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Management Accountability Framework 2017 to 2018 Government-Wide Report

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2017 to 2018 Management Accountability Framework government-wide report

On this page

- [Introduction](#)
- [Highlights](#)
- [Performance by Core Area of Management](#)
- [Performance by Department-Specific Area of Management](#)

Introduction

The Management Accountability Framework (MAF) is an annual assessment of management practices and performance in most Government of Canada (GC) organizations. Established in 2003, it sets out expectations for sound public sector management. Its objectives are to support the management accountability of deputy heads and to improve management practices across government.

This year's government-wide report highlights trends in seven areas of management (AoMs), highlighting select indicators that were part of the MAF 2017-18 methodologies. Thirty-six large (compared with 37 in 2016-17) and 25 small (compared with 23 in 2016-17) departments and agencies (61 in total) were assessed during this cycle. Small departments and agencies (SDAs) were assessed on only a subset of the core AoM indicators and accordingly are represented in only the core AoM sections, while large departments and agencies (LDAs) are profiled throughout the report.

All participating organizations were assessed on three or more of the four core areas of management (AoM) considered to be central to good management:

- financial management
- people management

- information management and information technology (IM/IT) management
- results management

In addition, select LDAs were assessed on one or more of the following department-specific management areas, when there is a strong alignment between a department's operations and the AoM:

- management of acquired services and assets
- security management
- service management

Highlights

Financial management

- Most organizations demonstrated that they identify and assess multi-year financial risks.
- Most transfer payment programs have established service standards.
- Some organizations require more effort in addressing non-tax-related accounts receivable balances that have been outstanding for over 365 days.

People management

- Most organizations had only three layers of executives, and the majority of them had valid second language evaluation results.
- Most organizations incorporated diversity and inclusion in organizational human resources strategic and recruitment plans.
- Only 56% of employees across all organizations perceived their workplace to be psychologically healthy.

IM and IT management

- Organizations demonstrated progress in implementing the Directive on Open Government. While ongoing work remains, almost half of organizations have increased the number of datasets released.
- Most organizations have undertaken projects to investigate the feasibility of purchasing cloud computing services from a utility provider for meeting business needs.

- LDAs continued to struggle to manage unstructured electronic information holdings (Microsoft Word documents, presentations, etc.) in an Electronic Documents Records Management System (such as GCDOCS and RDIMS).

Results management

- Organizations have demonstrated improvement in the use of performance measurement and evaluation information in their senior management resource allocation decision-making.
- Most LDAs had “poor” or “fair” quality Results Appendices in their initial draft Treasury Board submissions.
- A minority of LDAs “always” used both evaluation and performance measurement information in resource allocation decisions.

Acquired services and assets management

- All 8 custodial organizations had complete and accurate real property (land and building assets) information.
- Most contracts for goods, services and construction over \$25,000 were awarded through a competitive process.
- All organizations captured lessons learned at project close-out; however, they are encouraged to review and consider lessons learned from past projects at the planning and identification phase of new projects.

Security management

- All organizations had a deputy head approved Departmental Security Plan (DSP) in place.
- Most critical services had Business Continuity Plans in place, and these plans were updated within an acceptable time frame.
- Most organizations were challenged to patch IT systems within Communications Security Establishment’s recommended time frames.

Service management

- Most organizations conducted customer satisfaction assessments for their priority services, and TBS encourages organizations to fully leverage key insights from this work to improve service design and delivery.
- Most organizations were struggling to meet the service standards they established.

Performance by Core Area of Management

► In this section

Financial Management

The 2017-18 Management Accountability Framework (MAF) assessment for the Financial Management (FM) Area of Management (AoM) is designed around the principles of modern comptrollership, which is defined as “enabling innovation and results by balancing control and flexibility.”

The overall objective of the MAF assessment for this AoM is to assess compliance and monitor progress in implementing key requirements in the renewed FM policy suite and to assess financial management practices and performance in the key areas of:

