewardship by:</b>			
<ul style="list-style-type: none"> <li>restructuring the Treasury Board of Canada Secretariat (new); and</li> <li>re-engineering internal business processes (new).</li> </ul>			
<b>(\$ thousands)</b>	<b>2004-05</b>	<b>2005-06</b>	<b>2006-07</b>
<b>Total operating expenditures</b>	<b>148,539</b>	<b>108,187</b>	<b>102,851</b>
<b>Total centrally administered funds</b>	<b>2,370,396</b>	<b>2,544,970</b>	<b>2,544,220</b>

## B. Management Performance

The Secretariat seeks to ensure the highest standards of public management by performing the ongoing activities of:

- ▶ establishing citizen-focussed and results-oriented government policies and standards to guide and improve management practices in departments and agencies;
- ▶ further developing the government's Management Accountability Framework, which sets out expectations for sound public management;
- ▶ enhancing public service capacity by establishing a core learning framework related to basic management skills and setting certification standards for public service managers and functional communities;
- ▶ ensuring the sound management and innovative use of information and communications technology to make information more readily available to Canadians; and
- ▶ developing and promoting enterprise-wide service transformation strategies that will provide Canadians with convenient, single window, multi-channel access to services, seamlessly integrated across programs, departments, and jurisdictions.

The Secretariat continues to play a key role in supporting sound people management in that part of the Public Service for which the Treasury Board is the employer by:

- ▶ negotiating the terms and conditions of work for unionized employees with public service bargaining agents, as well as determining the compensation of excluded and un-represented employees; and
- ▶ managing the various pension and benefit plans provided for public service employees.

Key initiatives to improve management performance include:

1. strengthening management performance through the government's Management Accountability Framework;
2. renewing Treasury Board management policies;
3. building public service management capacity;
4. proactive disclosure of government spending;
5. strengthening accountability and governance regimes; and
6. transforming government service delivery.

The following table and spending notes outline the resource allocation for initiatives dedicated to the management performance priority area.

Management Performance (\$ thousands)				
	Forecast 2003-04	Planned 2004-05	Planned 2005-06	Planned 2006-07
Secretariat Operations <sup>(1)</sup>	252,413	51,729	27,273	25,354
Full-time Equivalents	281	282	225	210
Centrally administered Funds <sup>(2)</sup>	1,154,774	1,609,520	1,784,220	1,784,220
Total Planned Spending	1,407,187	1,661,249	1,811,493	1,809,574

### Spending Notes

- (1) Year-over-year analysis:

#### 2004-05 over 2003-04

The decrease of \$200.7 million from 2003-04 to 2004-05 is mainly due to statutory spending related to unallocated employer contributions (\$207.4 million), as reported in the 2003-04 Public Accounts and not planned for in 2004-05. This is partially offset by a net increase in reference levels of \$6.7 million due to:

- an increase in time-limited resources for Common Infrastructure and Service Delivery (\$9.2 million) and Information Sharing and Interoperability Security (\$1.4 million); and
- a reduction in reference levels due to expired resources related to Government On-Line (\$3.7 million).

#### 2005-06 over 2004-05

The decrease of \$24.5 million from 2004-05 to 2005-06 is mainly due to a reduction in time-limited resources provided to Government On-Line (\$9.8 million), Common Infrastructure and Service Delivery (\$9.2 million), Information Sharing and Interoperability Security (\$1.0 million) and Executive Classification Reform (\$0.3 million).

#### 2006-07 over 2005-06

The decrease of \$1.9 million from 2005-06 to 2006-07 is mainly due to a reduction in time-limited resources for Government On-Line (\$1.6 million) and Information Sharing and Interoperability Security (\$0.3 million).

- (2) Represents Public Service Pensions and Insurance (Vote 20).

## **1. Strengthening Management Performance through the Government's Management Accountability Framework**

Management improvement has long been a focus of the Government of Canada. Drawing on the lessons learned and the management practices identified through the Modern Comptrollership Initiative, the Treasury Board of Canada Secretariat introduced the Management Accountability Framework (MAF) in 2003 to clarify management expectations of deputy heads and public service managers.

Over the next two years, the Secretariat will further develop aspects of the MAF to strengthen public sector management and, in particular, reinforce accountability mechanisms, assess and monitor management performance at both the departmental level and government-wide, and support improvements to management practices. The MAF is available for viewing at: [http://www.tbs-sct.gc.ca/maf-crg/maf-crg\\_e.asp](http://www.tbs-sct.gc.ca/maf-crg/maf-crg_e.asp).

### **Results**

- ▶ The Secretariat will work with departments and agencies to establish a baseline for measurement by identifying and agreeing to common indicators of effective management performance by 2005–06. These common indicators will be designed to strengthen accountability and reporting of federal public sector management performance.
- ▶ Using these common indicators of management performance, the Secretariat will conduct annual assessments of federal departments and agencies to monitor improvements to management practices, identify and promote best practices in management, and ensure that the management expectations of deputy heads and public service managers are achieved government-wide.

### **Plan**

- ▶ The Secretariat will engage deputy heads to examine key horizontal management issues, as well as those specific to their organization, and to outline their management improvement plan early in 2005–06.
- ▶ The Secretariat will monitor and annually assess management performance, both departmentally and government-wide. Findings from these assessments will be used to:
  - identify and share information on the best management practices and monitor improvement;
  - monitor adherence of senior public service employees and ministers to the automatic and public disclosure of spending on government hospitality, travel, and contracts entered into by the Government of Canada for amounts over \$10,000;
  - provide input to the Clerk of the Privy Council's annual performance evaluation of deputy heads; and
  - publish a government-wide report on the state of management within the Public Service in 2005–06.

- ▶ The Secretariat will also work with departments and agencies to provide ongoing direction and advice on ways in which their management performance can be improved on a continual basis.

### **Risk and Challenges**

- ▶ Using the MAF will be a significant challenge, due to the diversity of business and the tremendous amount of change experienced by many departments and agencies over the past year. Effective horizontal communication and a long-term, sustained commitment will be necessary. In addition, developing an appropriate measurement and monitoring strategy to assess the management performance of more than 100 distinct departments and agencies will require an integrated approach to ensure comprehensiveness and comparability.
- ▶ The Secretariat also recognizes that it will need to develop new skills and capacity to ensure that the management performance of deputy heads and departments is fairly evaluated and represented. To be successful, the Secretariat will need to foster partnerships and ensure clear understanding and consensus with program areas, management, and across functional communities.

## **2. Renewing Treasury Board Management Policies**

In late 2002, the Secretariat embarked on an exercise to renew the Treasury Board suite of policies as a key feature of its plan to strengthen management from both a departmental and whole-of-government perspective. Since then, much has been accomplished to create an overall Treasury Board management policy architecture within which related policies, directives, guidelines, and procedures can easily be accessed by public service managers and the various functional communities of practice, such as financial managers, procurement, materiel management, and real property specialists that advise public service managers every day.

On December 12, 2003, the mandate of the Secretariat was refocussed to strengthen its capacity for oversight to improve accountability for management performance. As a result, the Treasury Board Management Policy Review is being adapted to align clearly and directly with the objectives of the Management Accountability Framework (MAF) discussed above. Together, the MAF and the renewed suite of Treasury Board management policies will clarify management expectations for deputy heads and public service managers. They will also provide the basis for the Secretariat to oversee policy compliance and monitor and assess management performance across the federal Public Service.

### **Results**

- ▶ The Secretariat will continue its work to create an integrated suite of management policy instruments to support Treasury Board's strengthened oversight responsibilities and to reinforce the accountabilities of departments and agencies.
- ▶ The renewed policy suite will:
  - be user-centred to provide managers and employees with focussed direction;
  - be integrated and streamlined to minimize implementation costs, while optimizing impact;

- address existing and emerging management challenges and priorities; and
  - be aligned with the Management Accountability Framework to promote clear expectations, accountabilities, and policy compliance.
- ▶ Treasury Board policy instruments related to contracting, procurement, and real property will be renewed by March 31, 2005.
- ▶ The remainder of the Treasury Board management policy suite will be renewed by March 31, 2007.

## **Plan**

- ▶ The Secretariat will continue to collaborate with the Public Service Human Resources Management Agency of Canada to ensure harmonization with the Treasury Board suite of human resources management policies.
- ▶ The Secretariat will also engage departments, agencies, and functional communities during the policy development process to address any issues related to their capacity for implementation, policy compliance, and the choice of effective policy instruments.
- ▶ The Secretariat will also harmonize management policy reforms with the findings and recommendations of the Expenditure Review Subcommittee, especially as related to its review of the *Financial Administration Act*, Capital Asset Management, Procurement, and Contracting, Corporate and Administrative Services, Professional Services, and the Use of Information Technology and its Management.

## **Risks and Challenges**

- ▶ The Secretariat's recent change in mandate reinforces the need for a solid management policy foundation that will provide clarity to departments and agencies in terms of direction, accountabilities, performance, and compliance expectations, as well as the consequences of poor performance. It will be a significant challenge to reorient the Treasury Board management policy suite to these new objectives. Maintaining momentum for renewal of the Treasury Board management policy suite will be required at all levels in order to attain the desired outcome.
- ▶ To be effective, policy reform must deal with all related implementation challenges, including departmental capacity and related cost of compliance. The Secretariat recognizes the need to identify to departments and agencies the core information they will need to collect, together with a forward plan for the development or modification of related systems and processes to optimize assessments of management performance and ensure policy compliance.
- ▶ Policy reform will also need to be factored into the Treasury Board of Canada Secretariat's objectives for the development of a new learning curriculum for all public service managers, as well as certification programs that will be developed for certain functional communities.

