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Canada

2013 Annual Report on the Health of the Evaluation Function

Government of Canada   Gouvernement du Canada

2013 Annual Report on the Health of the Evaluation Function

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Message From the Secretary of the Treasury Board

The *2013 Annual Report on the Health of the Evaluation Function* is the fourth annual report that provides the Treasury Board and Canadians with information on the evaluation function in the Government of Canada.

In April 2009, the *Policy on Evaluation* was renewed by the Treasury Board. This policy included a four-year phase-in period to give departments time to build the capacity needed to implement all of the policy's requirements, including comprehensive evaluation coverage of all direct program spending. This requirement was set to come into force starting in April 2013.

Findings from analysis of data over the phase-in period (2009–10 to 2012–13) suggest the following:

- The level of financial and human resources expended under the *Policy on Evaluation* increased in 2009–10 following the introduction of the policy; subsequently, there was some fluctuation and decline in resource spending during the period between 2011–12 and 2012–13.
- Departments have successfully delivered evaluative information on a greater amount of direct program spending under the current *Policy on Evaluation* than prior to its implementation, notwithstanding fluctuations in evaluation resources.
- The coverage of ongoing programs of grants and contributions, further to section 42.1 of the *Financial Administration Act*, has for the most part been achieved by departments.

The analysis conducted in support of this report has been taken into consideration as part of the Treasury Board of Canada Secretariat's evaluation of the 2009 *Policy on Evaluation*. It will help inform future policy renewal processes to ensure that the *Policy on Evaluation* continues to support the objectives of the Government of Canada and the needs of Canadians.

Yaprak Baltacıoğlu
Secretary of the Treasury Board

1. Introduction

1.1 Purpose of this report

The *2013 Annual Report on the Health of the Evaluation Function* fulfills a key responsibility of the Treasury Board of Canada Secretariat (Secretariat) to monitor and report annually on government-wide evaluation priorities and the health of the evaluation function.

The report focuses on the performance of large departments and agencies subject to the *Policy on Evaluation*; it does not include information on small departments and agencies. [1] The report considers changes between 2011–12 and 2012–13 and provides a government-wide view of the health of the evaluation function over the renewed policy's four-year phase-in period from April 2009 to March 2013.

1.2 Areas addressed in this report

The report addresses six key areas:

- resources for evaluation;

- coverage;
- governance and support;
- quality of evaluations;
- use of evaluations; and
- support provided by the Secretariat.

1.3 Information sources used in preparing this report

This report draws information from the Secretariat's ongoing monitoring of the function, particularly via the receipt of departmentally approved departmental evaluation plans and reports; the annual fiscal year-end Capacity Assessment Survey of departmental evaluation functions; other documents submitted to the Secretariat; and regular interactions with departmental evaluation units. All information used in this report is actual reported data following the close of the fiscal year.

2. Resources for Evaluation

2.1 Financial resources

> During the *Policy on Evaluation* phase-in period (2009–10 to 2012–13), evaluation expenditures experienced some adjustment.

Expenditures on evaluation increased when the current *Policy on Evaluation* was introduced, going to a high of $61.2 million in 2009–10. At the close of the phase-in period, expenditures were at $56.2 million. This amount was overall slightly below the level of expenditure by evaluation functions that was in place prior to the introduction of the renewed policy in 2009.

> The financial expenditures of federal evaluation functions decreased slightly between 2011–12 and 2012–13. This decrease is consistent with departmental decreases in overall expenditures.

As shown in Table 1, the annual expenditures of evaluation functions in 2012–13 declined relative to 2011–12 levels:

- Total financial expenditures by evaluation functions were reported at $56.2 million in 2012–13, which represents a decrease of approximately 3 per cent from 2011–12 figures. A decrease in evaluation expenditures is consistent with departmental decreases in overall operating expenditures over the same period. The median amount that departments devoted to their evaluation functions was $1.1 million in 2012–13. This represents a decrease from the 2011–12 median of $1.3 million.

- In 2012–13, the amount spent on evaluation across the Government of Canada was 0.5 per cent of the combined dollar value of all the programs evaluated in 2012–13.
- The operating and maintenance expenditures of evaluation functions in 2012–13 decreased by 17 per cent (or $0.8 million) from 2011–12 levels.
- In 2012–13, there was an increase of 4.6 per cent over 2011–12 figures for salary expenditures. This area of expenditure continued to represent the largest component of total expenditures by the function at 73 per cent.

> From 2008–09 to 2012–13, departments made a marked shift in the use of financial resources by decreasing expenditures on professional services.

Expenditures by evaluation functions on professional services decreased by nearly 44 per cent, from $20.5 million in 2008–09 to $11.6 million in 2012–13. As a proportion of total expenditures, professional services went from representing 36 per cent of overall expenditures in 2008–09 to representing 21 per cent of overall expenditures in 2012–13.

Conversely, salary expenditures increased from 56 per cent of overall expenditures to 73 per cent of overall expenditures between 2008–09 and 2012–13. Since the introduction of the 2009 *Policy on Evaluation*, a greater proportion of financial expenditures has come to be associated with the expenses of salaried staff versus expenditures on professional services.