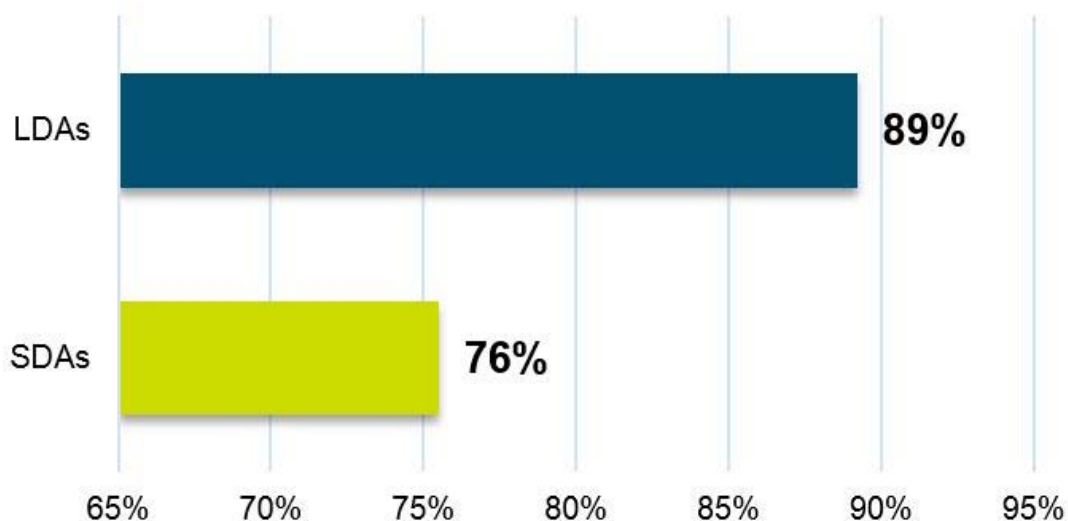
- **Resource management:** The effective management of public funds depends on the collection of reliable data and the availability of sound financial information for decision-making.
- **Internal control management:** Internal controls are a set of measures and activities that provide reasonable assurance of the effectiveness and efficiency of the FM activities of the organization.
- **Transfer payments:** The objectives of the Policy on Transfer Payments include ensuring that transfer payment programs are managed with integrity, transparency and accountability in a manner that is sensitive to risks, and that transfer payment programs are user-focused. Applicants and recipients must be engaged in support of continuous improvement and innovation.
- **Financial community capacity:** Succession planning and the professionalization of the FM community are essential to supporting a strong and sustainable FM function.

Overall trends

- Pursuant to the Directive on Payments, chief financial officers ensure that suppliers are paid on the due date, normally using a 30-day payment term. Overall, 93% of payments to suppliers were made on time by organizations.
- Seventy-nine per cent (27 of 34) of LDAs and 92% (23 of 25) of SDAs demonstrated that they proactively identify and assess multi-year financial risks and have a governance structure in place to take action on findings.
- The Policy on Transfer Payments requires that organizations establish reasonable and practical service standards for transfer payment programs. Most transfer

payment programs (89%, or 372 of 417 programs, for LDAs; 76%, or 40 of 53 programs, for SDAs) have established service standards.

Figure 1: Percentage of transfer payment programs for which service standards have been established in 2016-17

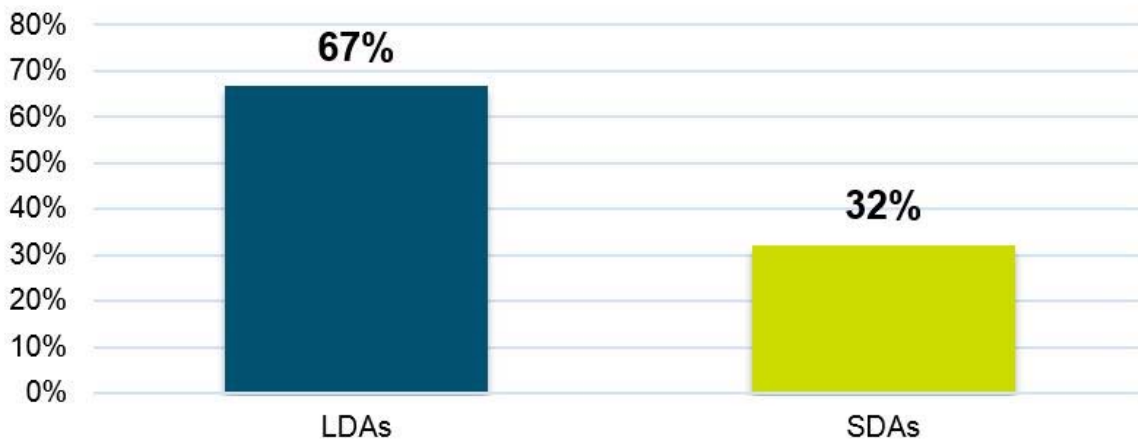


▼ Figure 1 - Text version

	%
Large departments and agencies	89%
Small departments and agencies	76%

- An insufficient number of transfer payment programs (67%, or 278 of 417 programs, for LDAs; 32%, or 17 of 53 programs for SDAs) had both service standards and results posted online. This result could be improved, as the Policy on Service requires that service standards and real-time service delivery performance information for priority services be available to cents on Canada.ca.

Figure 2: Percentage of transfer payment programs that had service standards and results posted online in 2016-17



▼ Figure 2 - Text version

	%
Large departments and agencies	67%
Small departments and agencies	32%

- The Directive on Public Money and Receivables requires that organizations take timely and cost-effective actions to pursue receivables or delete these debts when not settled in full. Thirty-five per cent (12 of 34) of LDAs had over 40% of their non-tax-related accounts receivable balances outstanding for more than 365 days.