### **3. Building Public Service Management Capacity**

In today's complex and rapidly evolving knowledge-based environment, public service employees must be able to satisfy the demands of citizens for effective and efficient service and be responsible and accountable for the management of programs and operations. The transformation and strengthening of public service management therefore relies on a skilled, well-trained, and developed workforce.

Two key areas must be addressed at this time: the development of core knowledge and management skills of all public service managers, and the strengthening of competencies and qualifications of the various functional communities of practice, such as the financial, procurement, materiel management, and real property specialists who support public service managers every day. To that end, and in partnership with the Canada School of Public Service, the Secretariat will establish objectives for a core learning curriculum for all public service managers and develop certification programs for specific functional communities.

#### **Results**

- ▶ Throughout 2004–05, the Secretariat will establish objectives and begin development of a core learning framework for public service managers and functional communities from entry level on through successive levels of responsibility.
- ▶ The Secretariat will also put in place mechanisms for the development of professional certification standards for several public service functional communities of practice, such as procurement, materiel management, and real property specialists.

#### **Plan**

- ▶ By the end of 2004–05, in partnership with the Canada School of Public Service, the Public Service Human Resources Management Agency of Canada, and functional communities, the Secretariat will develop a core learning framework to provide clear, consistent, and comprehensive programs to meet the common learning needs of public service managers.
- ▶ Over the same time period, the Secretariat will begin government-wide consultations on the development of professional certification standards, define and establish the standard-setting process, and develop certification standards for selected functional communities. This work is expected to continue over the next few years.
- ▶ Also in co-operation with the Canada School of Public Service and departments, the Secretariat will lead the development of core curriculum learning plans to support the competency profiles of functional specialists, as well as e-learning and classroom courses. Some of these tools will be available this fiscal year and the remainder are planned for availability in 2005–06.

#### **Risks and Challenges**

- ▶ The development of a core learning framework for a workforce as diverse as the federal Public Service is a significant challenge. It will require a sustained effort and a long-term commitment of time and resources to effectively raise the skills and competencies of the Public Service.



- ▶ An integrated approach and strong and productive partnerships with the Canada School of Public Service, public service executives and managers, and all functional communities of practice will be necessary to ensure that programs for managers evolve to address common and emerging learning priorities.
- ▶ Careful planning will be required in the identification of common knowledge needs and accessibility for all public service managers. Affordability, sustainability, and continual improvement of the core learning framework must be assured as a long-term goal of this initiative.

#### **4. Proactive Disclosure of Government Spending**

As part of its efforts to strengthen accountability and transparency, the government introduced new disclosure measures that require the quarterly publication of travel and hospitality expenses of senior officials, as of December 12, 2003. These measures apply to ministers, ministers of state, parliamentary secretaries and their exempt staff, as well as deputy ministers, associate deputy ministers, assistant deputy ministers, and equivalent levels.

Senior financial officers of each department are responsible for validating the data and ensuring timely reporting.

Information on senior officials' travel and hospitality expenses is currently available on the Web site of their respective department or agency, so as to meet the government's priority of ensuring transparency and accountability to Canadians and to Parliament on the use of public funds. As well, a proactive disclosure intranet site is being developed to provide guidance to departments and to address frequently asked questions.

##### **Results and Plan**

- ▶ The Secretariat is considering other types of information that could be made routinely available on departmental and agency Web sites.
- ▶ In fall 2004, departments and agencies will begin to report on all contracts for goods and services exceeding \$10,000, other than for a very limited number of exceptions, such as those involving national security.

##### **Risks and Challenges**

- ▶ Proactive disclosure introduces a new way of doing business, not only for senior officials, but also for the departments and agencies that will have to put in place the information management mechanisms to allow accurate reporting and the availability of complete information on a timely basis.
- ▶ Information that is to be posted must clarify accountability for decisions and actions taken and at the same time provide greater transparency. As such, the challenge will be both to develop and to maintain a proactive disclosure framework that is not overly burdensome but responds effectively to this government priority.

## 5. Strengthening Accountability and Governance Regimes

The government has taken the Report of the Auditor General released in February 2004 concerning sponsorship and advertising very seriously. In addition to launching a public inquiry and appointing a special counsel to recover misappropriated funds, the government asked the Secretariat to initiate a number of reviews to strengthen government accountability mechanisms. The three reviews are:

- ▶ strengthening compliance and sanctions mechanisms under the *Financial Administration Act* (FAA);
- ▶ better defining the respective accountabilities and responsibilities of ministers and senior public service employees; and
- ▶ improving the governance and transparency of Crown corporations.

Consistent with the Secretariat's commitment to greater openness and transparency and the government's commitment to respond to the Report of the Auditor General concerning sponsorships and advertising, the Secretariat will also support the work of the Commission of Inquiry into the Sponsorship Program and Advertising Activities, headed by Mr. Justice John H. Gomery.

### Results

- ▶ The first review examining the compliance and sanction mechanisms under the FAA will determine:
  - what compliance mechanisms are more likely to prevent and deter mismanagement in the Public Service;
  - whether criminal sanctions for breaches of the Act need to be updated;
  - ways to hold former public service employees, employees of Crown corporations, and public office holders accountable for breaches of the Act; and
  - options to facilitate financial recoveries in instances where mismanagement has resulted in the loss of public funds.
- ▶ The second review aims to better define the respective accountabilities and responsibilities of ministers and senior public service employees by examining:
  - who is accountable for what to whom;
  - whether accountabilities and responsibilities are well understood by ministers, political staff, and senior public service employees; and
  - what changes are needed to strengthen the accountability of ministers and public service employees.
- ▶ The third review, looking at improving the governance and transparency of Crown corporations, will:
  - assess the governance and accountability regime for Crown corporations under Part X of the FAA and other Privy Council Office, Department of Finance Canada, and Treasury

Board policies and guidelines, as well as the regime for Crown corporations exempt from Part X of the FAA;

- assess the capacity of boards of directors, ministers, the Treasury Board of Canada Secretariat, the Department of Finance Canada, the Privy Council Office, and Parliament to effectively fulfill their responsibilities with respect to Crown corporations;
- determine ways to strengthen management, transparency, and oversight of the governance and accountability framework for Crown corporations; and
- introduce new corporate governance rules for Crown corporations and require five-year, special audits conducted by the Auditor General to be tabled in Parliament and posted on the Web sites of Crown corporations.

### **Plan**

- ▶ All three reviews will be concluded in the autumn of 2004.
- ▶ The Secretariat will work with key partners for the successful implementation of recommendations, including central agencies, Cabinet, and members of Parliament and Crown corporations and provide the appropriate oversight, analysis, and advice for departments and agencies as implementation of the recommendations takes place.
- ▶ The Secretariat will act on any necessary changes to legislation (e.g. the FAA), regulations and/or government-wide policies as soon as possible. Where warranted, non-legislative changes identified during the course of these reviews will be implemented.

### **Risks and Challenges**

- ▶ In carrying out these reviews, a broadly based consultative process is underway, for both inside and outside government, developed with the assistance of learning institutions and policy groups. The Secretariat will actively seek the views of parliamentarians, academics, the Auditor General, Canadians, and other interested stakeholders.

## **6. Transforming Government Service Delivery**

Canadians want more than the opportunity to access high-quality services on-line. Citizens and businesses are looking for convenient single-window, multi-channel access to government services, seamlessly integrated across programs, departments, and jurisdictions and they expect a transparent government that provides opportunities to participate in policy decisions. By transforming how services are delivered, the Government of Canada aims both to improve citizens' satisfaction with government services and to enhance the efficiency and value for money of government service investments.

Achieving this kind of responsive, cost-effective government will require a strong client focus to rethink and integrate services, and an enterprise-wide approach to rationalize service delivery and the technology that enables it. Client relationships must be managed across channels, and doing this effectively means setting client service targets and performance standards, and measuring results, and improving service delivery accordingly in both areas of information technology and corporate administrative services.

Transforming services and programs requires the Secretariat to provide leadership and set a common service vision for the Government of Canada, by defining common business processes, technologies, and architectures and by shaping enterprise management models and accountabilities to drive the rethinking and integration of service offerings, the reuse of information, and the realignment of programs to better achieve desired policy outcomes.

The Chief Information Officer Branch (CIOB) of the Secretariat is leading efforts by departments and agencies to reach a consensus on an achievable path forward for service transformation in the federal government. CIOB is working closely with key partners—including the Office of the Comptroller General, Public Works and Government Services Canada (PWGSC) and the Public Service Human Resources Management Agency of Canada (PSHRMAC), as well as the service delivery, IT, HR and financial/materiel communities—to develop the strategies, frameworks, and tools required to achieve the Government of Canada's broader service transformation objectives.