Table 1. Financial Resources Expended in Federal Evaluation Functions (2008–09 to 2012–13)

Expenditure Category	Period Prior to the 2009 *Policy on Evaluation*	2009 *Policy on Evaluation* Phase-In Period			
	2008–09 ($ millions)	2009–10 ($ millions)	2010–11 ($ millions)	2011–12 ($ millions)	2012–13 ($ million)
Salary	32.3	37.1	38.2	39.0	40.8
Operating and Maintenance (O&M) *	4.4	5.0	4.3	4.6	3.8
Professional Services	20.5	19.1	17.6	14.3	11.6
Total Expenditures †	**57.2**	**61.2**	**60.1**	**57.9**	**56.2**
% Annual Change	**N/A**	**7.0%**	**-1.8%**	**-3.7%**	**-2.9%**

| * | O&M excludes professional services. |

| ‡ | Total resources reported have been adjusted to exclude "Other" resources. "Other" resources were reported in previous annual reports on the health of the evaluation function; however, given that these resources are not managed by departmental heads of evaluation, they are no longer being considered within the scope of analysis. |

2.2 Human resources

The level of human resources in evaluation functions increased during the *Policy on Evaluation* phase-in period (2009–10 to 2012–13) relative to before the policy was introduced.

The number of salaried evaluation resources was greater on average by about 12 per cent throughout the policy phase-in period relative to the level of resources in place prior to the introduction of the policy in 2009. As noted, throughout the phase-in period departments shifted their use of financial resources from expenditures on professional services to expenditures on internal human resources.

The level of full-time equivalents dedicated to the evaluation function declined in 2012–13.

As shown in Table 2, the number of full-time equivalents (FTEs) dedicated to the evaluation function fluctuated throughout the phase-in period and experienced a small decline between 2011–12 and 2012–13:

- Between 2011–12 and 2012–13, there was a decrease of 18 FTEs, from 477 FTEs to 459 FTEs.
- The median number of FTEs per department or agency was 10.7 FTEs, which is a decrease from 13.3 FTEs in 2011–12.
- While the absolute number of FTEs declined in 2012–13, salary expenditures increased marginally during the same period.

Table 2. Full-Time Equivalents Working in Evaluation Functions (2008–09 to 2012–13)

	Period Prior to the 2009 *Policy on Evaluation*	2009 *Policy on Evaluation* Phase-In Period			
	2008–09	2009–10	2010–11	2011–12	2012–13
Full-Time Equivalents (FTEs)	418	474	459	477 [*]	459
% Annual Change	2.2%	13.4%	-3.2%	3.9%	-3.8%

Source: Capacity Assessment Survey

Note: FTEs shown represent actual ongoing and time-limited resources reported by departments at the close of the fiscal year.

[*] Adjusted due to corrections in data self-reported by departments.

2.3 Contracted services

Contracted services include any contracted expenditures associated with planning and conducting evaluations. They are a subset of professional services and speak more specifically to the use of external contractors for planning and conducting evaluations.

> The use of contracted services declined in 2012–13 relative to 2011–12.

In 2012–13, only 51 per cent of evaluations (62 of 122 evaluations) involved contractors for at least some part of the work, while the remainder did not involve any contractors. In comparison, 73 per cent of evaluations involved contractors in 2010–11, and 64 per cent in 2011–12.

In 2012–13, total contracted expenditures reported by departments for evaluation work was $8.1 million, which represents 14 per cent of all evaluation resources expended over the fiscal year. In comparison, the total contracted cost of evaluation services in 2011–12 was $12.4 million, or 21 per cent of all evaluation resources expended in that year.

3. Coverage

The key coverage requirements of the 2009 *Policy on Evaluation* addressed in this report include the following:

- The evaluation every five years of ongoing programs of grants and contributions, as required by section 42.1 of the *Financial Administration Act* (FAA); and

- The evaluation of all direct program spending every five years.

3.1 Coverage of ongoing programs of grants and contributions

This year's report is the second report to cover a five-year period since the advent of the legal requirement to evaluate all ongoing programs of grants and contributions every five years. This legal requirement came into force on December 12, 2006, when the 2006 _Federal Accountability Act_ amended the _Financial Administration Act_ (FAA).

> In 2012–13, most departments met the requirement to evaluate all ongoing programs of grants and contributions over the previous five years as per FAA requirements.

During the 2012–13 fiscal year, the Secretariat examined compliance with FAA coverage requirements via the use of a confirmation mechanism, which involved assessing financial data reported by departments, reviewing departmental evaluation plans and reports completed in-year, and considering the data available in the Main Estimates.

Results of the assessment process showed that 22 of the 31 large departments and agencies that had administered ongoing programs of grants and contributions from 2008–09 to 2012–13 had fully evaluated these programs, while 9 had not. The latter had partially evaluated these programs: for 5 large departments and agencies, unevaluated programs represented less than 5 per cent of their total spending on ongoing programs of grants and contributions; for the remaining 4, unevaluated programs represented more than 5 per cent of their total ongoing grant and contribution spending.

The Centre of Excellence for Evaluation (CEE) also examined coverage of ongoing programs of grants and contributions as a proportion of grants and contributions displayed in the Main Estimates. [2] These figures can be found in Table 3. Findings include the following:

- The cumulative government-wide evaluation coverage of ongoing programs of grants and contributions over the five-year period from 2008–09 to 2012–13 is estimated at 88 per cent. [3]
- The proportion of ongoing program of grant and contribution spending evaluated in 2012–13 was estimated at 11.9 per cent. This varied from 2011–12 levels when the proportion evaluated was at 18.5 per cent. Fluctuations in coverage levels are anticipated from year to year, given the variability in the funding renewal schedule of grants and contributions programs.
- Over the phase-in period, the average annual coverage of ongoing program spending of grants and contributions was approximately 17.6 per cent.