People Management

Effective people management is a cornerstone of a high-performing public service and a key enabler in building Canadians' trust in government. Significant progress in modernizing human resources has been made in recent years in Canada's public service. The objective of this Area of Management (AoM) is to assess people management practices and performance across the public service to provide deputy heads and heads of human resources with information on trends and issues, and to enable the development of evidence-based people management strategies. The 2017-18 People Management AoM methodology comprises measures organized around three areas:

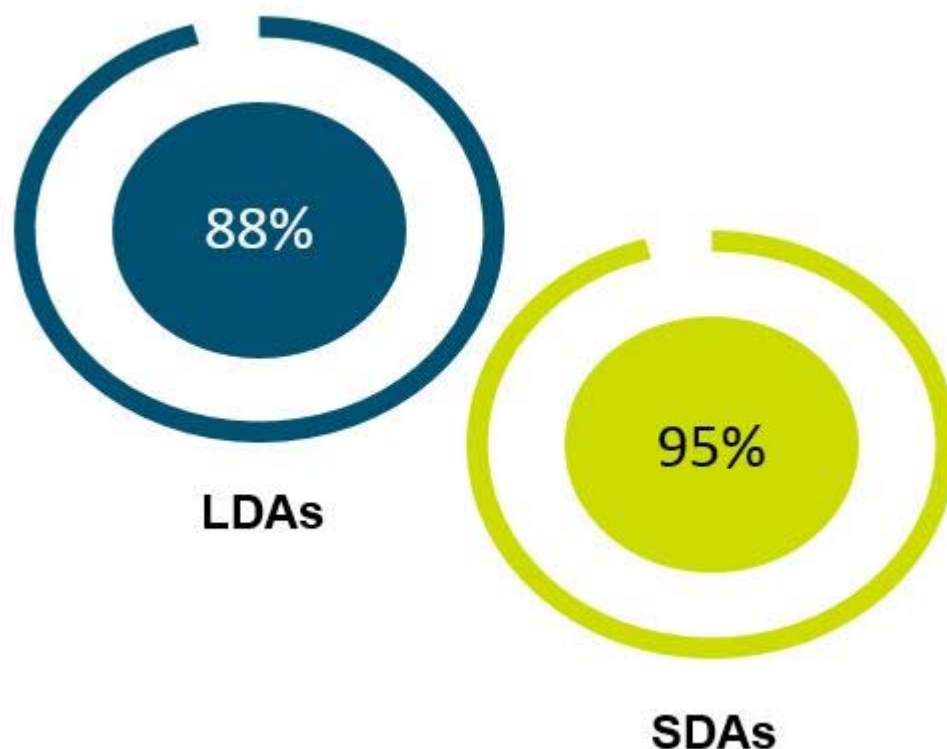
- **Workforce:** The GC is committed to developing a highly skilled and diverse workforce, capable of serving the public in both official languages. Sustaining a culture of high performance in the public service is a shared commitment between managers, employees and their organizations. The Performance Management Program (PMP) for executives encourages excellence in performance and strives to improve organizational results.

- **Workplace culture:** The GC is committed to sustaining an ethical workplace that is respectful, diverse, healthy, and free of harassment and discrimination. The Public Service Employee Survey (PSES) provides employees with the opportunity to express their views on the health of their workplace. Results from the PSES and other employee surveys help shape corporate management priorities and generate concrete actions in support of an ethical, high-performing and engaged public service.
- **Structures and processes:** The public service needs efficient and effective processes, tools, practices and organizational structures to support clear decision-making and accountability.

Overall trends

- 88% (29 of 33) of Large Departments and Agencies (LDAs), and 95% (19 of 20) of Small Departments and Agencies (SDAs) had executive positions with no more than three layers of executives reporting in direct line to a deputy minister. This ensures appropriate number of hierarchical level of executives, in compliance with the GC human resources standards.

Figure 3: Percentage of organizations that had executive positions with no more than three layers of executives reporting in direct line to a deputy minister

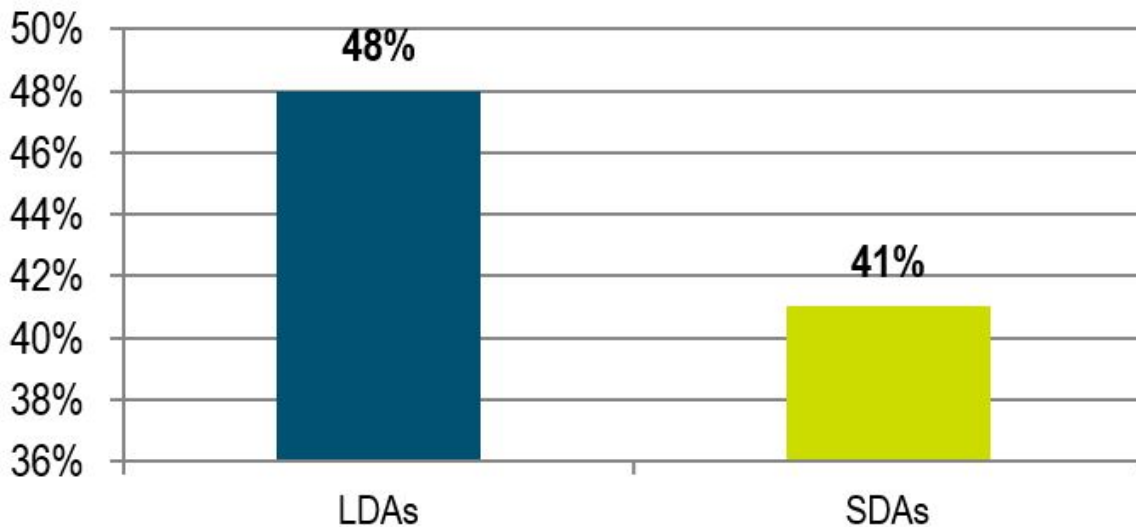


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	%
Large departments and agencies	88%
Small departments and agencies	95%