### **Results**

- ▶ A longer-term strategy for sustaining the common infrastructure (Secure Channel) will be developed in collaboration with PWGSC in the fall of 2004.
- ▶ Government-wide expenditure reviews of Corporate and Administrative Services, Use of Information Technology and its Management, and Service Delivery Infrastructure are currently underway. Once completed, the findings will provide opportunities for ministers to make recommendations before the end of the fiscal year on how to improve the value for money of government investments.
- ▶ A coherent service vision and strategy for the Government of Canada will also be presented to ministers this fiscal year. Ministerial guidance will be sought on the overall direction for service transformation and options for the renewal of the service face of government. The service vision and strategy will be used to align and drive transformation and integration activities across the federal government.

- ▶ Federal priorities for interjurisdictional service delivery collaboration will be identified and work launched to explore options for service delivery partnerships with provinces, territories, and municipalities by the end of this fiscal year.
- ▶ Strategies to accelerate the shift to self-service will be developed and implemented in key departments by early 2005.
- ▶ A new service policy will be developed to set strategic directions for the continued service improvement and service transformation priorities established above, as well as a strategic framework including performance measures. This will be approved and communicated in 2005.
- ▶ Legislative or policy barriers to integrated service delivery will be identified and options for addressing issues will be determined in 2005.
- ▶ Departmental participation in the Service Improvement Initiative, which was launched in 2000, will increase and, by the end of 2005, there will have been a 10% increase in the overall client satisfaction with federal services.

### **Plan**

- ▶ The Secretariat will set out a service strategy by the end of fiscal year 2004–05, seeking to establish service transformation as a government priority.
- ▶ The Secretariat will complete, by the end of fiscal year 2004–05, reviews of service delivery infrastructures, information technology, and corporate administrative services.
- ▶ The Secretariat will lead the development of a longer-term strategy to refresh and embed enterprise architecture for technology, information, and business processes for the Government of Canada. This will include a coherent collection of standards, guidelines, frameworks, reference models, and support services across the architectural domains of IM, IT, application, business, security, privacy, and accessibility.
- ▶ The Secretariat will establish and oversee governance mechanisms for key service transformation projects that cut across departments or jurisdictions.
- ▶ The Secretariat will collaborate with PWGSC to develop a strategy for the Secure Channel.

### **Risks and Challenges**

- ▶ Significant financial investments will be required to transform service delivery, along with sophisticated change management and project management to support the change in organizational culture to one of the Government of Canada as a single enterprise.
- ▶ Legislation may also be required to establish new programs to identify Canadians and business clients in a standard fashion and to increase the re-use of information across departments.

## C. Expenditure Management

The Secretariat supports the Treasury Board to ensure that resources are aligned to achieve government priorities by:

- ▶ reviewing, analysing, and monitoring government program expenditures in order to provide ongoing advice to Treasury Board ministers on the allocation and reallocation of resources to achieve government priorities within the affordability bounds set by the fiscal framework;
- ▶ providing ongoing direction and advice to departments and agencies with respect to expenditure management and the strategic allocation and reallocation of resources;
- ▶ leading, strengthening, and monitoring results-based management and capacity for program evaluation across government, thereby supporting the generation of accurate, objective, evidence-based performance information that contributes to program improvements, priority setting, and resource reallocation;
- ▶ providing expenditure management policy research and analysis; developing and maintaining the enterprise-wide Expenditure Management Information System;
- ▶ managing expenditure management operations and access to the central reserves under Treasury Board control;
- ▶ tabling in Parliament the Government's Main Estimates, Supplementary Estimates, reports on plans and priorities (RPPs) and departmental performance reports (DPRs) for government departments and agencies in an accurate and timely manner in accordance with prevailing parliamentary schedules and protocols.

Key initiatives to improve expenditure management include:

1. reviewing government expenditures;
2. reallocating from lower to higher priorities;
3. improving expenditure management and performance information; and
4. reforming Estimates and reporting to Parliament.

The following table and spending notes outline the resource allocation for initiatives dedicated to the expenditure management priority area.

Expenditure Management (\$ thousands)				
	Forecast 2003–04	<b>Planned 2004–05</b>	Planned 2005–06	Planned 2006–07
Secretariat Operations <sup>(1)</sup>	35,185	<b>50,109</b>	41,925	39,620
Full-time Equivalents	252	<b>377</b>	356	331
Centrally administered Funds <sup>(2)</sup>	-	<b>750,844</b>	750,750	750,000
Total Planned Spending	35,185	<b>800,953</b>	792,675	789,620

## Spending Notes

(1) Year-over-year analysis:

### 2004–05 over 2003–04

The increase of \$14.9 million is mainly due to an increase of time-limited resources for EMIS redevelopment (\$11.4 million), establishing Expenditure Management Review Teams (\$2.9 million), and supporting the Public Security and Anti-terrorism (PSAT) initiatives (\$1 million).

### 2005–06 over 2004–05

The decrease of \$8.2 million from 2004–05 to 2005–06 is mainly due to a reduction in time-limited funding for initiatives, such as EMIS (\$5.9 million), Evaluation (\$1.5 million), and PSAT (\$0.7 million).

### 2006–07 over 2005–06

The decrease of \$2.3 million from 2005–06 to 2006–07 is mainly due to a reduction in time-limited funding for EMIS (\$2.1 million) and PSAT (\$0.2 million).

(2) Represents Government Contingencies (Vote 5) funds used to cover salary shortfalls and temporary transfers to departments for interim financing and Government-wide Initiatives (Vote 10) funds for distribution to departments and agencies for the implementation of government-wide initiatives.

## 1. Reviewing Government Expenditures

The Secretariat is committed to implementing an ongoing process of expenditure review.<sup>4</sup>

### Results

- ▶ The ongoing process of expenditure review will be one of the principal means through which the Secretariat exercises its oversight role with the objective of sustainable, effective, and efficient programs that achieve results consistent with government priorities. An integral way in which the reviews will be used to achieve that objective is through ongoing reallocation of resources from lower to higher priorities within and across policies, programs, and operations to ensure spending is aligned with the government's priorities.

### Plan

- ▶ The Secretariat will support this effort in the following ways:

1. Horizontal Policy and Program Reviews

These reviews will assess a small number of horizontal policies and programs to determine the adequacy of their management, delivery, accountability, and reporting, as well as opportunities for government to realign spending and improve program delivery. Initially, these reviews will focus on creating horizontal databases for:

- Public Security and Anti-Terrorism;
- Biotechnology;
- Climate Change;
- Water;
- Support for Aboriginal Peoples; and
- International.

2. Government Operations Reviews

These reviews will examine government expenditures, operations, and systems in the following nine areas:

- Capital Asset Management;
- Public Service Compensation and Comparability;
- Procurement and Contracting;
- Corporate and Administrative Services;
- Professional Services;

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<sup>4</sup> In addition, the government announced the creation of the Expenditure Review Subcommittee. Further information about this committee can be found at [http://www.pco-bcp.gc.ca/default.asp?Language=E&Page=informationresources&Sub=ministry&Doc=committee\\_e.htm](http://www.pco-bcp.gc.ca/default.asp?Language=E&Page=informationresources&Sub=ministry&Doc=committee_e.htm).



- Use of Information Technology and its Management;
- Service Delivery Infrastructure;
- Federal Institutional Governance; and
- Legal Services.

### 3. Departmental Reviews

The Secretariat is the government's primary instrument for providing oversight and ongoing review of departmental spending—this function is led by the program sectors of the Secretariat.

#### **Risks and Challenges**

- ▶ Reinvestment of resources may be required in the short term to meet the efficiencies expected over the longer term.
- ▶ It is also anticipated that in some cases significant change to current public service policy, practices, and business processes will be recommended. Strong leadership and a sustained effort will be required to implement management improvements to realize anticipated savings and ensure long-term sustainability.

## **2. Reallocating from Lower to Higher Priorities**

In the 2002 Speech from the Throne and in Budgets 2003 and 2004, the government announced that it would renew its efforts to "...reallocate resources to the highest priorities and transform old spending to new purposes." Specifically, Budget 2003 announced the reallocation of \$1 billion annually from existing spending to help fund new budget initiatives beginning in 2003–04. Most recently, the government has committed to reallocating \$12 billion in existing expenditures over the next five fiscal years.

#### **Results and Plan**

- ▶ Measures to achieve one-time savings of \$1 billion for 2003–04 were implemented in September 2003. Since then, the Secretariat has been reviewing, analysing, and assessing government program expenditures, has been working with departments and agencies in providing expenditure management direction and advice to confirm reductions to departmental reference levels of \$1 billion on an ongoing basis, and will report back to the Treasury Board with recommendations in fall 2004.

#### **Risks and Challenges**

- ▶ The need to make expenditure reductions now is very different from the situation Canada faced in the mid-1990s when it was a fiscally driven exercise, necessary to eliminate budget deficits. The challenge now is for the government to demonstrate that it is a good steward of the public purse by reallocating from lower-order priorities to fund the new programs and services demanded by Canadians.

### **3. Improving Expenditure Management and Performance Information**

The Secretariat has also embarked on a process to overhaul its overall approach to gathering and reporting expenditure management and performance information. In 2003, the Secretariat undertook the development of an “enterprise-wide” expenditure management information system. By March 2004, Treasury Board ministers approved the development and implementation of a new Expenditure Management Information System (EMIS), which will further improve the quality and integration of the financial and performance information required by the Secretariat to strengthen analytical support for its oversight function. EMIS will align financial and performance data on priorities, planned and actual expenditures, and results.

