Fiscal Transparency:
Parliament and the Expenditure Management System
Analysis of Government Responses to a Motion of the House of Commons Standing Committee on Finance

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The *Parliament of Canada Act* mandates the Parliamentary Budget Officer (PBO) to provide independent analysis to the Senate and House of Commons on the state of the nation's finances, government estimates and trends in the national economy.

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Pursuant to the motion passed by the House of Commons Standing Committee on Finance (FINA) on October 6, 2010 (meeting No. 33), and the subsequent amended motion passed by FINA on November 17, 2010 (meeting No. 45), the Parliamentary Budget Officer (PBO) is pleased to provide FINA with a response to the documents provided by the Government of Canada (GC) to FINA and tabled on February 17, 2011 in the House of Commons. The PBO trusts that this response fulfills the November 17 motion's stipulation that the PBO respond within 21 days of receipt of the information.

Key Observations

The PBO has been asked to provide a "general analysis" of the Department of Finance's response to the FINA motion. FINA requested that the PBO's analysis include, but "not be limited to" the incremental costs to the fiscal framework of the GC's justice legislation; the estimated costs of the F-35 aircraft; and, the estimated costs of the GC's planned reduction of corporate tax rates. FINA also asked the GC to provide FINA with specific information and documents, related to these three subject areas.

In order to examine the information provided to Parliament by the GC, the PBO considered three principle questions (see Annex: Parliament and the Expenditure Management System).

1. Is the information requested by FINA relevant and necessary to parliamentary decision-making?

    A Yes. It is required for parliamentarians to fulfill fiduciary obligations under the Constitution.

2. Is it collected regularly by the GC?

    A Yes. The information is collected, analyzed and challenged as part of the GC's expenditure management system (EMS).

3. Does Parliament have a right to the information?

    A Yes. The Parliament of Canada is under a constitutional obligation to review any information gathered during the EMS process that it views as necessary for the discharge of its fiduciary duty to the Canadian people to properly control public monies.

PBO examined the information provided to FINA and arrived at a number of high-level observations.

Justice Legislation

The data tabled by the GC, does not provide FINA (or the PBO) with analysis, key assumptions, drivers, and methodologies behind the figures presented. Further, basic statistics such as headcounts, annual inflows, unit costs per inmate, per full-time equivalent (FTE) employee, and per new cell construction have not been made available. As requested in the FINA motion, the PBO is also unable to determine whether the requisite monies have been indeed set aside in the Fiscal Planning Framework and whether the departmental Annual Reference Levels (ARL) of the affected federal government departments have been adjusted to reflect the change in requirements.

The information tabled by the GC is inadequate in terms of enabling the PBO to assess the reasonableness of GC's estimates of justice legislations or to provide alternative estimates.

F-35 Aircraft

The GC's response to FINA on October 28 2010 confirms some of the relevant cost drivers associated with the GC's planned purchase of 65 F-35s. These include the importance of specifications such as weight and materials, deflator rates to account for changes in prices, and a specific delivery schedule in order to determine the average unit cost of the aircraft. That said, there are two insufficiencies in the data. First, the data provided does not cover all the cost drivers. Second, the response does not provide the necessary degree of detail with respect to both the underlying assumptions upon which the GC's figures are based and cost drivers themselves.[1]

The GC has also responded that the JSF project does not require new or unplanned sources of funds from the fiscal framework, but parliamentarians have not been provided with the underlying analysis to confirm that it this so (i.e., such as planned spending set aside in the Fiscal Planning Framework for acquisition and lifecycle expenditures).

The GC's response confirms that its estimates are largely reliant on the JSF project office. The PBO will be providing parliamentarians with an independent estimate of the costs of the F-35 aircraft in the upcoming weeks.

Corporate Profits and Tax Revenues

The GC has provided an adequate response to FINA's request for a corporate profits forecast. PBO's assessment of this information indicates that:

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[1] The Department of National Defence indicated in its response that the scope of the request was very broad, and the department was willing to discuss the request with FINA in an attempt to streamline the response time.

- Finance Canada's projection of corporate profits before taxes over the period 2010 to 2014 appears optimistic. Finance Canada's projection of corporate profits as a share of nominal Gross Domestic Product (GDP) is higher relative to historical averages and other forecasters. Finance Canada's projection of the effective corporate tax rate (i.e., corporate income tax revenue relative to corporate profits) is also higher than PBO's projection.