Table 3. Evaluation of Ongoing Programs of Grants and Contributions (Gs&Cs) (2008–09 to 2012–13)

	Fiscal	Gs&Cs Program	Total Gs&Cs Program	Annual

	Year	Spending Covered by Evaluations ($ millions)	Spending From Main Estimates ($ millions)	Gs&Cs Coverage (%)
Period Prior to the 2009 *Policy on Evaluation*	**2008– 09**	4,662	27,311	17.1
2009 *Policy on Evaluation* **Phase-In Period**	**2009– 10** <u>*</u>	10,167	30,605	33.2
	2010– 11 <u>*</u>	2,903	39,145	7.4
	2011– 12 <u>*</u>	6,190	33,505	18.5
	2012– 13 <u>*</u>	4,162	34,906	11.9

Source: Secretariat Monitoring: Departmental Evaluation Plans and Reports

<u>*</u>   Includes only evaluations that reflect coverage requirements of section 6.1.8 of the 2009 *Policy on Evaluation*.

3.2 Coverage of direct program spending

From 2009–10 to 2012–13, departments were given the time to adjust their capacity in order to prepare to evaluate all direct program spending every five years, commencing April 1, 2013. [4] In order to be fully compliant with the *Policy on Evaluation*, departments will need to achieve full evaluation coverage of all direct program spending within five years, namely by the end of 2017–18.

> Over the four-year phase-in period (2009–10 to 2012–13), departments were able to evaluate approximately half of all direct program spending.

Estimated cumulative coverage of direct program spending over the four years since the introduction of the *Policy on Evaluation* was 49.4 per cent, with average annual coverage 12.4 per cent (see Table 4).

The level of annual coverage of direct program spending varied noticeably over the phase-in period. Between 2011–12 and 2012–13, there was a decrease of 30 per cent in the level of direct program spending evaluated. Similar increases or decreases were observed in previous years.

Table 4. Evaluation Coverage of Direct Program Spending (2008–09 to 2012–13)

	Fiscal Year	Total Number of Evaluations	Direct Program Spending Covered by Evaluations ($ millions)	Total Direct Program Spending From Main Estimates ($ millions)	Annual Evaluation Coverage (%)	Average Level of Direct Program Spending Covered per Evaluation ($ millions)
Period Prior to the 2009 *Policy on Evaluation*	**2008–09**	134	5,879	79,327	7.4	43.9
2009 *Policy on Evaluation* **Phase-In Period**	**2009–2010** *	164	11,999	84,665	14.2	73.2
	2010–11 *	136	6,607	99,325	6.7	48.6
	2011–12 *	146	15,202	90,710	16.8	104.1
	2012–13 *	123	10,603	90,838	11.7	86.2

Source: Secretariat Monitoring: Departmental Evaluation Plans and Reports

*   Includes only evaluations that reflect coverage requirements of section 6.1.8 of the 2009 *Policy on Evaluation*.

Results from the 2012–13 monitoring process also indicate departments' progress over the phase-in period in building capacity to achieve full coverage between 2013–14 and 2017–18. In 2012–13, a total of 97 per cent of departments achieved coverage ratings of "acceptable" or "strong" (see

Figure 1) in terms of their monitored performance, which was an increase from 90 per cent of departments in 2011–12 receiving these same ratings. 5

Looking ahead, a review of 2013–14 to 2017–18 departmental evaluation plans shows that almost all departments plan to evaluate all of their direct program spending over the five-year period. This is a significant increase from the plans from the previous year, which showed that only 62 per cent of departments projected full coverage. This likely reflects the fact that the full coverage requirement came into force in 2013–14.

Figure 1: Assessment Ratings of Evaluation Coverage (2012–13)

Source: Secretariat Monitoring: Evaluation Coverage – Assessment Results
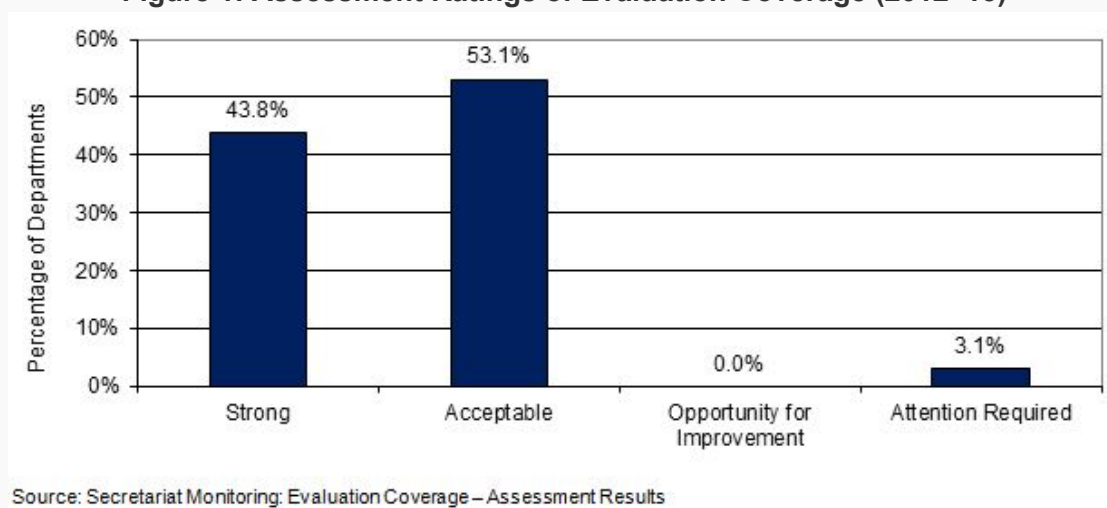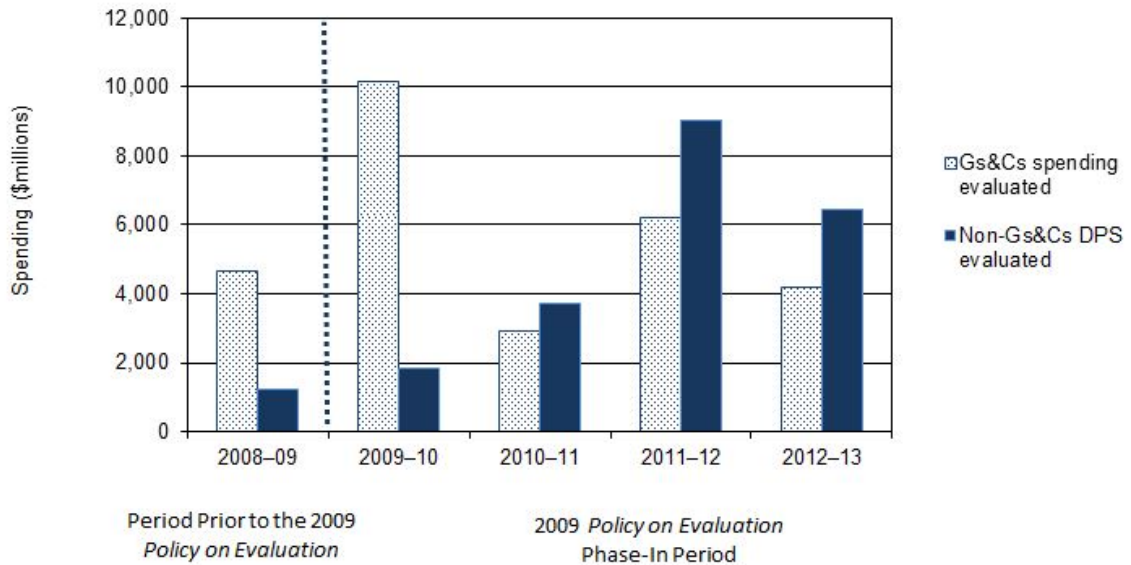
▶ Figure 1 – Text version