- Results for executives occupying a designated position with valid second language evaluation results improved in almost every organization. This result demonstrates:
 - alignment with the GC expectation of executives leading by example in creating an environment that is conducive to the use of both official languages
 - compliance with the Policy and Directives on Official Languages for People Management
- The use of paid sick leave ranged from 7 days to 16 days, where a decline was observed since last year for 27 of the 33 LDAs. A similar trend was seen in the SDAs, for which the use of paid sick leave ranged from 7 days to 13 days, and where a decline was observed since last year for 12 of the 20 SDAs. Organizations are encouraged to maintain their focus on developing and promoting workplace wellness strategies.
- Among the organizations assessed, 97% of LDAs (32 of 33) and 80% of SDAs (16 of 20) indicated that they incorporated diversity and inclusion in organizational human resources strategic and recruitment plans. This is consistent with employee perception in the PSES 2017, where 76% agreed that their department had implemented activities and practices that support a diverse workplace.
- Forty-eight per cent of occupied positions for LDAs and 41% of occupied positions for SDAs had classification decisions greater than 5 years. Organizations are encouraged to review job descriptions regularly to ensure that they continue to reflect appropriately the work performed.

Figure 4: Percentage of occupied positions with job descriptions that are older than 5 years



▼ Figure 4 - Text version

	%
Large departments and agencies	48%
Small departments and agencies	41%

- Organizations are encouraged to focus greater efforts on employee wellness, which would lead to a more productive, engaged and high-performing workforce. Just over half of employees perceived their workplace to be psychologically healthy according to the 2017 PSES. Moreover, nearly a third of employees signaled that after their workday they felt emotionally drained.

Information Management (IM) and Information Technology (IT) Management

Information, data and technology enable the design and delivery of seamless, secure and digitally enabled programs and services to Canadians. The Information Management (IM) and Information Technology (IT) management-integrated Area of Management (AoM) methodology comprises measures organized around five areas:

- **IM stewardship:** Open and accessible information allows the GC to be responsive and accountable to Canadians. The adoption of designated corporate repositories (Electronic Documents Records Management Solutions (EDRMS)) supports departmental recordkeeping throughout the information life cycle. This enables public servants to use information and data efficiently in support of evidence-based decision-making and to deliver quality services internally and externally. The use of

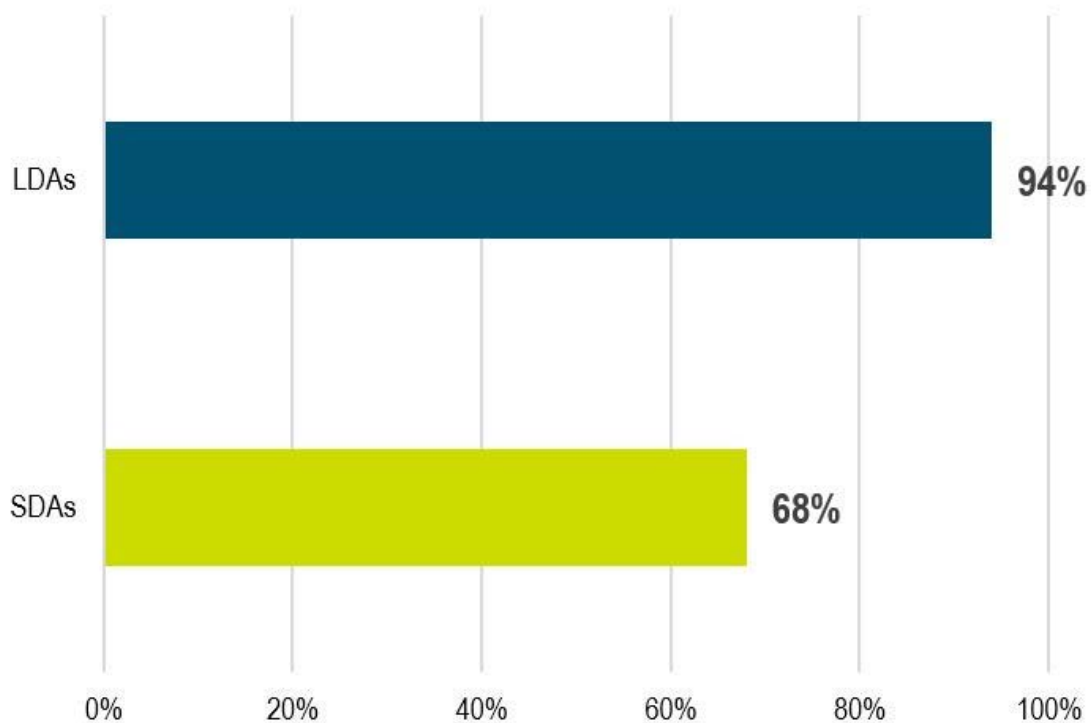
an EDRMS (for example, GCDOCS, RDIMS) also advances IM practices through the proactive and ongoing release of GC data and information (open by default).