The Management Resources and Results Structure (MRRS), which establishes Program Activity Architectures (PAA) for all departments and agencies, is a critical component of this initiative. All departments and agencies are required to develop a new PAA against which they will array programs to provide a comprehensive picture of their planned spending and results, as well as the management structures they will use to deliver program results and services. The new MRRS reporting structure will apply to all federal appropriation-dependent departments, agencies, and Crown corporations.

Taken together, implementation of this new comprehensive approach (MRRS and EMIS) will result in improved capacity for the Secretariat to provide consistent information to support Treasury Board and Cabinet considerations, including:

- ▶ horizontal management of federal priorities;
- ▶ improved alignment of results to resources for departmental management and accountability needs;
- ▶ improved information on departmental and horizontal spending to identify savings and opportunities for reallocation; and
- ▶ improved transparency in reporting to Parliament.

#### **Results**

- ▶ The new EMIS will integrate government-wide information to provide a common database for all departments, agencies, and the Secretariat for on-line sharing of expenditure management and performance information and production of the Annual Reference Level Update and Main Estimates for 2005–06.
- ▶ The first phase of EMIS will incorporate the PAA against which departments and agencies will array planned resources and results information to be ready for the 2005–06 Estimates cycle.
- ▶ The Secretariat will continue EMIS development throughout 2004–05 and 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 to planned budgets.

## **Plan**

- ▶ The development of PAAs will be completed by October 1, 2004.
- ▶ EMIS will provide financial and program information for the Annual Reference Level Update and Main Estimates processes on the basis of PAAs by October 31, 2004.
- ▶ MRRS/PAA-arrayed program information will also be available to support Cabinet and Treasury Board decision making beginning in the fall of 2004.
- ▶ EMIS will provide automated feeds for production of the Main Estimates for 2005–06.
- ▶ EMIS will streamline Secretariat expenditure management operations support to pre-Budget development and improve information and analytical support to the Secretariat.
- ▶ The MRRS will also be expanded and functionality will mature for 2006–07, as more active actual expenditure and performance data become available.

## **Risks and Challenges**

- ▶ The shift to the MRRS government-wide will require clear crosswalks and explanations to ensure that parliamentarians, other stakeholders, and government decision-makers clearly understand and are able to identify and compare year-over-year changes on budgetary and performance commitments.
- ▶ These crosswalks and explanations will be even more important, given that new allocations and significant reallocations are planned to occur at the same time.
- ▶ Developing an enterprise-wide complex information system of this magnitude and scope will be a significant new challenge for the Secretariat. Capacity, systems, and technological performance issues are to be anticipated and will be managed as they arise. The MRRS has been designed to improve transparency in reporting on government expenditures. However, a new balance between openness and transparency in reporting to Parliament and the public, and providing high-quality, confidential advice to support government priority setting and decision making will need to be struck over time.

## 4. Reforming Estimates and Reporting to Parliament

The government has committed to improving its reporting on several occasions, most recently in Budget 2004. Reporting to Parliament is key to accountability and transparency and must provide a whole-of-government perspective, aligning departmental efforts to government priorities.

More specifically, the Secretariat is committed to reform of the Estimates and reporting that:

- ▶ focusses on results reporting at both the departmental and government-wide level, i.e. shift the form and content of the reports on plans and priorities (RPPs), departmental performance reports (DPRs), *Canada's Performance* and, in the longer term, Public Accounts, to the MRRS;
- ▶ responds to parliamentarians' concerns related to transparency, clarity, and timeliness, while emphasizing the use of technology to provide parliamentarians with options for access to greater detail on program spending, as required; and
- ▶ refocusses departmental RPPs to be a clearer basis for accountability reporting in the DPRs.

### Results

- ▶ stronger Secretariat capacity to promote accountability, transparency, and good governance
- ▶ a more streamlined approach to reporting (less duplication, no over-publishing)
- ▶ better alignment of departmental efforts to government priorities and a more strategic, integrated, and cross-departmental approach to plans, expenditures, and results
- ▶ better information to support Parliament in expenditure approval and oversight

### Plan

- ▶ Use the MRRS as the basis of reporting in Estimates beginning with the 2005–06 Main Estimates and RPPs.
- ▶ Continue to refine the form and content of 2005–06 Main Estimates and 2004–05 Supplementary Estimates (A) to enhance transparency and disclosure.
- ▶ Develop a set of integrated guidelines for the preparation of RPPs and DPRs for issuance to departments this fall.
- ▶ Place increased emphasis in the new guidelines for DPRs on the reporting of horizontal initiatives.
- ▶ Implement improvements to *Canada's Performance 2004* by adding three new chapters on:
  - Canada in the world;
  - Aboriginal peoples; and
  - effective democracy.

(The related expenditure information will be based on the MRRS in the 2005 edition.)

- ▶ Place increased emphasis on the use of electronic reporting to provide access to greater detail on program spending over the short term.

- ▶ Commence development of a whole-of-government planning report that would express the government's targets and provide a clearer basis for reporting on Canada's performance over the medium term.
- ▶ Review the processes involved with the production and tabling of the Estimates over the longer term.

### **Risks and Challenges**

- ▶ Achieving these improvements will depend heavily on the implementation of MRRS and completion of EMIS discussed above and the development of protocols for departmental reporting on Web sites.
- ▶ There will also be a need to conduct broad-based consultations with parliamentarians and other stakeholders to ensure their needs are being met.

## D. Financial Management and Control

On December 12, 2003, the Prime Minister announced the re-establishment of the Comptroller General of Canada within the Treasury Board of Canada Secretariat as a key element in strengthening government-wide comptrollership and oversight, particularly the areas of financial management and audit. The Comptroller General will oversee government spending, provide leadership across the public service financial management community, and ensure standards are set and adhered to. This announcement can be found at <http://pm.gc.ca/eng/accountability.asp>.

The Office of the Comptroller General is responsible for the following activities:

- ▶ promoting stronger financial controls that are essential to ensuring rigorous stewardship of public funds and value for money;
- ▶ overseeing all government spending, including review and sign-off of new spending initiatives;
- ▶ setting and reviewing financial, accounting, and auditing standards and policies for the Government of Canada and providing leadership to ensure and enforce appropriate financial controls and cultivate sound resource stewardship at all levels across the federal Public Service; and
- ▶ nurturing and managing the professional development of the financial and internal audit communities and leading the introduction of modern, timely, “enterprise-wide” financial information systems to track all spending and provide appropriate tools for effective scrutiny and decision making.

To this end, during 2004–05, the newly appointed Comptroller General will design the organization of the Office of the Comptroller General, seek approval for the structure and resources and, as soon as possible, begin staffing the new organization, using a phased approach to find and recruit high-calibre professionals so that the Office will be substantially completed by March 31, 2006, and fully completed by March 31, 2007. More information on the new Comptroller General can be found at [http://www.tbs-sct.gc.ca/media/nr-cp/2004/0506\\_e.asp](http://www.tbs-sct.gc.ca/media/nr-cp/2004/0506_e.asp).

At the same time, plans and activities, as outlined below, will focus on capacity building and community development, strengthening financial accountability and financial systems across the Public Service and creating capacity within the Office of the Comptroller General to conduct audits for small agencies and horizontal audits on behalf of the government.

Key initiatives to improve financial management and control include:

1. strengthening financial management;
2. strengthening the internal audit function;
3. building public service financial management and audit capacity; and
4. strengthening financial management systems.

The following table and spending notes outline the resource allocation for initiatives dedicated to the financial management and control priority area.

Financial Management and Control (\$ thousands)				
	Forecast 2003–04	<b>Planned 2004–05</b>	Planned 2005–06	Planned 2006–07
Secretariat Operations <sup>(1)</sup>	10,856	<b>8,496</b>	7,037	7,037
Full-time Equivalents	161	<b>65</b>	53	53
Centrally administered Funds <sup>(2)</sup>	-	32	-	-
Total Planned Spending	10,856	<b>8,528</b>	7,037	7,037

### Spending Notes

(1) Year-over-year analysis:

#### 2004–05 over 2003–04

The decrease of \$2.4 million from 2003–04 to 2004–05 is mainly due to a reduction in time-limited funding for initiatives such as Modern Comptrollership (\$1.5 million) and Active Monitoring (\$0.7 million).

#### 2005–06 over 2004–05

The decrease of \$1.5 million from 2004–05 to 2005–06 is mainly due to the expiry of time-limited funding for Internal Audit.

(2) Represents Government-wide Initiatives (Vote 10) proposed transfers to government departments and agencies, that have not yet been earmarked against any particular business line. Time-limited funding associated with the Centre of Excellence for Internal Audit is scheduled to end in 2004–05. Funding requirements for internal audit to meet new government priorities are still being explored as part of the re-establishment of the Office of the Comptroller General of Canada.

## **1. Strengthening Financial Management**

Budget 2004 announced the government's intention for the Office of the Comptroller General (OCG) to "rigorously oversee all aspects of government spending." To this end, the OCG will strengthen financial management by providing leadership to ensure appropriate frameworks, policies and guidance on controls are available across the federal Public Service. Further information about Budget 2004 can be found at <http://www.fin.gc.ca/budget04/pamph/pamgte.htm>.

