



Health Santé
Canada Canada

Evaluation of the Memoranda of Understanding between the Assistant Deputy Ministers and Regional Directors General

Presented to

Health Canada
Departmental Audit and Evaluation Committee

November 1, 2005

**Evaluation of the Memoranda of Understanding
between the Assistant Deputy Ministers and the Regional Directors General**

Action Plan - June 2005

Recommendation	Context	Action	Responsible	Date
Role of RDG to be clarified, as a basis for future accountability arrangements.	The departmental and regional visioning exercises will provide for discussion of topics such as the evolving role of the Department and regions and a forum for discussing new roles, responsibilities, authorities and resources.	Establish an oversight committee chaired by an ADM and an RDG to define the regional role and develop accountability accords for each branch and region. This committee will provide the mandate and ongoing direction to task teams assigned to carry out the transition work to implement decisions on regional renewal.	Lead ADM and RDG	July 2005 (incorporated into the Regional Renewal accountability accord)

Recommendation	Context	Action	Responsible	Date
<p>Enhance the accountability accords by detailing:</p> <ul style="list-style-type: none"> • how roles and responsibilities will be managed • formal framework or formula for allocating funds between the regions and branches • logic model • performance measurement framework • performance measurement strategy • performance indicators • performance data • a formal dispute resolution process 	As above.	<p>Oversight committee to set objectives for the branch-specific accountability accords and assign task teams to develop draft accountability accords for each branch.</p> <p>Oversight committee to chair a meeting of ADMs and RDGs to review draft accords and identify key outstanding implementation issues.</p> <p>Assign a task team to work on implementation issues (necessary structural changes, budgets, working relationships).</p> <p>Implement new accountability accords in each branch.</p>	<p>Lead ADM and RDG</p> <p>Lead ADM and RDG</p> <p>Lead ADM and RDG</p> <p>Lead branch ADMs and RDGs</p>	<p>September 2005</p> <p>October 2005</p> <p>November 2005 - March 2006</p>

Recommendation	Context	Action	Responsible	Date
<p>Formal oversight mechanisms should be established for negotiation and implementation of the accountability accords.</p>	<p>As above.</p>	<p>Assign an oversight committee consisting of an ADM and a RDG to champion the development of the regional role and accountability accords. Oversee the work by meeting regularly with the champions to ensure that the roles, responsibilities and accountabilities are supportive of the new vision for the Department; and ensure that appropriate accountability accords are established and implemented.</p> <p>Establish a reporting schedule for the oversight committee.</p>	<p>ADMs and RDGs</p>	<p>June 2005 (incorporated into the Regional Renewal initiative)</p>



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EVALUATION OF THE MEMORANDA OF UNDERSTANDING BETWEEN THE ASSISTANT DEPUTY MINISTERS AND REGIONAL DIRECTORS GENERAL

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INTRODUCTION

This evaluation of the Memoranda of Understanding (MOUs) between the Assistant Deputy Ministers (ADMs) and the Regional Directors General (RDGs) in Health Canada was completed in response to a request from the Departmental Audit and Evaluation Committee (DAEC).

EVALUATION OBJECTIVES

The objectives of the evaluation are to assess the implementation of the MOUs; to identify their early successes; and to provide departmental managers with objective information to make decisions about appropriate revisions to the agreements or the process.

EVALUATION QUESTIONS

The evaluation was national in scope and focussed on addressing three key issues:

- 1) **implementation**, including questions about lessons learned in negotiating the design and operationalizing the MOUs;
- 2) **effectiveness**, including questions about the extent to which the line and functional authority arrangements contained in the MOUs support the effective delivery of programs to national standards while appropriately reflecting regional/local differences and what changes might be appropriate to render the arrangements more effective;
- 3) **alternatives**, including a question about alternative governance models/tools/processes to improve outcomes, working relationships and accountabilities in Health Canada.

METHODOLOGY

The following lines of evidence were used for this study:

1. Literature/Document Review

The purpose of this component was to present the applicable theory and practices in line and functional authority relationships in general to find best practices, and then compare these with the Health Canada model. The component also reviewed and analysed all documents related to the implementation of the MOUs between the ADMs and RDGs.

2. Interviews

A total of 14 interviews were conducted with ADMs, RDGs and RDs on the evaluation issues. Interviewees were asked to assess the implementation of the MOUs including their strengths and weaknesses; assess the effectiveness of the MOUs in facilitating interbranch collaboration, delivering programs and meeting the needs of Canadians and other external stakeholders; and suggesting alternatives.

BACKGROUND

Strategic context

Prior to the July 2000 Realignment, each branch in Health Canada had its own regional structure and operation, which reported directly back to the branch head. At that time, Regional Directors General were responsible for three basic functions: providing regional financial, human resources and administrative services; being the departmental interface with provincial and territorial governments; and providing intelligence on regional issues and developments. After July 2000, some regional operations reported directly to branch heads while others came under the direct responsibility of Regional Directors General (RDGs). Regardless of reporting relationship, however, the RDGs were responsible for integrating and coordinating all Health Canada operations within their region and, where and when necessary, ensuring sensitivity to local needs. ADMs, meanwhile, were accountable for ensuring the delivery of programs to the same standards across Canada.

In this joint-responsibility environment, the *Memoranda of Understanding between the Assistant Deputy Ministers and the Regional Directors General* (MOUs) are intended to operationalize the teamwork, cooperation and communication necessary between branches and regions by identifying key planning, program delivery and performance elements and roles, responsibilities and accountabilities for each. The *Assistant Deputy Minister/Regional Director General Accountability Framework* was to guide the development of the MOUs. An MOU was developed for each branch-region relationship. The MOUs were implemented in late-2001 to early-2002.