- **IM program and service enablement:** The Directive on Open Government requires organizations to maximize the release of government information and data of business value to support transparency, accountability, citizen engagement and socio-economic benefits through reuse, subject to applicable restrictions associated with privacy, confidentiality and security.
- **IT applications:** The GC is committed to responsive and innovative IT services that enable digital government, meet business needs and enhance the end-user experience. It also seeks to ensure secure and resilient enterprise infrastructure that enables the trusted delivery of programs and services. The GC is committed to making smart investments that ensure high value and cost effectiveness, and to fostering an agile, connected and high-performing workforce equipped with modern tools.
- **IT enterprise priorities alignment:** The Directive on Management of Information Technology requires organizations to support the management of IT on a government-wide basis by implementing more agile, robust and mature IT management practices. It reduces duplication, enables the adoption of alternate service delivery models (common and shared services), promotes alignment and interoperability, and optimizes open and accessible digital services for Canadians.
- **IT infrastructure and operations:** The Directive on Management of Information Technology requires innovative and responsive services. The measurement of performance is essential in promoting efficient cent-centric services that support departmental program-delivery objectives. This measurement is used to assess whether IT processes in organizations are operating in line with expectations, while also ensuring the health of IT systems through regular monitoring.

Overall trends

- There was ongoing progress toward the implementation of the Directive on Open Government compared with last year. As of November 1, 2017, 94% (32 of 34) of Large Departments and Agencies (LDAs) and 60% (15 of 25) of Small Departments and Agencies (SDAs) released datasets via Open.canada.ca. Ninety-four per cent of LDAs (32 of 34) and 68% (17 of 25) of SDAs also updated their data inventory. This demonstrates that foundational elements of open government are in place across the GC and support overall accountability, transparency and informed decision-making.

Figure 5: Percentage of organizations in which data inventory has been updated since November 1, 2016



▼ Figure 5 - Text version

	%
Large departments and agencies	94%
Small departments and agencies	68%

- Ninety-one per cent (31 of 34) of organizations demonstrated quality and completeness in their IT plans, which is in line with the GC approach of using existing reporting mechanisms to show maturity in departmental stewardship practices.
- Seventy-six per cent (26 of 34) of organizations have conducted a cloud proof of concept (computing power purchased from the utility provider instead of acquiring and operating computing infrastructure, such as storage and servers) last year, confirming overall awareness of and willingness to participate in the GC cloud adoption strategy.
- LDAs were struggling to manage their unstructured electronic information holdings (MS Word documents, presentations, etc.) in designated corporate repositories; 53% (18 of 34) of LDAs managed less than 10% in an EDRMS, and only 4 saved more than 50%. Overall improvement is needed in this area to support the GC's digital policy vision and to enable the delivery of better services to Canadians. The use of

an EDRMS is also key to advancing the open government initiative (including open by default), which uses the proactive release of working information to support government transparency and accountability.

Results Management

The Results Management Area of management (AoM) reflects the GC's priority to better inform expenditure management decisions with performance information and to achieve effective and efficient management across government. Performance measurement practices are assessed to provide a system-wide view of the extent to which organizations create, use and report on quality performance information. This data informs an organization's program management and decision-making so that its programs deliver the expected results and advance its mandate and priorities. The 2017-18 Results Management methodology comprises measures organized around two areas:

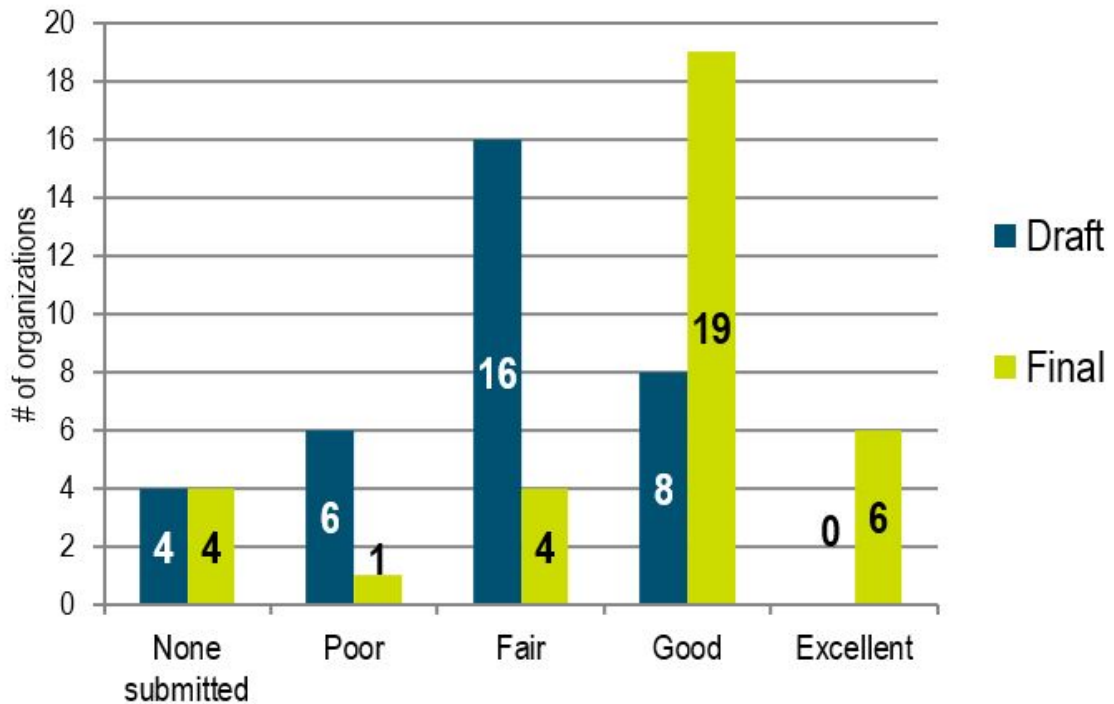
- **Availability of performance information for decision-making:** Organizations need to understand what is working and what is not, and to make improvements to their programs accordingly. The availability of quality performance information is a first step in determining what results are being achieved and where resources are needed.
- **Use of performance information in decision-making:** The Policy on Results requires organizations to use performance information and evaluations to make resource allocation decisions and improve their results. This is a crucial step for organizations to realize the benefits of investments in performance measurement and evaluation.