- As a result, over the period 2010-2011 to 2014-2015, Finance Canada projects corporate income tax revenues that are significantly higher – $16.1 billion on a cumulative basis – than PBO's November 2010 projection.

- Finance Canada's estimate of the costs of the planned corporate tax rate reductions appears to be understated. Over the period 2011-2012 to 2013-2014, Finance Canada estimates the cost of the planned corporate tax rate reductions to be $10.0 billion compared with PBO's estimate of $11.5 billion. If 2010-2011 is included, PBO's cost estimate increases to $12.0 billion. Finance Canada did not provide a cost estimate for 2010-2011.

- Finance Canada's projection of corporate profits would seem to suggest that – all else equal – the cost of the planned Corporate Income Tax (CIT) rate reductions should be higher – not lower – than PBO's cost estimate.

To enable the PBO to provide parliamentarians with a better assessment of the GC's revenue projections, it is important that the GC provide its projection of all income components (e.g., corporate profits, personal income, etc.) together with details regarding its underlying assumptions about the associated effective tax rates as part of the normal Fiscal Planning Framework update process highlighted in annual Budgets and fall Updates.

Justice Legislation

In order for the PBO to provide FINA and its members with an analysis with respect to these two motions and the documents tabled by the GC, the PBO requires detailed data and information with respect to each proposed bill. In this context, it may be helpful to re-state some of the PBO's objectives and operating principles in terms of its *supporting* role to Parliament in its fiduciary obligation of approving authorities for monies and in holding the GC to account.

PBO's analyses are grounded on the principle that the engagement objectives, observations and conclusions should be based on appropriate analysis, disclosure and, where useful, independent external peer review. Consequently, to support the objectives of a given engagement, observations and conclusions, PBO traditionally adopts the principles of data sufficiency, data relevance and data reliability. The Institute of Internal Auditors' practice advisories (PA 2301-1) defines data sufficiency, data relevance and data reliability as follows:

- "Data sufficiency is defined as sufficient information that is factual, adequate and convincing so that a prudent informed person would reach the same conclusion as the Internal Auditor

- Data relevance is defined as information that supports engagement, observations, conclusions and recommendations and is consistent with the engagement objectives

- Data reliability is defined as information that is competent and best attainable through the use of appropriate procedures."

It is our view that observations or costing made available by the GC or the PBO must be seen through the lens of the above three principles that promote objectivity, transparency and rigor of analysis.

Secondly, the data and documentation tabled by the GC should also be viewed in light of the policies and practices in the GC defined by the system of internal controls, as defined under the relevant statutes and, Treasury Board (TB) policies and guidelines. In the context of the GC's accountability framework we have made reference to two key policy elements:

a) the measures taken to organize the resources of the department to deliver departmental programs in compliance with GC policies and procedures; and,

b) the measures taken to maintain effective systems of internal control in the department.

Regarding point (a), which deals with the measures taken by the GC to deliver departmental programs consistent with GC policies and procedures, we note that the GC's policy is to replace transaction-level requirements and rules with basic principles of management accountability and transparency. It is our view that a capital budgeting methodology and financial modeling approach are consistent with the policy and are requisite to determine the funding requirements and fiscal impact of the proposed justice legislation.

In light of the above key messages, in order to properly respond to the motions as passed by FINA regarding the proposed justice legislation, the PBO would require from the GC the following:

1. detailed analysis, costing methodology, data and assumptions, and projections regarding the operational statistics at all correctional institutions, parole organizations, etc.;

2. detailed sensitivity analysis regarding key cost drivers, and the volatility and impact thereof;

3. key risk metrics and all quantifiable and non-quantifiable risks arising from the introduction of the legislation, and their subsequent impacts on the entire correctional system across Canada;

4. whether the proposed legislation would transfer costs and risks to other entities in the correctional system across Canada, such as provincial/territorial correctional departments, parole boards, police departments, etc.;

5. total annual fiscal impact on the federal fiscal framework of the proposed legislation;

6. detailed breakdown of the fiscal impact of the proposed legislation into capital and operating and maintenance costs, with unit cost metrics relating to per inmate costs and per FTE costs;

7. whether and how the proposed legislation would require the provision of new prison cells;

8. the unit cost estimates being used to generate the total cost of providing new prison cells;

9. whether and how the analysis provided by the GC is consistent with the *Treasury Board Guide to Costing;*

10. whether the funding required for the implementation of the proposed legislation has been made available and set aside in the Fiscal Planning Framework; and,

11. whether the incremental cost impacts to the federal Fiscal Planning Framework have been appropriately reflected in the departmental Annual Reference Levels (ARL).