Compared with pre-2009 policy levels, non-grant and contribution program spending now represents a greater proportion of the direct program spending evaluated.

As in 2011–12, data from 2012–13 continue to suggest that departments have increased the level of coverage of direct program spending that is not covered by the evaluation of ongoing programs of grants and contributions. Further, departments have increased this level of coverage while continuing to evaluate their ongoing programs of grants and contributions as required under section 42.1 of the FAA (see Figure 2):

- The evaluation of direct program spending averaged 12.4 per cent per year over the four-year phase-in period (2009–10 to 2012–13), compared with 7.4 per cent in the year preceding implementation of the 2009 policy.
- The proportion of ongoing program spending of grants and contributions evaluated compared with other direct program spending evaluated fluctuated over time, although it remained comparatively similar between 2011–12 and 2012–13.
- In 2012–13, non-grant and contribution program spending made up 60 per cent of total direct program spending evaluated; program spending of grants and contributions represented

40 per cent.

Figure 2: Direct Program Spending (DPS) Evaluated by Type (2008–09 to 2012–13)

Source: Secretariat Monitoring: Departmental Evaluation Plans and Reports

▶ Figure 2 – Text version

The average annual number of evaluations approved was higher over the 2009 policy's phase-in period (2009–10 to 2013–14) than the number predating the introduction of the policy.

As shown in Table 4, information on the number of evaluation reports approved indicates the following:

- The average annual number of evaluations approved was higher within the four-year phase-in period (2009–10 to 2012–13) than prior to the policy's introduction.
- Over the four-year phase-in period, evaluation reports covered on average an estimated $78 million in direct program spending. This figure represents an increase over pre-implementation levels, where the average level of direct program spending covered was approximately $44 million.
- In 2012–13, each approved evaluation report covered an estimated $86 million in direct program spending. This represents a decrease from 2011–12 figures where on average each evaluation covered approximately $104 million in direct program spending. [6]

4. Governance and Support

For the purposes of reporting on governance and support, the results of the 2012–13 monitoring assessment process were used (see *Appendix A*).

> Most departments and agencies have established the structures and roles and responsibilities necessary to effectively govern and oversee the evaluation function. These structures have resulted in greater involvement by deputy heads in evaluation.

The *Policy on Evaluation* requires departments to put in place governance structures that ensure a neutral evaluation function. For instance, the policy requires that heads of evaluation have direct and unencumbered access to their organization's deputy head:

- As in 2011–12, heads of evaluation in all large departments and agencies had access to their deputy heads in 2012–13, and most had more than one mode of access. A total of 91 per cent reported that they had direct access through regularly scheduled bilateral meetings without any intermediary (69 per cent), ad hoc bilateral meetings (65 per cent), or both.
- A total of 88 per cent also reported that the head of evaluation had access to his or her deputy head through departmental evaluation committee meetings, and 25 per cent indicated that such access was facilitated through another senior executive.

The *Policy on Evaluation* also requires the establishment of a departmental evaluation committee. As in 2011–12, all departments monitored in 2012–13 [7] reported having in place such a committee.

The key activities undertaken by departmental evaluation committees include the following:

- Reviewing the adequacy of evaluation coverage as expressed in the departmental evaluation plan and the final evaluation reports, including management responses and action plans (100 per cent).
- Following up on the approved action plans (97 per cent), and reviewing the adequacy of resources allocated to the evaluation function (94 per cent).
- Reviewing the adequacy of resources allocated to performance measurement—only 57 per cent of organizations indicated that this was a key activity engaged in by the departmental evaluation committee.

Given the established monitoring criteria (see *Appendix A*), a total of 97 per cent of departments achieved ratings of "strong" or "acceptable" on the capacity of the evaluation function in 2012–13. This would indicate that there is a sound evaluation function that has the capacity to produce quality evaluation products and services (see Figure 3).