Overall trends

- Overall, organizations have shown a good level of use of performance measurement and evaluation information in their senior management resource allocation decision-making, when asked for 3 to 5 examples of the use of this information. Ninety-one per cent (31 of 34) of LDAs used performance measurement and/or evaluation information "often" or "always" in senior management decision-making. Additionally, 97% (31 of 32) of LDAs "often" or "always" factored evaluation findings and recommendations into senior management resource allocation decisions.
- For Quality Results Appendices included with draft Treasury Board submissions, 73% (22 of 30) of LDAs were rated as "poor" or "fair." TBS encourages LDAs to focus on improving the quality of their draft submissions. High-quality first draft Results Appendices are important since they indicate that the organization has the capacity and has applied effort to develop meaningful outcomes and indicators to

assess the performance of its proposed programs. They are also a good indication of the organization’s potential for excellence in measuring performance.

Figure 6: Quality of Results Appendices in draft and final Treasury Board submissions for LDAs



▼ Figure 6 - Text version

	None Submitted		Poor		Fair		Good		Excellent	
	Draft	Final	Draft	Final	Draft	Final	Draft	Final	Draft	Final
# of organizations	4	4	6	1	16	4	8	19	0	6

- Forty-five per cent (13 of 29) of LDAs implemented less than 70% of their evaluation management action plan items in the year they were scheduled for full implementation, with 21% (6 of 29) of LDAs implementing less than 50% of their items. TBS encourages LDAs to implement more of their evaluation management action plan items on schedule. Implementation of evaluation management action plan items results in improvements to the organizations’ program delivery and results.

- Only 38% of LDAs “always” used both evaluation and performance measurement information in resource allocation decisions.

Performance by Department-Specific Area of Management

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Management of Acquired Services and Assets

The objective of the Acquired Services and Assets Management Area of Management (AoM) is to monitor controls and practices for investment planning and the management of projects, procurement, real property and materiel assets. The 10 organizations (all of which are Large Departments and Agencies (LDAs)) assessed in this AoM are among the highest spenders on acquired services and assets, representing 77% of all federal expenditures in 2016-17 (\$21.2 billion of \$27.5 billion). Only 8 of the 10 organizations were assessed on questions about real property, given their custodianship of real property. The 2017-18 Acquired Services and Assets Management methodology comprises measures organized around three areas:

- **Investment planning and management of projects:** The Policy on Investment Planning requires that investment planning for governance, systems and people be in place and maintained. Investment planning is expected to support organizational strategic objectives and incorporate horizontal and government-wide perspectives. The Policy on the Management of Projects requires that projects are managed in a manner that is consistent with their assessed level of complexity and risk. Organizations should provide advice to their minister at least annually after the investment plan is approved by the Treasury Board. They should also track project performance information and implement strategies to address any gaps.
- **Procurement:** An integral part of investment planning is procurement, a function that has consistently been identified as a challenge for many organizations. Strong planning practices are understood to be a necessary step in promoting fair, open and transparent procurement.
- **Real property and materiel:** Real property and materiel asset management frameworks, as required under the Policy on Management of Real Property and the Policy on Management of Materiel, ensure that assets support program objectives promote the active management of portfolios and enable timely, integrated and informed decisions. The frameworks should set out clear accountability and decision-

making structures, policies and practices that mitigate risks, and identify systems that should be in place to provide relevant financial and performance information.

Overall trends

- All 8 organizations assessed for real property reported that they had complete and accurate real property (land and building assets) information in accordance with Part 1 of the Reporting Standard on Real Property. Accurate, reliable and complete information on real property and material assets is seen as a basic requirement of a good asset management regime.
- Eighty-nine per cent of contracts based on a dollar value of over \$25,000 were awarded through a competitive process for the procurement of goods, services and construction. This approach is fair and in line with GC policies.