In order to test the data and documentation provided by the GC in an objective manner, the PBO has prepared the following table (Table 1) to indicate whether or not the data and documentation provided by the GC meets the requirements of the PBO to undertake an analysis to provide to FINA:

Table 1
Crime Legislation: Financial Information and Analysis Gap
A Comparison of Information Requested by Parliament versus Provided by the GC[2]

Bills (from 40th Parliament, 3rd Session)	5-Year "Projected Cost Estimates"[3] summation	Breakdown of O&M and capital or other cost category	Whether consistent with Treasury Board Guide to Costing	Key assumptions identified	Detailed analysis and projections	Costing methodology provided	Funding set aside in the Fiscal Planning Framework and the departmental ARL?
C-4							
C-5							
C-16							
C-17							
C-21							
C-22							
C-23A							
C-23B							
C-39	Y						
C-48							
C-50							
C-51	Y						
C-52	Y						
S-2							
S-6							
S-7							
S-9	Y						
S-10	Y	Y					

As one may observe from Table 1, the PBO does not have at its disposal the requisite information from the GC to fulfill the request from FINA. Whereas a cost summary has been provided for a few bills, there is significant uncertainty surrounding the exact definition of the term itself (as noted in the associated footnote). Further, it is unclear whether the cost summaries are presented in cash or accrual accounting format.

The data tabled by the GC, does not provide the PBO, or FINA with analysis, key assumptions, drivers, and methodologies behind the figures presented. Further, basic statistics such as headcounts, annual inflows, unit costs per inmate, per FTE, and per new cell construction have not been made available. As requested in the FINA motion, the PBO is also unable to identify

[2] A "Y" in the cell indicates the data has been provided and meets the requirements, a blank indicates that it has not done so.
[3] The definition of "Projected Cost Estimates" is not available. It is unknown whether the term being used refers to incremental cost estimates, cash costs, accrual costs, or simply planned expenditures.

whether the data tabled by the GC would indicate whether the requisite monies have been indeed set aside in the Fiscal Planning Framework and whether the departmental Annual Reference Levels (ARL) of the affected federal government departments have been adjusted to reflect the change in requirements.

Furthermore, as FINA may be aware, there have been a series of justice-related legislations introduced in this session and earlier sessions of the 40th Parliament. The PBO has itself provided its analysis with regards to one of the legislations enacted into law, namely the *"Truth in Sentencing Act"*. While information regarding the impact of legislation enacted into law in prior sessions of Parliament has not been specifically sought by FINA in the aforementioned motions, it may be useful to note that there could very well be an ongoing cumulative fiscal impact on account of these enacted legislations; but there would also be impacts on subsequent legislation, either proposed or enacted due to interrelations among the bills. In this regard, legislation enacted earlier may either accentuate or diminish the fiscal impact of the legislation being currently proposed or that has been enacted since.

Should FINA be able to provide the PBO with datasets and documentation from the GC that was requested in the motions, the PBO would be pleased to carry out the requisite analysis as stipulated by the motion.

Estimating the Fiscal Impact of the F-35 Acquisition (JSF - Joint Strike Fighter)

Table 2
F-35: Financial Information and Analysis Gap
A Comparison of Information Requested by Parliament versus Provided by the GC

	Finance Canada estimate of cost per airplane[4]	Funding set aside in the Fiscal Planning Framework	Documents relating to acquisition costs	Documents relating to lifecycle costs	Documents relating to operational costs of the F-35 and prior programs (CF-18)[5]	Documents – Selected Acquisition Report (SAR)	Documents – US DoD Joint Estimating Team (JET)
F-35		Y[6]					

The GC has not provided FINA with most of the information that it requested as highlighted in Table 2.

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[4] Finance Canada (and/or National Defence) did not provide its own independent estimate of the costs but rather that of the JSF Project Office. The definition of "Cost Estimates" is unknown at this time as well as the methodology and assumption underlying the estimate.
[5] The Department of National Defence indicated in its response that the scope of the request was very broad, and the Department was willing to discuss the request with FINA in an attempt to streamline the response time.
[6] FINA was provided with this information; but, without the underlying analysis, the statement cannot be analysed by PBO.