FINDINGS

The majority of interviewees reported that the negotiation of the MOUs began in a collaborative and positive environment, and both parties appreciated the opportunity to discuss the regional role. It was acknowledged, however, that not all issues related to clarifying roles and responsibilities were resolved. There was no formal mechanism to

coordinate and monitor the negotiation and implementation of the MOUs. Consequently, branches and regions were left, essentially, to their own devices in interpreting and applying the *ADM/RDG Accountability Framework* to develop each individual branch-region MOU.

Some interviewees who participated in the original negotiations of the MOUs suggested that what was intended was a common approach to roles and responsibilities for all branches and regions. The seven MOUs that were ultimately negotiated, however, reflect a spectrum of broad roles and responsibilities for RDGs and ADMs. As examples, in the case of FNIHB and HPFB, regions report to the branch ADM through Regional Directors. HECSB Regional Directors report through the RDG, but program funding is managed by the branch ADM.

To date there has been only a broad division of roles and responsibilities among the ADMs and RDGs in the MOUs. The MOUs usually do not go beyond the general objective statements and descriptions of roles and responsibilities articulated in the *Accountability Framework*. Other than general statements of intent and descriptions of activities, the *Accountability Framework* and MOUs do not provide indicators of measurable expected performance. There is also no mechanism to resolve disputes or differences of interpretation between parties.

In this environment, the tendency of the parties involved appears to have been to emphasize their individual accountabilities – for ADMs, delivering on programmatic outcomes and control over programmatic resources and decision-making and, for RDGs, maximizing integration, co-ordination and responsiveness of regional operations.

Throughout the evaluation, the main issue that arose was the balance of resources and accountabilities between the regions and branches. This tension became apparent in the negotiations between the ADMs and RDGs and was not resolved, which might explain the lack of precision over their respective roles and responsibilities as reflected in the MOUs. Given the unresolved tensions between the two main parties to the MOUs, it is not surprising that absent from the MOUs are some of the important, but contentious elements such as funding formulae, clear results statements and indicators of success.

Without clear results commitments, the effectiveness of this relationship between the ADMs and RDGs relies largely on the personalities and goodwill of the individuals involved. Additionally, the lack of agreed upon results makes it difficult to assess how effectively the department is delivering national programs under its current regional arrangements. When asked about the benefits to Canadians of regional arrangements, interviewees were unable to provide objective evidence of increased visibility or responsiveness to regional needs afforded by the current arrangements.

CONCLUSIONS AND RECOMMENDATIONS

Clarity of roles and responsibilities

Clear and consistent roles and responsibilities are important to facilitate coherence and integration of departmental operations. The current collection of MOUs, which describe a range of broad roles and responsibilities for RDGs and Branch ADMs have contributed to a cumbersome, inconsistent and confusing arrangement of regional and branch accountabilities. Additionally, since the Realignment of 2000 and the development of the original set of MOUs, structural and programmatic changes have taken place in the Department, including creation of the Public Health Agency of Canada, which have significant implications for regional operations.

In this context the department needs to re-visit the question of what the optimal role for the regions should be to support departmental results and achieve greater coherence and integration. Possible future arrangements could include either regional reporting through ADM in all cases, RDGs responsible for program delivery and having line authority over staff and resources, or some model in between these two.

Recommendation 1

The role of RDG should be clarified, as a basis for future accountability arrangements. This discussion should take into consideration:

- the desired extent of decentralization in the Department;
- a branch-by-branch consideration of the nature of the Department's programs and how this might affect the:
 - i) accommodation of regional differences in program design and delivery;
 - ii) measures to ensure coherence and comprehensiveness within and across programs and regions;
 - iii) measures to monitor and enforce compliance with national standards;
 - iv) extent to which common products, services, standards and procedures are in place to ensure nationally consistent and coherent programming;
- a branch-by-branch consideration of the existing legislative framework and the:
 - i) degree of regional discretion in interpretation and application;
 - ii) need for training of regional staff to improve their familiarity with existing frameworks.

Enhancements to the MOUs

A lack of clarity in roles and responsibilities was mentioned by the RDGs as one of the main reasons why there was no widespread and firm understanding of what they were expected to contribute to both branch-specific and collective results. This lack of clarity, coupled with a lack of identified and agreed on results, makes it difficult to determine the necessary resource levels to plan, deliver and report on the effectiveness of programs.

Workable ADM/RDG accountability frameworks and MOUs need to focus on articulating areas of responsibility in sufficient detail such that the parties involved clearly understand and can determine in some measurable way the quality, quantity and timing of their input, output and activities for achieving specified results. The current MOUs lack a clear articulation of roles and responsibilities, of the results the MOUs are intended to achieve; performance information to inform the evolution of the relationships and the objectives; a feedback loop to allow lessons learned to actually influence the direction of the relationships; and a means to resolve disputes.

Recommendation 2

Regardless of whether an MOU or another tool is used, the following need to be detailed:

- how roles and responsibilities will be managed
- a formal framework or formula for allocating funds between the regions and branches
- a performance measurement framework with indicators
- a conflict resolution mechanism

Formal oversight mechanisms

The process to develop the current MOUs lacked a formal oversight mechanism to ensure coordination and consistency of agreements. There was also no mechanism to resolve disputes between parties during the negotiation of arrangements.

Leadership by the Deputy Ministers and Departmental Executive Committee and more formal oversight mechanisms are essential to building and maintaining a climate of trust and to ensure that appropriate authorities, clear strategic policies and direction and effective management systems are in place if the MOUs are to be rendered more effective.

Recommendation 3

Formal oversight mechanisms should be established for negotiation and implementation of the MOUs.