Figure 3: Assessment Ratings for Governance and Support (2012–13)
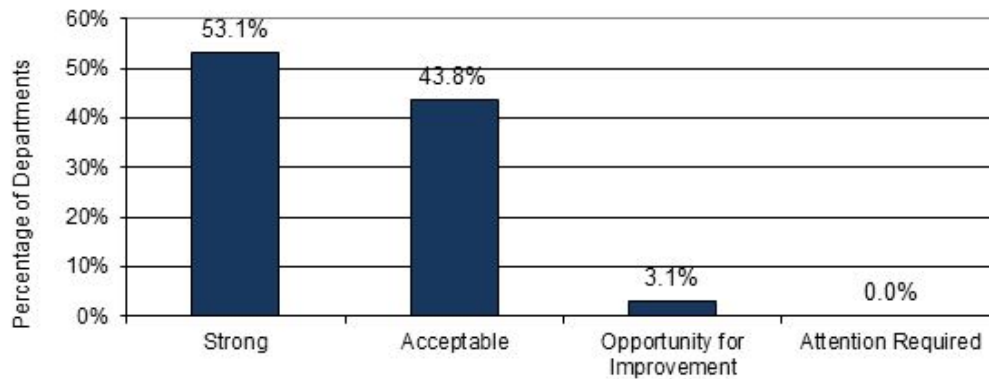
Source: Secretariat Monitoring: Evaluation Governance and Support – Assessment Results

▶ Figure 3 – Text version

In 2012–13, the availability and quality of program-collected performance measurement data was at an acceptable level to support evaluations, although for a third of departments there was opportunity for improvement.

The collection of performance data by programs is necessary to provide evaluators with a basis for examining two of the core evaluation issues, [8] namely, the efficiency and economy of programs and the achievement of expected program outcomes. Monitoring of departments in 2012–13 concluded the following:

- A total of 9 per cent of large departments and agencies achieved a rating of "strong" for availability or quality of performance information to support evaluations. A total of 59 per cent of organizations received an "acceptable" rating, and 31 per cent were given an "opportunity for improvement" rating. [9]

5. Quality

As with governance and support, reporting on the quality of evaluation reports stems from the 2012–13 monitoring assessment process (see *Appendix A*).

Two thirds of departments were found to have evaluation reports that were of acceptable or strong quality.

The Secretariat assessed the quality of departments' evaluations according to defined monitoring criteria, similar to the criteria used the previous three years. These criteria pertain primarily to the adequacy of the evaluation methods used; the transparency of the reporting on limitations

encountered during the evaluation; the extent to which findings, conclusions and recommendations were supported by evaluation evidence; and the core evaluation issues examined.

In support of monitoring the evaluation function at an advanced stage in departments' implementation of the requirements of the 2009 *Policy on Evaluation*, report assessment criteria were applied in a more stringent fashion in 2012–13 in order to ensure that evaluations adhere to the *Standard on Evaluation for the Government of Canada*. In 2012–13, the following results were achieved:

- A total of 65 per cent of departments subject to the monitoring assessment process achieved quality ratings of "acceptable" or "strong" on their reports. This level of performance suggests that evaluation reports tended to address relevance and performance in a sound and credible manner, and adequately addressed the requirements of the *Standard on Evaluation for the Government of Canada* (see Figure 4).
- With close to one third of departments receiving a rating of "opportunity for improvement," monitoring suggests that opportunities remain to improve quality through enhanced access to performance information, improved rigour of evaluation design, and better linkage of findings to conclusions and recommendations.

Figure 4: Assessment Ratings for Quality of Evaluation (2012–13)
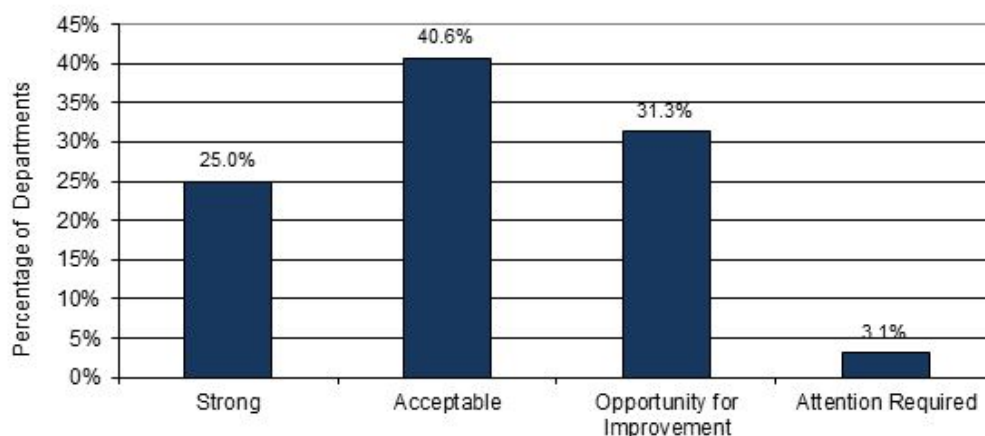
Source: Secretariat Monitoring: Quality of Evaluation – Assessment Results

▶ Figure 4 – Text version

6. Use of Evaluation

In the *2012 Annual Report on the Health of the Evaluation Function*, the CEE indicated that it would work to develop additional criteria to use in assessing the relevance and usefulness of evaluation for decision making. In support of this objective, 2012–13 monitoring included a new area of enquiry focused on the impacts of evaluation. This information, along with information on the use of evaluation and the results of the 2012–13 monitoring assessment process, forms the basis for analysis in this section. [10]

Evaluations are used extensively and for a variety of purposes, including expenditure management and public reporting.