In order for the PBO to provide parliamentarians with an independent cost estimate with respect to the proposed acquisition announced by the GC, the PBO requires detailed data and information with respect to the methodology and assumptions supporting the announced acquisition and maintenance costs. These include details about specific cost drivers such as detailed specifications to allow an assessment of weight and materials, deflator rates to account for changes in prices, and a specific delivery schedule to allow for a calculation of the cost of the aircraft at a specific point in the production cycle.

The GC's response confirms that the cost drivers above are relevant in determining the average unit cost of the aircraft, and that its estimates are largely reliant on the JSF project office. The response doesn't provide any detail or assumptions about the cost drivers.

A previous motion requested specific documents from the Department of National Defence (DND). These include the Selected Acquisition Report (SAR), and a recent report from the Joint Estimating Team (JET) that is located within the Office of the Secretary of Defence (US Department of Defence). These two reports would provide significant detail on some of the underlying cost drivers for the JSF aircraft. The SAR is submitted to Congress every March, and the PBO would have expected it to be available to JSF international partners. The PBO has come to understand that the JET report is not widely circulated.

The GC has also responded that the JSF project does not require new or unplanned sources of funds from the fiscal framework. This is useful information in the context of transparency as it concerns the Fiscal Planning Framework. However, without any supporting analysis, the statement will be difficult for parliamentarians to confirm or challenge.[7]
The PBO will be providing parliamentarians with an independent estimate of the costs of the F-35 aircraft in the upcoming weeks.

Corporate Tax Revenues

The GC has provided its 5-year projection of corporate profits before taxes, the effective corporate tax rate, corporate tax revenues and the cost of the planned corporate tax cuts. While this information adequately responds to the request by FINA and allows the PBO to better assess GC’s 2010 fiscal projections, it is important that projections of all income components (corporate profits, personal income, etc.) together with details of the underlying assumptions about the associated effective tax rates are released every time that the GC provides its fiscal projections.

[7] In response to a PBO information request, DND has provided the PBO with Statement of Operational Requirements for the Next Generation Fighter Capability program. The information in this document is not specifically related to supporting aircraft cost drivers, but provides a better understanding of the importance of certain technical specifications that any fighter jet must possess if it is to be considered by DND.

Nominal GDP is the broadest measure of the GC's tax base. The composition of nominal GDP plays a key role in fiscal projections since different components of nominal GDP (e.g., wages and salaries, corporate profits) are taxed at different rates. Indeed, corporate profits are taxed at a higher effective rate than personal income. Projections of corporate profits before taxes have been provided to private sector economists under previous forecast processes.[8]

Table 3 presents Finance Canada's projections of corporate profits over the period 2010 to 2014, consistent with the economic and fiscal projections published in the GC's October 2010 *Update of Economic and Fiscal Projections* (Update). Based on the same assumptions for nominal GDP, Finance Canada's projections of corporate profits over this period are higher than PBO's projections. For 2010, Finance Canada's projection of corporate profits is $2.3 billion (1.3 per cent) higher than PBO's; and, for 2014 Finance Canada's projection of corporate profits is $18.9 billion (8.3 per cent) higher.

Table 3
Corporate Profits Before Taxes, $ billions

	2010	2011	2012	2013	2014
Finance Canada	177.4	200.1	215.6	232.1	245.7
PBO	175.1	191.4	203.7	215.5	226.8
difference from PBO	*2.3*	*8.7*	*11.9*	*16.6*	*18.9*

Source: Office of the Parliamentary Budget Officer; Finance Canada.

Typically, corporate profits are expressed relative to the size of the economy (i.e., nominal GDP). Table 4 compares Finance Canada's projection of corporate profits as a share of nominal GDP to PBO and leading private sector economists. Over the projection horizon, Finance Canada expects the share of corporate profits in nominal GDP to reach 12.6 per cent, which is high relative to historical experience. For example, the share of corporate profits has averaged 10.3 per cent since 1961 and has averaged 12.4 per cent over the past 10 years. Further, in every year of the projection horizon, Finance Canada's projection of the share of corporate profits is higher than PBO and leading private sector economists.