Acquired Services and Assets Management

- Organizations are encouraged to do a better job of developing a full complement of performance indicators related to physical condition, functionality, use and financial performance to measure how well their material assets meet program requirements.
- Organizations were able to demonstrate that lessons learned had been captured as a project management best practice. However, challenges exist in demonstrating that lessons learned from past projects were consistently reviewed and considered at the project planning and identification phase of new projects.
- Although all organizations promoted training for employees involved in project management, the training strategies were not organization-wide, and some organizations did not track project management training of employees. TBS encourages organizations to develop a departmental strategy for project management that would encompass planning and reporting components of employee training.

Security Management

Sound and integrated security management supports the continuity and integrity of program and service delivery, contributing to the health, economic well-being, safety and security of Canadians while meeting the challenges of a dynamic and evolving risk environment. The Security Management Area of Management (AoM) provides an integrated view of the organizations' risk assessment and mitigation practices that support the secure delivery of programs and services by looking at compliance and performance regarding organizational security planning and the security control areas of business

continuity planning, physical security, information technology and cyber-security. Twenty Large Departments and Agencies (LDAs) are assessed within this AoM. The 2017-18 Security Management methodology comprises measures organized around two areas:

- **Effective and integrated security management:** A Departmental Security Plan (DSP) sets out department-wide security risk mitigation strategies, identifies priorities for strengthening security practices and controls, and establishes a framework for monitoring and reporting on the achievement of security priorities and objectives. Meeting compliance and performance expectations of key management practices for organizational security planning is important, as these practices contribute to government-wide security management and support organizational operational decision-making, effectiveness and accountability.

- **Security controls and practices**

- Business continuity planning

- In the event of a disruption, Business Continuity Plans (BCPs) provide for the continued availability of services and associated resources and assets that are critical to the health, safety, security or economic well-being of Canadians, or to the effective functioning of government.

- Physical security

- The goal of physical security control and related management practices is to detect and protect against unauthorized access and to mitigate risks related to workplace violence.

- IT security

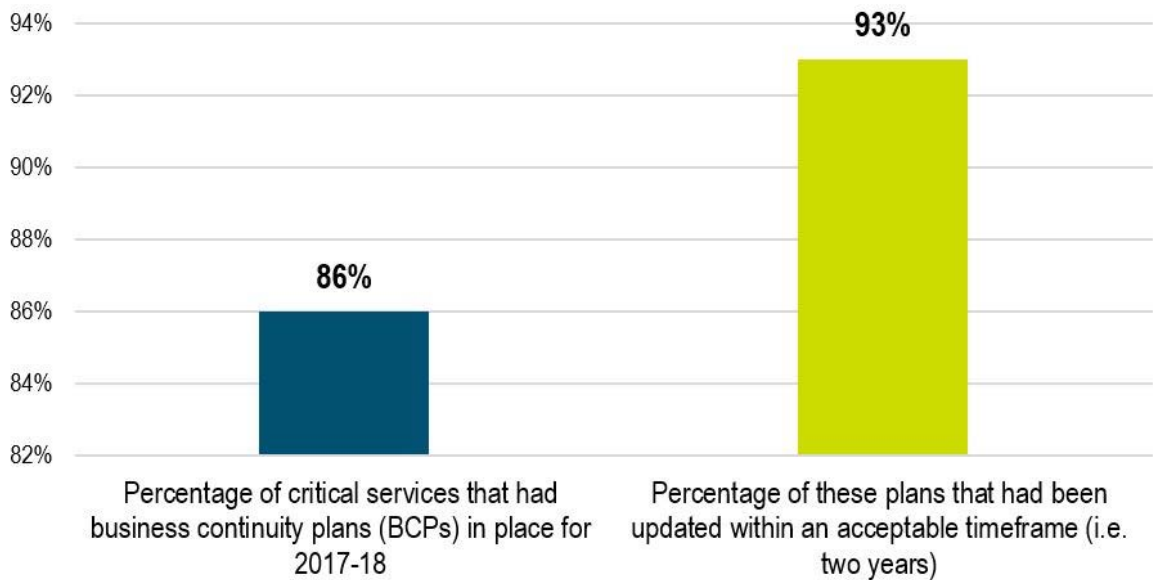
- The formal authorization of applications supporting the delivery of an organization's critical services, as well as vulnerability management for IT systems and applications, are key IT security practices that can mitigate risk exposure.

Overall trends

All organizations had a deputy head approved Departmental Security Plan (DSP) in place. Furthermore, organizations ensured that their DSP outlined security management priorities for the year.

- Eighty-six per cent of critical services had BCPs in place for 2017-18. Ninety-three per cent of those plans were updated within an acceptable time frame (two years).

Figure 7: Business Continuity Plans (BCPs)



▼ Figure 7 - Text version

	%
Percentage of critical services that had business continuity plans (BCPs) in place for 2017-18	86%
Percentage of these plans that had been updated within an acceptable timeframe (i.e. two years)	93%

- Eighty-eight per cent (711 of 805) of mission-critical applications (MCAs) in operation were authorized (fully or on an interim basis). This demonstrates that organizations are assessing the risks to their programs and services associated with the supporting applications.
- Ninety per cent (18 of 20) of organizations verified that patches (solutions to new IT problems) were successfully installed, which contributes to the protection of systems and assets against known vulnerabilities.
- In 2016-2017, 17 organizations have set out security priorities in their Departmental Security Plan (DSP), a plan that ultimately ensures the continuity and integrity of program and service delivery. When compared with 2015-16 results, 47% of these organizations (8 of 17) have accomplished fewer activities than were planned in their respective DSPs. These organizations are encouraged to assess causes for the decrease in achievements of planned activities, and seek opportunities to align security priorities and resources to meet objectives set out in the DSP to drive desired security outcomes.