### **Results**

Sound resource stewardship at all levels across the federal Public Service, reinforced by oversight of all government spending, including review and sign-off of new spending initiatives, effective professional departmental comptrollers and financial officers, and appropriate financial controls, standards, policies, and reporting that are supported by effective monitoring and enforcement mechanisms.

### **Plan**

- ▶ Produce clearly defined roles, responsibilities, and profiles for departmental comptrollers by December 31, 2004.
- ▶ Develop a process and criteria for review and sign-off of new spending proposals by December 31, 2004, including monitoring and reporting provisions.
- ▶ Fully implement the review and sign-off process throughout the Government of Canada by December 31, 2005.
- ▶ Develop a five-year strategy for ongoing annual audit of financial statements of departments and agencies by September 30, 2005.
- ▶ Renew financial management policies in support of strengthened comptrollership, in concert with the Secretariat's policy renewal initiative completion date of March 31, 2007.
- ▶ Develop and implement enterprise-wide standards and processes for financial analysis and reporting on financial position and results by March 31, 2005.
- ▶ Table the Public Accounts of Canada, including the government's audited financial statements, before the legislated December 31, 2004, deadline and by December 2005 begin to explore the feasibility of having the federal government's audited annual unqualified consolidated financial statements and the Public Accounts ready for tabling much earlier.



## 2. Strengthening the Internal Audit Function

Budget 2004 announced the government's intention to "reorganize and bolster the internal audit function on a government-wide basis to ensure comprehensive audit programs, based on sound risk analysis of all departmental activities, with the authority to delve into every corner of every portfolio, no matter how small or seemingly 'special'."

### Results

Effective internal audit across the federal Public Service that provides value-added information for effective decision making at both the departmental and government-wide levels, including small departments and agencies, supported by effective and professional chief audit executives and auditors, a renewed internal audit policy, and standardized internal audit methodologies and tools.

### Plan

- ▶ Produce clearly defined roles, responsibilities, and profiles for chief audit executives and clarify performance expectations, lines of accountability, and related governance for the internal audit function by December 31, 2004.
- ▶ Conduct a diagnostic of the internal audit function within the Government of Canada by reference to professional standards and current practices in the public and private sectors by March 2005.
- ▶ Formalize a plan of action to address gaps identified by the diagnostic, including revision to the *Policy on Internal Audit*, as appropriate, by September 30, 2005.
- ▶ Select standardized internal audit methodologies and tools by September 30, 2005, and develop an implementation plan by December 31, 2005.
- ▶ Complete the initial wave of audits for small departments and agencies by the end of the next fiscal year.
- ▶ Develop a three-year audit plan for small departments and agencies for 2006–09 by March 31, 2006.
- ▶ Complete one internal OCG-led, government-wide horizontal audit by December 31, 2005.
- ▶ Develop a three-year OCG-led government-wide horizontal audit plan by March 31, 2006.
- ▶ Monitor the performance of the internal audit function across the Government of Canada on an ongoing basis and report on findings to the Secretary.

### **3. Building Public Service Financial Management and Audit Capacity**

Budget 2004 announced the government's intention to "appoint professionally accredited comptrollers to sign off on all new spending initiatives in every government department." In concert with this announcement and the Secretariat's initiative to strengthen public service capacity, the OCG has been given the mandate to nurture and manage professional development of the financial management and internal audit communities, including establishing accreditation and certification standards and advising on the modules of the public service learning curriculum.

#### **Results**

Effective and fully qualified financial management and internal audit professionals who, as individuals and as communities, provide value-added service to their deputy heads and are supported by certification standards, fully developed core-learning curricula, specialized programs of recruitment and retention, and mechanisms that promote mobility, professional independence, and life-cycle career management.

#### **Plan**

- ▶ By December 31, 2004, develop certification standards for departmental comptrollers and a process for OCG involvement in their staffing and evaluation.
- ▶ Develop certification standards for chief audit executives by March 31, 2005.
- ▶ Develop and conduct a functional and demographic profile for the internal audit and financial management communities, based on an "as is" state and a "to be" state, along with a gap analysis by March 31, 2005.
- ▶ Develop an implementation plan to address the gap analysis, including recruiting, learning, deploying, outsourcing, and market analysis strategies by September 30, 2005.
- ▶ Ensure that departmental comptrollers in key departments meet certification standards by March 31, 2005 and all other departmental comptrollers by March 31, 2007.
- ▶ Ensure that chief audit executives in key departments will meet certification standards by June 30, 2005 and all other chief audit executives by March 31, 2007.
- ▶ Conduct active consultation throughout 2004 and 2005 with educational institutions, academics, various professional associations, and unions to seek advice and support and develop partnerships to strengthen comptrollership across the Public Service.
- ▶ Develop a comprehensive learning strategy for core learning and specialized technical training by December 31, 2005, and begin implementing the learning strategy by January 31, 2006.
- ▶ Develop a protocol to maintain an updated functional, demographic profile, including mobility information by September 30, 2005.
- ▶ Develop strategy for an enhanced level of knowledge of financial management and related issues by non-financial managers and officers by March 31, 2006.

## **4. Strengthening Financial Management Systems**

Budget 2004 announced the government's intention to "introduce modern, real-time information systems to track all spending and provide appropriate tools for effective scrutiny and decision making." To enable the necessary improvements to financial management described earlier and promote the transparency and openness of financial activity, the OCG will ensure that financial management systems in departments and central agencies, including systems for accounting, asset management, and procurement are significantly strengthened.

### **Results**

Effective financial management and control, better decision making, and a much-improved ability to steward and reallocate resources and deliver on accountability, transparency, and oversight, accompanied by a reduced administrative burden and costs.

### **Plan**

- ▶ Working with others in the Secretariat, and with PSHRMAC, PWGSC, and departments and agencies, the OCG will provide leadership, from the business owner perspective, to the Review of Corporate Administrative Systems that is being carried out for the Expenditure Review Subcommittee (ERC). The report, including a business case and transformation plan, will be presented for consideration in the fall of 2004.
- ▶ The OCG's contribution will include the shared services model for financial management and work on rationalizing the enabling systems.
- ▶ In the medium term, the OCG will ensure that key objectives for financial management will be met, including the following:
  - to implement robust practices for managing budgets by March 31, 2007; and
  - to update the chart of accounts to enable implementation of the new Management Resources and Results Structure by March 31, 2006.
- ▶ In the longer term, the OCG will monitor the implementation of the transformation projects and will continue to work with all stakeholders to ensure continuous improvement of financial management systems for improved decision making, accountability, and transparency.

### **Risks and Challenges**

- ▶ Having qualified departmental comptrollers and chief audit executives is a prerequisite for improving financial and other internal controls across government; in addition to providing certification standards, the need to recruit, train, and retain is fundamental.
- ▶ Limited availability of qualified candidates, competition with the private sector, and changing demographics will challenge recruitment and retention efforts.
- ▶ Providing professional guidance to a larger community of financial managers and internal auditors over the next few years will require commitment and one-time investment, followed by a sustained level of investment. A focus on change management will be required to ensure effective oversight of impacts on members of the two communities.

- ▶ Implementation plans will be reliant upon sufficient financial capacity and resources for both the Office of the Comptroller General, the Office of the Auditor General, and line departments. Success will also depend upon clear and reasonable agreement as to how the initiative will be funded and how financial benefits will be tracked and harvested.
- ▶ It is expected that the changes that will occur over the next few years will require significant cultural change for both the internal audit professionals and the departmental managers. Resistance to change is to be expected. There will also likely be significant implications for some groups of employees. Effective change management strategies and plans will be needed.
- ▶ Proposals could affect a variety of human resources and labour management issues (e.g. compensation, classification, labour relations).
- ▶ Rigorous project management will be essential to success, due to the interdependency of many of these initiatives. Selection of fair, open, timely, and effective procurement strategy or strategies to support the transformation plan will be particularly challenging.
- ▶ Results will be dependent on educational institutions, such as the newly created Canada School of Public Service; hence, ongoing collaboration will be required to provide learning and assessments on the effectiveness of these learning programs.
- ▶ Implementation of review and sign-offs of new spending proposals by the Office of the Comptroller General requires common understanding on the purpose of the review and the level of assurance to be provided.
- ▶ The introduction of modern, real-time information systems is a complex undertaking with many stakeholders, including all departments and agencies, whose deputy heads will rely on new systems as they are implemented. Leadership and commitment will be key to success. The systems implications and costs will need to be ascertained and addressed and effective enterprise governance will be necessary.

## E. Corporate Management

The Secretariat needs strategic and effective corporate management to deliver on its new mandate. A supportive environment is also required to facilitate the contribution of Secretariat employees to the rigorous stewardship of public resources to achieve results for Canadians. Corporate management supports the Secretariat by:

- ▶ co-ordinating agendas and submissions for the consideration of the Treasury Board;
- ▶ briefing the President on Cabinet and parliamentary affairs and co-ordinating ministerial and departmental correspondence;
- ▶ providing the full range of legal and litigation services to the President, the Treasury Board and the Secretariat;
- ▶ providing a secure and enabling work environment that provides modern corporate IM/IT systems, library services, human resources management, facilities management, financial management, internal audit and evaluation, and security;
- ▶ facilitating the development of Secretariat strategic policies, plans, and business plans and budgets that lay out the key directions for the department and producing the Estimates, *Report on Plans and Priorities* and *Departmental Performance Report* for the Secretariat;
- ▶ managing the Secretariat's external relations and partnerships, including with Federal Regional Councils, to provide integrated support for corporate directions; and
- ▶ providing corporate and public service-wide communications, Government of Canada communications policy, and media relations.