The Secretariat assessed departments' use of evaluation according to defined criteria, including whether or not evaluation findings were used to support policy and program improvement, expenditure management, Cabinet decision making and public reporting. In 2012–13, a total of 90 per cent of departments were rated as "strong" or "acceptable" on their use of evaluation results (see Figure 5). This result is similar to 2011–12 results.

Figure 5: Assessment Ratings for Use of Evaluation (2012–13)

Source: Secretariat Monitoring: Evaluation Use – Assessment Results
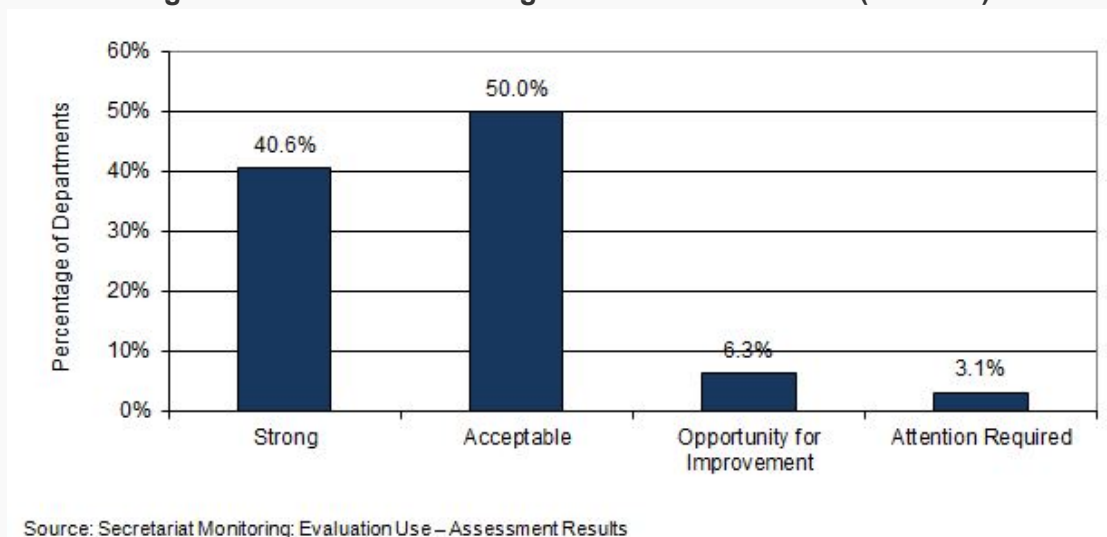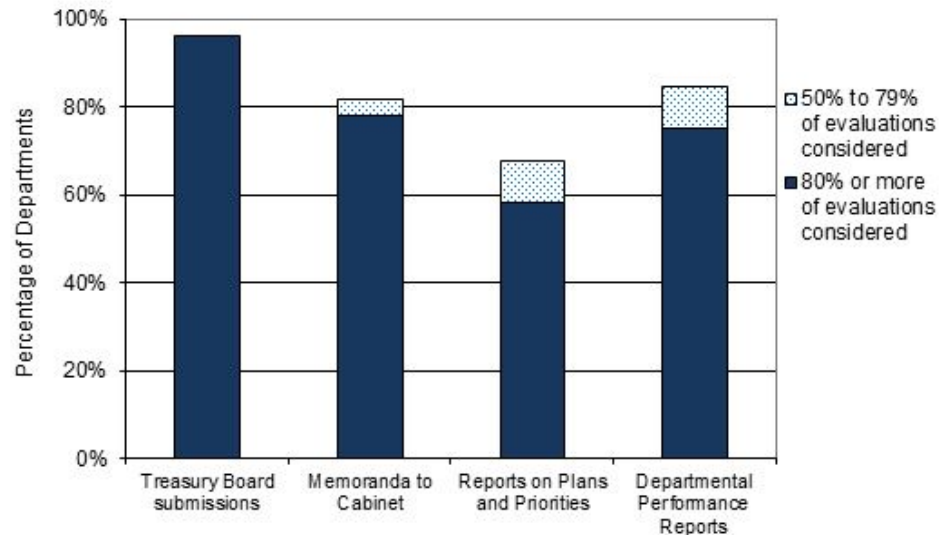
▶ Figure 5 – Text version

Organizations subject to monitoring reported the following frequencies of use (see Figure 6) in support of various central agency reporting requirements:

- A total of 96 per cent of departments indicated that almost all [11] of the findings of relevant evaluations in 2012–13 were considered for use in Treasury Board submissions, compared with 81 per cent in 2011–12.
- A total of 78 per cent of departments indicated that almost all of the findings of relevant evaluations were considered for use in Memoranda to Cabinet. This is an increase from 62 per cent in 2011–12. Another 4 per cent indicated that the findings of several [12] evaluations were considered for use.
- A total of 58 per cent indicated that almost all of the findings of relevant evaluations were considered for use in their department's *Report on Plans and Priorities*, a decrease from 72 per cent in 2011–12. Another 10 per cent indicated that the findings of several evaluations were considered for use.
- A total of 75 per cent indicated that almost all of the findings of relevant evaluations were considered for use in their department's *Departmental Performance Report*, a decrease from

88 per cent in 2011–12. An additional 9 per cent indicated that the findings of several evaluations were considered for use.

In some cases, departmental heads of evaluation reported that they were not aware of all the uses of evaluation findings, particularly in the preparation of Memoranda to Cabinet and Treasury Board submissions.

Figure 6: Uses of Evaluation by Type (2012–13)

Source: Secretariat Monitoring: Evaluation Use – Assessment Results

▶ Figure 6 – Text version

For the most part, timely dissemination of reports to Canadians took place.