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[8] This fact is highlighted in the report the Policy and Economic Analysis Program (PEAP) Institute for Policy Analysis, University of Toronto and the Centre Interuniversitaire de recherche en analyse des organisations (CIRANO), which describes the sharing of the detailed update forecasts in previous years. "Both the private-sector average aggregates, and the details on GDP expenditures and income components, employment and unemployment, all determined in the Department of Finance model, are passed over to the forecasting organizations, who then input all this detail into their models". For more information, see page 14 in http://www.fin.gc.ca/wp/Freview-eng.asp.

Table 4
Corporate Profits before Taxes, per cent of GDP

	2010	2011	2012	2013	2014
Finance Canada	11.0	11.9	12.2	12.5	12.6
PBO	10.8	11.4	11.5	11.6	11.6
PEAP	10.6	10.7	11.2	11.5	11.8
Conference Board	10.6	10.8	10.8	11.2	11.7
IHS Global Insight	10.8	11.5	11.9	12.1	12.1

Source: Office of the Parliamentary Budget Officer; Finance Canada; PEAP; Conference Board of Canada; IHS Global Insight.

Table 5 presents Finance Canada's October 2010 and PBO's November 2010 projections of corporate income tax (CIT) revenues (Public Accounts basis) relative to corporate profits (National Accounts basis), which Finance Canada defines as the "average effective tax rate". With the exception of 2010-2011, Finance Canada's average effective tax rate is higher than PBO's projection by 1.1 percentage points on average.

Table 5
Corporate Income Tax Revenues Relative to Corporate Profits, per cent

	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
Finance Canada	15.8	15.5	14.6	14.5	14.6
PBO	16.9	14.5	13.3	13.5	13.4
difference from PBO	*-1.1*	*1.0*	*1.3*	*1.0*	*1.2*

Source: Office of the Parliamentary Budget Officer; Finance Canada.

PBO did not receive any information regarding the methodology used to forecast the effective corporate tax and therefore cannot assess the reasonableness of Finance Canada's estimates.

As a result of higher corporate profits and higher effective corporate tax rates, Finance Canada projects CIT revenues that are significantly higher than PBO. Over the five-year period 2010-2011 to 2014-2015, Finance Canada's CIT revenues are projected to be $16.1 billion higher, on a cumulative basis, than PBO reflecting approximately equal contributions from lower corporate profits and lower effective tax rates.

Table 6
Corporate Income Tax Revenues, $ billions

	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
Finance Canada	28.1	31.1	31.4	33.7	35.9
PBO	29.6	27.7	27.2	29.1	30.5
difference from PBO	*-1.5*	*3.4*	*4.2*	*4.6*	*5.4*

Source: Office of the Parliamentary Budget Officer; Finance Canada.

Finance Canada has estimated the cost of the planned CIT rate reductions, relative to the case where the statutory rate remains at 18 per cent, to rise from $1.6 billion in 2011-2012 to $4.6 billion in 2013-2014 (Table 7). Assuming no behavioural responses, PBO estimates the cost to increase from $2.6 billion in 2011-2012 to $4.6 billion in 2013-2014. Since the tax reduction takes effect on January 1, 2011, there will be a cost incurred in 2010-2011, which PBO estimates to be $0.490 billion. Finance Canada did not provide a cost estimate for 2010-2011.

Table 7
Estimated Cost of CIT Rate Reductions, $ billions

	2011-2012	2012-2013	2013-2014	total
Finance Canada	1.645	3.850	4.550	10.045
PBO	2.581	4.355	4.607	11.543
difference from PBO	*-0.936*	*-0.505*	*-0.057*	*-1.498*

Source: Office of the Parliamentary Budget Officer; Finance Canada.

PBO cannot reconcile the differences between cost estimates. Finance Canada's projection of corporate profits would seem to suggest that – all else equal – the cost of the planned CIT rate reductions should be higher – not lower – than PBO's cost estimate. PBO would require additional information regarding Finance Canada's costing methodology, detailed assumptions and access to the model used to construct the estimates to fully assess Finance Canada's estimates of the cost of the planned corporate tax rate reductions.

ANNEX
Parliament and the Expenditure Management System

The Parliament of Canada owes a fiduciary duty to the Canadian people to control public monies on their behalf.

Canada's *Constitution* establishes and affirms this duty through two key provisions:

- Section 102 provides that "[a]ll Duties and Revenues ... shall form One Consolidated Revenue Fund ..."

- Section 106 provides that the balance of the Consolidated Revenue Fund "...shall be appropriated by the Parliament of Canada ..."