Key initiatives that will support excellent corporate management include:

1. restructuring the Treasury Board of Canada Secretariat; and
2. re-engineering internal business processes.

The following table and spending notes outline the resource allocation for initiatives dedicated to the corporate management priority area.

Corporate Management (\$ thousands)				
	Forecast 2003–04	<b>Planned 2004–05</b>	Planned 2005–06	Planned 2006–07
Secretariat Operations <sup>(1)</sup>	127,326	<b>38,205</b>	31,952	30,840
Full-time Equivalents	322	<b>231</b>	237	237
Centrally administered Funds <sup>(2)</sup>	-	10,000	10,000	10,000
Total Planned Spending	127,326	<b>48,205</b>	41,952	40,840

### Spending Notes

#### (1) Year-over-year analysis:

##### 2004–05 over 2003–04

The decrease of \$89.1 million from 2003–04 to 2004–05 is mainly due to a payment to the Canadian Wheat Board (\$84.5 million) to reimburse operating losses sustained in the 2002–03 wheat pool, as reported in the 2003–04 Public Accounts, which is not planned for in 2004–05. The remaining decrease is due to a reduction in the 2004–05 reference levels from expired corporate resources for time-limited initiatives, such as Government On-Line (\$0.6 million), HR Modernization (\$0.3 million), and miscellaneous other initiatives (\$1.7 million), and the transfer out of corporate resources to PSHRMAC/PWGSC (\$13.6 million) related to the government restructuring of December 12, 2003. Also included is an increase in time-limited corporate resources related to initiatives such as EMIS (\$1.4 million), miscellaneous other initiatives (\$2.5 million), and the 2003–04 Operating Budget carry-forward (\$7.7 million).

##### 2005–06 over 2004–05

The decrease of \$6.3 million from 2004–05 to 2005–06 is mainly due to the absence of an Operating Budget carry-forward in 2005–06 (\$5.3 million—the amount of the 2003–04 Operating Budget carry-forward remaining in the Secretariat for 2004–05, after the transfers to PSHRMAC and PWGSC), and expired corporate resources for other miscellaneous time-limited initiatives (\$1.0 million).

##### 2006–07 over 2005–06

The decrease of \$1.1 million from 2005–06 to 2006–07 is mainly due to expired corporate resources for Government On-Line (\$0.5 million) and other miscellaneous initiatives (\$0.6 million).

- (2) Represents Government-wide Initiatives (Vote 10) proposed transfers to government departments and agencies that have not yet been earmarked against any particular business line.

## **1. Restructuring the Treasury Board of Canada Secretariat**

The Secretariat requires a reorganization to adjust to its refocused mandate, announced on December 12, 2003.

### **Results**

- ▶ Throughout the summer and into the fall of 2004, the Secretariat will implement a new organizational structure that meets the needs of the President and is approved by the Treasury Board.
- ▶ The Secretariat will also implement a new governance regime to better define accountabilities and engage all assistant secretaries in a special business planning process to minimize any overlap and duplication in the use of resources, as well as rebalance workload and existing resources.
- ▶ The result will be a newly structured Secretariat that is focussed on the rigorous oversight of government expenditures, will perform continuous reallocation of government spending from lower to higher priorities, and will deliver on the government's plan to strengthen public sector management.

### **Plan**

- ▶ Over the summer of 2004, the Secretary will establish a transition team to manage the implementation to the new organization structure.
- ▶ The transition team will report back to the Secretary on the internal re-allocation of existing resources and any needed new resources by October 2004.

## **2. Re-engineering Internal Business Processes**

The Secretariat recognizes the need to develop into an organization that is focussed less on transactions and more on broader strategic management and expenditure issues, allowing Treasury Board ministers to similarly focus their attention in this way. Information resulting from a more rigorous risk management process will also be a significant help, as ministers make strategic allocation decisions.

To that end, the Secretariat will re-engineer many of its core business processes, which include many of the priority initiatives described in the sections on Management Performance, Expenditure Management, and Financial Management and Control. The Business Process Re-engineering initiative will require strong co-ordination at a corporate level to ensure that the appropriate linkages between business processes are recognized and mechanisms are developed to better share information gathered through core business across the Secretariat.

### **Results and Plan**

- ▶ Beginning in 2004 and through to 2007, the Secretariat will review, re-engineer, and implement key internal business processes to strengthen its capacity for oversight of departments and agencies and improve relations with other central agencies, the Treasury Board, and Parliament.

### **Risks and Challenges**

- ▶ Both the restructuring and re-engineering of Secretariat business processes are major initiatives that will fundamentally change the way the Secretariat operates. Regular resource investments and strong leadership will be required to sustain momentum and achieve the desired objectives.

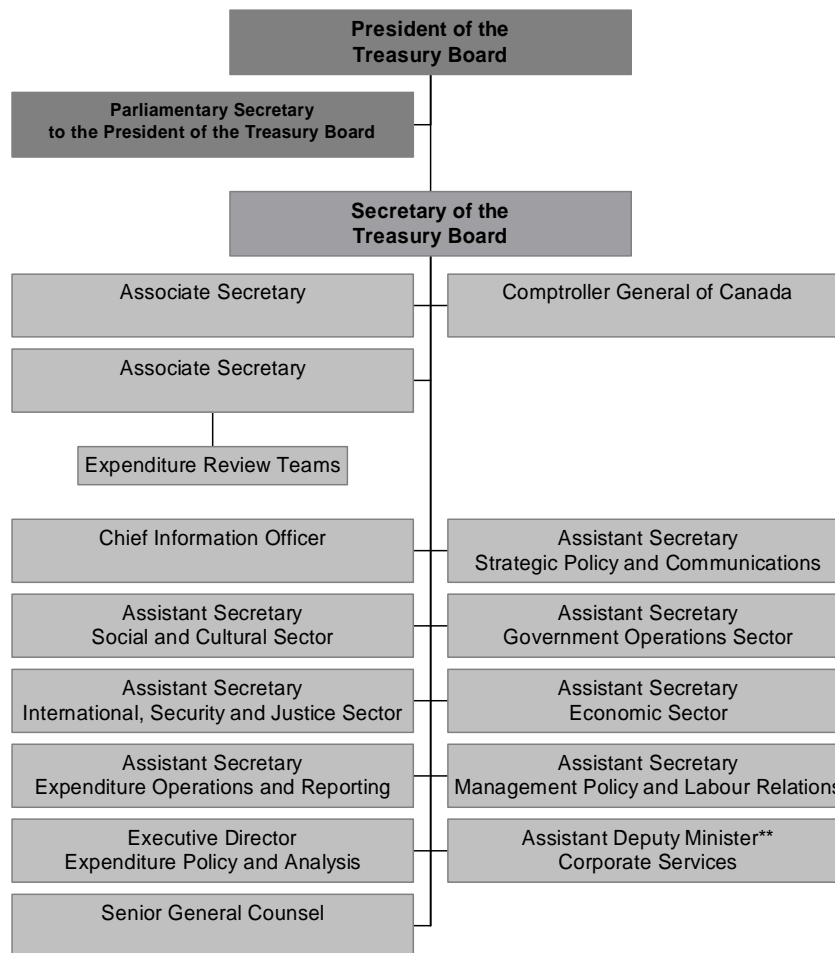


## Section V: Organization

### A. Organization of the Secretariat

The Secretariat was restructured in June 2004 to deliver on the new responsibilities announced on December 12, 2003.<sup>5</sup>

#### Treasury Board of Canada Secretariat



\*\*Corporate Services are shared functions, with service provided to the Department of Finance Canada, Treasury Board of Canada Secretariat, and the Public Service Human Resources Management Agency of Canada.

<sup>5</sup> At the time this document was prepared, the organizational structure depicted above was under review and was subject to change as a result of both organizational and resource reviews. When the organizational structure is solidified, it will be subject to Treasury Board approval.

## B. Accountability

The Honourable Reg Alcock is the **President** of the Treasury Board and the Minister responsible for the Canadian Wheat Board.

The **Secretary** of the Treasury Board reports to the President and is responsible for:

- ▶ developing the policies and priorities to support the prudent and effective management of the Government of Canada's human, financial, information, and technology resources in the achievement of the government's objectives;
- ▶ monitoring the proposed spending programs of all government departments and agencies and reviewing the development of approved programs to ensure effective expenditure management; and
- ▶ recommending human resources management policy to the Treasury Board in the areas of compensation, pensions, benefits, and staff relations and negotiating collective bargaining agreements with the various bargaining agents.

The **Comptroller General** reports through the Secretary to the President of the Treasury Board and has responsibility for:

- ▶ overseeing all government spending, including review and sign-off of new spending initiatives;
- ▶ setting or reviewing financial, accounting, and auditing standards and policies for the Government of Canada; and
- ▶ providing leadership to ensure and enforce appropriate financial controls and cultivating sound resource stewardship at all levels across the federal Public Service.