Departments are required to make evaluation reports available to Canadians by posting them on their websites in both official languages. The Secretariat recommends that reports be posted within 120 days of their approval by deputy heads:

- In 2012–13, two thirds of evaluations were made available within 120 days of their approval by the deputy head, while the remaining third exceeded the recommended time frame.

Evaluation recommendations were generally implemented as planned.

With respect to implementing the recommendations from evaluations, the following results were obtained:

- A total of 94 per cent of large departments and agencies reported that they had systematic and regular tracking of follow-up to management action plans based on evaluation recommendations. This result remains unchanged from 2011–12.
- In 2012–13, there were 901 management action plan items scheduled for completion, a decrease of 18 per cent from 1,100 items in 2011–12. Of the 901 items scheduled for completion, 53 per cent were fully implemented by the end of the fiscal year, 21 per cent were partially implemented, 2 per cent had not yet started, 19 per cent were postponed, 4 per cent were considered to be obsolete, and the status of 2 per cent was unknown. [13]

> Most organizations have in place a process for reporting to the deputy head the impacts of evaluation, such as savings achieved or improvements made.

In 2012–13, a total of 81 per cent of organizations had a process in place for reporting to the deputy head the impacts of evaluation. In many instances this process involved either reporting impacts to the departmental evaluation committee, as part of its reporting on the status of management action plan items, or reporting directly to the deputy head.

Departments were also able to provide examples of how evaluation results had an impact on the organization. A review of examples suggests that evaluation results were, in large part, being used to modify program delivery and design in order to increase efficiencies. Other examples cited included updating program governance structures and clarifying program delivery roles and responsibilities in support of greater operational efficiency.

7. Support Provided by the Secretariat

> In 2012–13, the Secretariat focused on providing additional guidance to support scheduled full policy implementation.

Prior to the policy's launch in 2009, the Secretariat set out a plan for successful policy implementation, focusing on the 2009–10 to 2012–13 phase-in period. Following this period, all aspects of the policy, including the requirement to evaluate all program spending over the subsequent five-year period, would come into effect. The plan outlined success factors and annual activities in the areas of leadership, capacity building and professional development.

Following the launch of the policy, the Secretariat developed a range of guidance materials to support policy implementation. Key guidance documents released since April 2009 and material under development at the time of this report are listed in *Appendix B*.

In addition to published guidance materials, the Secretariat's CEE monitored and liaised regularly with departmental evaluation units, consulting with them on capacity building and their experiences

in implementing the policy.

8. Summary and Next Steps

8.1 Summary

Annual reports on the health of the evaluation function have tracked changes in the government-wide evaluation function since the introduction of the current *Policy on Evaluation* on April 1, 2009.

Despite decreases in a number of metrics between 2011–12 and 2012–13 (such as financial and human resources, and coverage rates), the information contained in this report suggests that federal evaluation functions now demonstrate an ability to cover a greater amount of direct program spending as compared with the period prior to the introduction of the 2009 *Policy on Evaluation*.

Most large departments and agencies continue to fully meet the requirement set out in the FAA to evaluate all ongoing programs of grants and contributions over five years.

Departments have maintained solid governance of the evaluation function. While the quality of evaluation reports is generally acceptable, opportunities remain to improve reports through enhanced access to performance measurement information, improved rigour of evaluation design, and better linkage of findings to conclusions and recommendations.

Finally, the use of evaluation in support of decision making was assessed to be largely acceptable, with further exploration of the use and impact of evaluation results anticipated in future rounds of monitoring.

8.2 Next steps

Monitoring results from 2012–13 have been taken into consideration as part of the evaluation of the *Policy on Evaluation* conducted during 2013–14. The evaluation serves to address recommendations in the Spring 2013 Report of the Auditor General of Canada, Chapter 1, "Status Report on Evaluating the Effectiveness of Programs" which called for the Secretariat to review, in consultation with departments, the requirement to evaluate all direct program spending over a five-year cycle and to address all five core issues.

Moving forward, the CEE will:

- Continue to enhance the criteria used to assess the evaluation function. The 2013–14 monitoring framework was modified to focus more heavily on the areas of performance measurement that support the utility and use of evaluation information to inform decision making and the continuous improvement of the evaluation function;
- Continue to enhance the use of evaluation to inform decision making and expenditure management; and
- Consult departments to support their needs for capacity-building initiatives.

Appendix A: Criteria Used by the Secretariat to Assess Coverage, Governance and Support, Quality and Use

The assessment of departments referenced in this report on the themes of coverage, governance and support, quality, and evaluation use, is based largely on the assessment criteria that follow.

Coverage:

- Coverage of ongoing direct program spending.
- Coverage of ongoing programs of grants and contributions.

Governance and Support:

- Governance—A departmental evaluation committee supports the evaluation function.
- Independence—The head of evaluation serves as a strategic advisor to the deputy head.
- Planning and Improvement—There is sufficient capacity to plan and carry out evaluation, monitoring and oversight activities, as required.
- Resources—Adequate resources are allocated to enable the evaluation function to operate effectively to meet the requirements of the Treasury Board's *Policy on Evaluation* and the evaluation needs of the organization.

Quality:

- Adequacy of evaluation reports and their ability to address the requirements of the *Standard on Evaluation for the Government of Canada*, including the following:
    - Coverage of issues—Evaluation reports consistently address the five core issues from Annex A of the Treasury Board's *Directive on the Evaluation Function* (2009) pertaining to relevance and performance.
    - Methodology—Evaluation reports consistently include the following elements to explain the methodology:
        - A clear and appropriate evaluation approach and design are articulated, including a description of how risk was considered in the design;
        - The context is explained by describing the objective and timing of the evaluation, and how it fits into the overall operations of the organization and its rationale;
        - A description of data collection methods;
        - A description of sampling (e.g., rationale for selection, sample size, sample method, limitations of sample); and
        - The appendices include data collection instruments (e.g., surveys, checklists), or the instruments are clearly referenced in the report and are available upon request.