These constitutional provisions obligate the Parliament of Canada to ensure that two sequential steps are taken. First, it must require and ensure that the GC deposits all public monies into the consolidated revenue fund (CRF). Second, before making a payment out of the CRF, Parliament must ensure that the GC has obtained Parliament's authority to do so.[9]

This authority manifests itself in an Appropriation Bill. The Bill defines the amounts and purposes for which the GC can spend, including the right to access public funds through the business of supply.

The constitutional responsibility of the Parliament of Canada to manage the public purse consistent with its fiduciary duty to the Canadian people necessitates the provision of accurate, timely, and relevant information. It is only with such information that Parliament can be in a position to discharge its duty to the best of its abilities.

In order to fulfil its fiduciary obligations to the Canadian people in controlling public monies, Parliamentarians must be free to make reference to information generated, collected, and presented at or through the various steps of the GC's expenditure management system (EMS). This information includes the type of documents being requested by FINA.

This information is generated, collected, and presented in the ordinary course of business. It is, however, difficult to say with absolute specificity the type of information that will be generated for every given situation. That said, this information exists in some form or another and is readily available. The information requested by FINA constitutes a prime example of the type of information to which Parliament must be free to make reference.

[9] Operations, Structures and Responsibilities in the Federal Government - A Guidebook for Heads of Agencies, Privy Council Office (Machinery of Government), 1999

In order to gain a better understanding of the nature of the information that parliamentarians must be free to make reference to, it is helpful to examine the process by which such information is gathered, presented, and considered. This occurs at three stages:

1. Preparation of information by the sponsoring or proponent department;

2. Memorandum to Cabinet (MC) and the cabinet committee process; and,

3. Treasury Board submission and Treasury Board process.

Sponsoring or Proponent Department

As a process, the Estimates represent the culmination of a number of important steps in the GC's expenditure management system (EMS). Prior to the GC seeking parliamentary authority to spend money, a new spending proposal must pass through a series of policy, legal, operational, and financial gates within the cabinet committee process and central agencies of the GC.

The EMS begins with the sponsoring department and includes financial and related information analysis that will form the analytical basis for a Memorandum to Cabinet and later Treasury Board submission. As Accounting Officer, the Deputy Minister of each department will attest to the veracity of the financial and related information analysis that forms the foundation for his or her department's new spending proposal. *This information is readily available and circulated within the relevant government department and between the department, central agencies, and other relevant departments.*

Memorandum to Cabinet (MC)

On the basis of the information outlined above, the relevant department will draft a MC in order to obtain approval for a new spending proposal. The MC will be reviewed and considered by Cabinet and the policy committees.

The MC template directs the inclusion of the following:

> ... information on financial implications, and management and accountability issues. ... information on relevant studies and evaluations such as Auditor General studies, internal audits, strategic reviews and program evaluations. [10]

Officials in the Privy Council Office (PCO), along with Finance Canada, and Treasury Board Secretariat (TBS) provide a due diligence[11] function, and in doing so, gather, present, consider,

[10] MC template, Revised MC Requirements, MC drafter's guide:
http://www.pco-bcp.gc.ca/index.asp?lang=eng&page=information&sub=publications&doc=mc/mc-eng.htm
(accessed February 21, 2011)

and analyze information and data. *This information, data, and analysis are readily available and circulated within the relevant department/agency and between the department/agency and other central agencies and departments.*

Treasury Board Submission

After a proposed program or legislation is approved through the budget or off-cycle process, a new spending proposal will seek program and other authorities via the Treasury Board (TB) submission process.[12] The TB submission process also requires extensive financial and risk analysis with a significant costs analysis component, consistent with TB policies and guidelines.[13] *This information is readily available and circulated within Treasury Board and between the Treasury Board and other central agencies and departments.*

The Parliament of Canada is under a constitutional obligation to review any information gathered above that it views as necessary for the discharge of its fiduciary duty to the Canadian people to properly control public monies.

[11] Due diligence involves analyzing and validating the economic, financial, commercial, operational and strategic assumptions being made. It serves to confirm all material facts prior to decision making and leverages the experience of the person conducting the assessment and relevant supporting documents such as financial statements, business plans and projections etc…to form a view of the future.
[12] A Guide to Preparing Treasury Board Submission, Treasury Board, Secretariat (accessed February 21, 2011)
[13] See, for example, TB Guide to Costing, www.tbs-sct.gc.ca/pol/doc-eng.aspx?id=12251&section=text