The Secretariat has two **associate secretaries** who report to the Secretary and assist him in prudent and effective management of the Government of Canada's human, financial, information, and technology resources.

The **Expenditure and Review teams** report to an Associate Secretary and support the Expenditure Review Subcommittee in its critical role as a catalyst for transformative change.

The **Chief Information Officer** reports to the Secretary and performs the following functions:

- ▶ provides frameworks, policies, and guidance on a broad range of information management and information technology matters and related issues in support of electronic service delivery; and
- ▶ advances the government-wide service agenda, including implementation of the Service Improvement Initiative, aimed at increasing Canadians' satisfaction with government service delivery.

The **Assistant Secretary of Strategic Policy and Communications** reports to the Secretary and performs the following functions:

- ▶ briefs the President on Cabinet and parliamentary affairs;
- ▶ co-ordinates and supports Treasury Board operations, submissions, and agendas;

- ▶ provides strategic policy and planning with integrated support for corporate direction and manages the Secretariat's external relations and partnerships; and
- ▶ delivers corporate and public service-wide communications, media relations, and Treasury Board communications policy.

The **assistant secretaries** of the **program sectors (Government Operations Sector, International, Security, and Justice Sector, Economic Sector, and Social and Cultural Sector)** all report to the Secretary. They support the Treasury Board in its management board role by advising on:

- ▶ strategic resource allocation and effective program design for departments and agencies;
- ▶ effective use of resources;
- ▶ policy and program design, viability, and responsiveness;
- ▶ funding pressures and mitigation strategies; and
- ▶ broad government policy and operational issues and management strategies (e.g. integrity of programs).

The **Assistant Secretary of Management Policy and Labour Relations** reports to the Secretary and is responsible for:

- ▶ providing Secretariat management policy, frameworks, and guidance in relation to the Management Accountability Framework, areas of procurement and project management, real property and materiel, and risk management;
- ▶ leading the continuing development and integration of the MAF as the government-wide vehicle to strengthen public sector management, reinforce accountability mechanisms, assess and monitor management performance at both the departmental level and government-wide, and support improvements to public sector management;
- ▶ dealing with Auditor General files and reviewing management issues in departments and agencies; and
- ▶ supporting the Treasury Board's role as employer through labour relations and compensation operations, human resources, risk management, and pensions and benefits operations.

The **Assistant Secretary of Expenditure Operations and Reporting** reports to the Secretary and performs the following functions:

- ▶ provides integrated and comprehensive reporting to Parliament, departments, and the public that reflects Treasury Board oversight responsibilities for management performance and expenditure management (i.e. Estimates, reports on plans and priorities, departmental performance reports and *Canada's Performance*);
- ▶ leads the improvement and development of reporting instruments;
- ▶ prepares and tables the Estimates and supply legislation and provides parliamentary liaison;
- ▶ provides results-based management and evaluation policy, monitors evaluations, and supports related capacity development across government;

- ▶ plays the lead role in the budget process and conducts primary liaison with the Privy Council Office and the Department of Finance Canada on related matters (e.g. fiscal framework, the management of emerging expenditure “pressures,” and allocations from other reserves);
- ▶ manages recommendations for access to central reserves under Treasury Board control (e.g. operating, contingency, and compensation reserves); and
- ▶ plays an internal challenge role, recommends allocations, and implements initiatives to achieve the Treasury Board’s expenditure management objectives.

The **Executive Director of Expenditure Policy and Analysis** reports to the Secretary and supports an integrated Secretariat expenditure management role by providing expenditure policy, research and analysis, and the expenditure management information system (EMIS).

The **Senior General Counsel** and **Legal Services** provide a full range of legal and litigation services to the President, the Treasury Board and the Secretariat, specifically regarding commercial law, labour and employment law, and government law. They further advise and support in the areas of powers and duties generally and by:

- ensuring that the government conducts its affairs in accordance with the law;
- ensuring government compliance with applicable statutes and regulations;
- conducting litigation on behalf of public service employers; and
- assisting in the enactment and amendment of legislation, regulations, strategic policy development, and initiatives, where the responsibility for these changes and initiatives falls under the President and the Treasury Board.

The **Assistant Deputy Minister of Corporate Services** and the **Corporate Services Branch** provide shared support and services to the Secretariat, the Department of Finance Canada, and the Public Service Human Resources Management Agency of Canada in the areas of human resources, financial management, corporate systems, facilities, informatics, information and materiel management, internal audit and evaluation, security, and employee orientation.

## C. Departmental Planned Spending

### Spending Trends

The Secretariat Operations expenditures decrease over the three planned years, due to the completion of time-limited initiatives and to the transfer out of responsibilities as a result of the government restructuring announced on December 12, 2003.

The centrally administered funds show a growth in expenditures over the three planned years for the Public Service Pensions and Insurance, which represents payments of the employer's share of health income maintenance, life premiums, payments in respect of provincial health insurance plans, provincial payroll taxes and pension, benefits, and insurance plans for employees engaged locally (outside Canada).

<b>Management Board Program—Planned Spending</b>				
<b>(\$ thousands)</b>				
(\$ thousands)	Forecast Spending 2003–04	<b>Planned Spending 2004–05</b>	Planned Spending 2005–06	Planned Spending 2006–07
Expenditure Management and Planning	770,586	<b>782,178</b>	782,025	782,025
Comptrollership	28,080	<b>17,497</b>	14,460	13,710
Information Management and Information Technology	26,816	<b>19,260</b>	9,098	7,502
Public Service Compensation and Benefits	1,653,764	<b>1,745,334</b>	1,915,940	1,915,937
Corporate Administration	51,202	<b>50,213</b>	51,149	50,685
<b>Budgetary Main Estimates</b>	<b>2,530,448</b>	<b>2,614,482</b>	<b>2,772,672</b>	<b>2,769,859</b>
Secretariat Operations	191,740	<b>127,086</b>	110,702	108,639
Centrally administered Funds	2,338,708	<b>2,487,396</b>	2,661,970	2,661,220
<b>Total</b>	<b>2,530,448</b>	<b>2,614,482</b>	<b>2,772,672</b>	<b>2,769,859</b>
Less: Respendable revenue <sup>(1)</sup>	(119,854)	<b>(117,000)</b>	(117,000)	(117,000)
<b>Total Main Estimates</b>	<b>2,410,594</b>	<b>2,497,482</b>	<b>2,655,672</b>	<b>2,652,859</b>
<i>Adjustments (Planned Spending not in Main Estimates) <sup>(2)</sup></i>				
Supplementary Estimates A	266,958	<b>21,453</b>		
Supplementary Estimates B	202,291			
Other	(1,299,289)		(2,515)	(5,788)
<b>Net Planned Spending <sup>(3)</sup></b>	<b>1,580,554</b>	<b>2,518,935</b>	<b>2,653,157</b>	<b>2,647,071</b>
Less: Non-respendable revenue <sup>(4)</sup>	10,216	<b>9,500</b>	9,800	9,800
Plus: Cost of services received without charge <sup>(5)</sup>	13,475	<b>13,030</b>	13,118	13,420
<b>Net Cost of Program</b>	<b>1,583,813</b>	<b>2,522,464</b>	<b>2,656,475</b>	<b>2,650,691</b>
<b>Full-time Equivalents</b>	<b>1,016</b>	<b>955</b>	<b>871</b>	<b>831</b>

## Notes

- (1) Respendable Revenue is used to cover the costs incurred by the Secretariat on behalf of other government departments for shared initiatives such as the Public Service Superannuation Account Pension Fund (Vote 1) and the Public Service Pensions and Insurance (Vote 20).
- (2) Adjustments:

### 2003–04

- ▶ Supplementary Estimates A adjustments include the following initiatives: Vote 1—Shared Travel Service Initiative (\$18.1 million), Expenditure and Management Reviews (\$9 million), HR Modernization preparatory work (\$7.9 million), Evaluation and Internal Audit (\$3.4 million), EMIS (\$2 million); Vote 10—Evaluation and Internal Audit (\$14.5 million) and GOL (\$17.2 million); and Vote 15—Compensation adjustments for transfers to departments and agencies for salary adjustments (\$193.5 million).
- ▶ Supplementary Estimates B adjustments include the following initiatives: Vote 1—Operating budget carry-forward (\$5 million), Integration of Expenditure and Management Issues (\$3 million), Feasibility planning regarding: common government-wide systems infrastructure (\$2.1 million); Vote 10—Joint Career Transition Committees support (\$0.4 million); Vote 15—Compensation adjustments for transfers to departments and agencies for salary adjustments (\$107.3 million); and Vote 21—Payment to the Canadian Wheat Board for losses sustained in the 2002–03 wheat pool (\$84.5 million).
- ▶ Other adjustments include statutory payments of \$209.9 million; less unused funds in Vote 1, 2, 10, 20, and 21 of \$967.8 million; less net transfers from Vote 5, 10, and 15 of \$460.1 million, as reported in the 2003–04 Public Accounts; less responsibilities transferred out of the Secretariat totalling \$81.3 million as result of the government restructuring of December 12, 2003.