Limitations:

- Evaluation reports explain the constraints and limitations of the evaluation with respect to design, methods and consultations.
- Actual and potential biases in the data and their reliability are explained in terms of the impact on evaluation findings.
- The report explains how the evaluation attempted to overcome the limitations.

Findings and Conclusions:

- Evaluation reports consistently present findings that are substantiated by the analysis of qualitative and quantitative data.
- Evaluation reports represent clear and valid conclusions on relevance and performance that flow logically from the report's central findings.

Recommendations:

- Evaluation reports contain recommendations that flow logically from the evaluation findings and conclusions, that are clearly stated and actionable, and that can be implemented in a practical and realistic to way.

Use:

- Use of evaluation in support of the organization's policy or program improvement and expenditure management, as indicated by:
    - The quality of its management response and action plans; and
    - The level of implementation of the management response and action plans.
- The use of evaluation in support of expenditure management, Cabinet decision making and public reporting, as indicated by:
    - The extent to which the results of evaluation are used to inform Treasury Board submissions, Memoranda to Cabinet, departmental performance reports, and expenditure reviews.
- Dissemination of reports to the Treasury Board of Canada Secretariat.
- Dissemination of reports to Canadians.

Appendix B: Policy Implementation Support From the Secretariat's Centre of Excellence for Evaluation

Key guidance documents developed by the Secretariat's Centre of Excellence for Evaluation (CEE) released since April 2009 include the following:

- *Assessing Program Resource Utilization When Evaluating Federal Programs*
- *Guidance on the Governance and Management of Evaluations of Horizontal Initiatives*
- *Guidance on the Neutral Assessment of a Departmental Evaluation Function*
- *Leadership Competencies for Federal Heads of Evaluation*

- *Supporting Effective Evaluations: A Guide to Developing Performance Measurement Strategies*
- *Theory-Based Approaches to Evaluation: Concepts and Practices*

Additional material to support departments is currently under development by the Secretariat:

- *Evaluating Policy Functions: Concepts and Tools* (planned release in 2014–15)
- *What to Consider When Calibrating Evaluations* (planned release in 2014–15)
- *Evaluation Guidebook for Small Agencies* (release date to be determined)

In addition to developing guidance material, in 2013–14 the Secretariat's Centre of Excellence for Evaluation (CEE) provided large departments with tools to help them track their accountabilities under the *Financial Administration Act* (section 42.1) for evaluating evaluations of all ongoing programs of grants and contributions every five years. Such material and tools support departments in meeting their accountabilities under the *Financial Administration Act* (section 42.1).

The CEE also hosted supplementary capacity-building workshops (including webcasts) on the themes of applying theory-based evaluation in a federal government context and scoping and assessing program resource utilization when evaluating federal programs. The CEE engaged in outreach activities, including presentations made at symposia, conferences, and training workshops hosted by other organizations. It also maintained an online community of practice for heads of evaluation and launched a similar online community for federal evaluators across the Government of Canada.

Footnotes

1   The number of large departments and agencies subject to the *Policy on Evaluation* has varied between 2008–09 and 2012–13 from a low of 34 to a high of 36. This is due to such factors as change in departmental status, amalgamation, or the formation of new departments.

2   These figures are based on the Main Estimates for all large departments and agencies that deliver ongoing programs of grants and contributions.

3   In calculating coverage estimates, the Secretariat compared estimated expenditures of evaluated programs with total direct program spending reported through the Main Estimates. However, the Main Estimates do not distinguish between ongoing funding (which must be evaluated) and time-limited funding (which need not be evaluated under most conditions). Further, to generate estimates of cumulative evaluation coverage, the Secretariat summed annual coverage figures. One limitation to the estimation of five-year coverage by aggregating annual evaluation coverage is that organizations' budgets and budget compositions fluctuate from year to year among new and existing spending, ongoing and time-limited spending, and spending that is subject to and not subject to evaluation under the *Policy on Evaluation* and section 42.1 of the FAA.

4	Direct program spending includes spending on ongoing programs of grants and contributions; however, it excludes public debt charges and major transfers to persons and to other levels of government.
5	In order to receive an "acceptable" rating, a department had to demonstrate that approved evaluation reports (or planned approval by end of the fiscal year) collectively covered 10 to 19 per cent of annual direct program spending as determined in the 2012–13 Main Estimates. In order to achieve a "strong" rating, a department had to achieve 20 per cent coverage of direct program spending annually.
6	These direct program spending figures represent the level of spending assessed in that year, rather than over the life of the program.
7	For this analysis, data from the following organizations were not available: Natural Science and Engineering Research Council of Canada, Social Sciences and Humanities Research Council of Canada, Canadian Institutes of Health Research, and Shared Services Canada. In 2012–13, the CEE's Capacity Assessment Survey was not administered to these organizations since they were not subject to the monitoring assessment process that year.
8	Core evaluation issues are identified in the *Directive on the Evaluation Function*.
9	Totals may not add due to rounding.
10	The 2012–13 Capacity Assessment Survey included questions on the impacts of evaluations, which allowed departments to indicate whether evaluation results were used, and if so, how.
11	"Almost all" is defined as 80 per cent or more.
12	"Several" is defined as 50 to 79 per cent.
13	Totals may not add due to rounding

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