### 2004–05

- ▶ Supplementary Estimates A adjustments include the following initiatives: PSAT (\$1.2 million), Common Infrastructure and Service Delivery (\$9.6 million), EMIS (\$12.8 million), Information Sharing and Interoperability Security (\$1.5 million), and miscellaneous other initiatives (\$2.3 million), and the 2003–04 5% forward (\$7.7 million). Also includes remaining transfers to PSHRMAC and PWGSC for responsibilities transferred out of the Secretariat as a result of the December 12, 2003, government restructuring (\$13.6 million).

### 2005–06

- ▶ Other adjustments made in the 2005–06 Annual Reference Level Update (ARLU) include the following initiatives: PSAT (\$0.4 million), EMIS (\$6 million), Information Sharing and Interoperability Security (\$0.4 million), Implementing Secure Electronic Signature Regulations (\$0.2 million), and other miscellaneous initiatives (0.2 million). Also includes remaining transfers to PSHRMAC and PWGSC for responsibilities transferred out of the Secretariat as a result of the December 12, 2003, government restructuring (\$9.7 million).

2006-07

- ▶ Other adjustments made in the 2005–06 ARLU include the following initiatives: PSAT (\$0.1 million), EMIS (\$3.6 million), Implementing Secure Electronic Signature Regulations (\$0.2 million), and other miscellaneous initiatives (\$0.2 million). Also includes remaining transfers to PSHRMAC and PWGSC for responsibilities transferred out of the Secretariat as a result of the December 12, 2003, government restructuring (\$10 million).
- (3) Net Planned Spending in 2003–04 represents actual spending as reported in the Public Accounts for 2003–04 of \$1,661,821 million, less responsibilities transferred out of the Secretariat totalling \$81.3 million as result of the government restructuring of December 12, 2003.
- (4) Revenue from parking fees.
- (5) Includes the following services received without charge: accommodation charges (Public Works and Government Services Canada ); Workers' Compensation (Social Development Canada); and Legal Services (Department of Justice Canada).

## D. Crosswalk Linking Business Lines and Our Strategic Outcome

The following table is a crosswalk mapping the business lines structure used in Main Estimates 2004–05 to the Secretariat’s Strategic Outcome:

Strategic Outcome <b>Rigorous Stewardship of Public Resources Consistent with the Highest Standards of Public Management to Achieve Results for Canadians</b>	
Business Lines	(\$ thousands)
<b>Expenditure Management and Planning</b>	800,953
<b>Comptrollership</b>	8,528
<b>Information Management and Information Technology</b>	31,660
<b>Public Service Compensation and Benefits</b>	1,629,589
<b>Corporate Administration</b>	48,205
<b>Total Net Planned Spending for 2004–05</b>	<b>2,518,935</b>

Prior to December 12, 2003, the Secretariat reported its activities by the business lines stated in the 2004–05 Main Estimates. The objective of the Secretariat was to support the Treasury Board as the government’s management board in partnership with departments, agencies, Crown corporations, and other central agencies, to achieve excellence in serving the government, Parliament, and Canadians. The Secretariat’s former business lines were:

### 1. *Expenditure Management and Planning*

Where the Secretariat supported the Treasury Board by providing analysis and advice related to the utilization and management of direct program expenditures encompassing two areas:

- operating and capital budgets of government departments and agencies; and
- transfer payments to organizations, individuals, and corporations.

All of these activities are now being reported under the Expenditure Management priority area.

### 2. *Comptrollership*

Where the role of the Comptrollership business line was to provide strategic leadership to government departments, other central agencies, and the Secretariat on all matters related to comptrollership. These included financial management, procurement, and management of assets, internal audit and program evaluation, management of risk, results-based management, and reporting to Parliament (Estimates, supply bills, and Public Accounts).



In this report, these activities have been regrouped as follows:

- The Financial Management and Control priority area will focus on financial management, internal audit, and Public Accounts.
- In addition to the activities mentioned above, the Expenditure Management priority area will also include program evaluation, results-based management, and reporting to Parliament (Estimates and Supply bills).
- The activities related to procurement and asset management, and management of risk have been regrouped under the Management Performance priority area.

3. *Information Management and Information Technology*

The goal of this business line was to provide strategic direction and leadership in leveraging information management and information technology to improve public access to government services and to meet public service renewal objectives.

These activities are now being reported under the Management Performance priority area.

4. *Public Service Compensation and Benefits*

This business line was responsible for the oversight of compensation and benefits in the public sector, including negotiation of collective agreements, National Joint Council directives and benefit programs, and the provision of the advice to departments on Occupational Health and Safety, pay administration, and adjudication.

These activities are now being reported under the Management Performance priority area.

5. *Secretariat Corporate Administration*

The Secretariat's corporate administration included the offices of the President, the Secretary-Comptroller General, and the Deputy Secretary, and provided executive and ministerial direction and advice, as well as legal, public affairs, financial, human resources, and administrative services.

The Secretariat's Corporate Administration has been renamed Corporate Management and encompasses the same activities.

## Section VI: Annexes

## Annex I: Summary of Transfer Payments

(\$ thousands)	Forecast Spending 2003–04	<b>Planned Spending 2004–05</b>	Planned Spending 2005–06	Planned Spending 2006–07
<b>Grants</b>				
<i>Expenditure Management and Planning</i>	13	-	-	-
<b>Total grants</b>	13	-	-	-
<b>Contributions</b>				
<i>Information Management and Information Technology</i>	300	<b>200</b>	-	-
<i>Corporate Administration</i>	48	-	-	-
<b>Total contributions</b>	348	<b>200</b>	-	-
<b>Other Transfer Payments</b>				
<i>Public Service Compensation and Benefits</i>	539	<b>520</b>	520	520
Payments, in the nature of Workers' Compensation, in accordance with the Public Service Income Benefit Plan for Survivors of Employees Slain on Duty	504	<b>498</b>	498	498
Special Indemnity Plan for Spouses of Canadian Forces Attachés	4	<b>2</b>	2	2
<i>Public Service Pension Adjustment Act</i>	32	<b>20</b>	20	20
<b>Total other transfer payments</b>	539	<b>520</b>	520	520
<b>Total Grants, Contributions, and Other Transfer Payments</b>	900	<b>720</b>	520	520

## Annex II: Major Initiatives and/or Programs

### **Sustainable Development**

The Secretariat tabled its 2004–06 Sustainable Development Strategy (SDS) in February 2004. This document can be found at [http://www.tbs-sct.gc.ca/report/sds-sdd/0406/sds-sdd\\_e.asp](http://www.tbs-sct.gc.ca/report/sds-sdd/0406/sds-sdd_e.asp).

Leadership—backed by a strong emphasis on measurable results—is at the heart of this strategy. With previous strategies focussed more on raising awareness of sustainable development in the Secretariat, the 2004–06 SDS outlined three goals in recognition of the department’s sustainable development leadership role for the federal government.

1. Support departments in setting, achieving, and reporting on sustainable development goals through activities in the four key areas:
  - ▶ improved management practices;
  - ▶ horizontal management;
  - ▶ program and policy analysis; and
  - ▶ reporting.
2. Make progress on federal priorities related to sustainable development through working with the Federal House in Order subcommittee on:
  - ▶ contaminated sites; and
  - ▶ fleet management.
3. Make Secretariat operations more environmentally friendly through:
  - ▶ reducing resource consumption; and
  - ▶ raising awareness.

Also included in the 2004–06 SDS was a performance measurement and accountability framework to ensure measurable progress is made against these three goals.

## Annex III: Source of Respendable and Non-respendable Revenue

**Respendable Revenue**

(\$ thousands)	Forecast Revenue 2003–04	<b>Planned Revenue 2004–05</b>	Planned Revenue 2005–06	Planned Revenue 2006–07
<i>Public Service Compensation and Benefits</i>				
Shared Initiatives	(2,248)	<b>(2,989)</b>	(3,119)	(3,210)
Public Service Insurance	(148,341)	<b>(117,000)</b>	(117,000)	(117,000)
<b>Total Respendable Revenue</b>	<b>(150,589)</b>	<b>(119,989)</b>	<b>(120,119)</b>	<b>(120,210)</b>

**Non-respendable Revenue**

(\$ thousands)	Forecast Revenue 2003–04	<b>Planned Revenue 2004–05</b>	Planned Revenue 2005–06	Planned Revenue 2006–07
Revenue from Parking Fees <sup>(1)</sup>	10,216	<b>9,500</b>	9,800	9,800
<b>Total Non-respendable Revenue</b>	<b>10,216</b>	<b>9,500</b>	<b>9,800</b>	<b>9,800</b>
<b>Total Respendable and Non-respendable Revenue</b>	<b>(140,373)</b>	<b>(110,489)</b>	<b>(110,319)</b>	<b>(110,410)</b>

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

## Annex IV: Net Cost of Program(s) for the Estimates Year

(\$ thousands)	Management Board Program
Net Planned Spending (Total Main Estimates plus Adjustments as per the Planned Spending table)	2,518,935
<i>Plus: Services Received without Charge</i>	
Accommodation provided by Public Works and Government Services Canada (PWGSC)	11,116
Workers' compensation coverage provided by Social Development Canada	-
Salary and associated expenditures of legal services provided by the Department of Justice Canada	1,913
	2,531,964
<i>Less: Non-respendable Revenue</i>	9,500
<b>2004–05 Net Cost of Program</b>	<b>2,522,464</b>