- Mission-critical applications support programs and services that, if compromised or unavailable, have the potential to cause a high degree of harm to the health, safety, security or economic well-being of Canadians, or to the effective functioning of government. All IT applications must undergo a security assessment and be granted an authority to operate. In the event that further safeguards are required to mitigate existing risks, the authorization will have conditions that must be met through a plan of action. For the MAF 2017-18 cycle, in taking a closer look at mission-critical applications operating with conditions, it was found that very few organizations have been successful in implementing the measures necessary to mitigate the known risks to those applications. Only 19% of organizations (3 of 16) were able to complete 60% or more of planned risk mitigation activities.
- While organizations are recognizing the need to have processes and tools to support the monitoring and measuring of their patch management, standardized patching of systems within Communications Security Establishment's recommended time frames has not yet been fully achieved across the organizations assessed. Meeting these time frames reduces exposure time to vulnerabilities, and achieving standardization across organizations supports performance monitoring and measurement at a GC-wide level.

Service Management

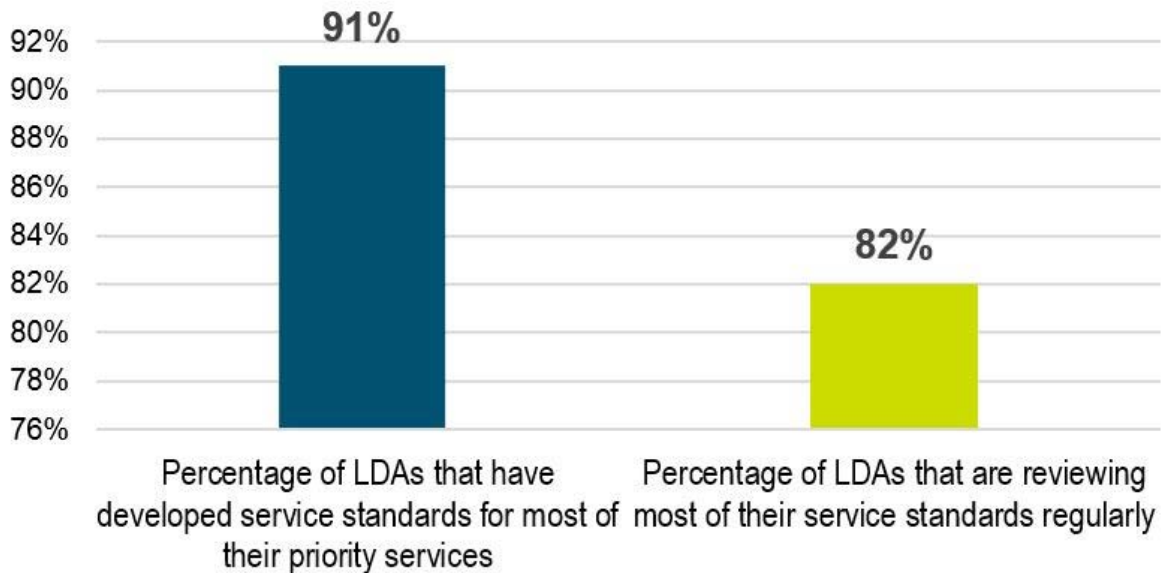
The effective management of government services contributes to value for money, produces high levels of cent satisfaction, and promotes confidence in government. Through the Policy on Service and the Government of Canada (GC) Service Strategy, the GC is seeking to improve its online services and establish new performance standards to promote a better cent experience for Canadians. The Service Management Area of Management (AoM) supports oversight of the Policy on Service, which aims to establish a more strategic and coherent government-wide approach to the design and delivery of services, including the establishment of robust service standards, ensuring the prevalence of online services, and the establishment of effective cent feedback mechanisms. Eleven Large Departments and Agencies (LDAs) are assessed within this AoM. The 2017-18 Service Management methodology comprises measures organized under one encompassing area:

- **Service performance: cent-centric services perspective:** The Policy on Service requires that service standards for priority services be available to cents on Canada.ca for external services and on internal collaborative tools for internal enterprise services. Service standards establish expectations for the level of service cents are to receive and are a cornerstone in determining cent satisfaction with GC services.

Overall trends

- While 82% (9 of 11) of organizations conducted cent satisfaction assessments for some of their priority services, only 4 conducted it for all of their priority services.
- Ninety-one per cent (10 of 11) of LDAs have developed service standards for most of their priority services, and 82% (9 of 11) of them reviewed most (over 80%) of their service standards regularly.

Figure 8: Service standards



▼ Figure 8 - Text version

	%
Percentage of LDAs that have developed service standards for most of their priority services	91%
Percentage of LDAs that are reviewing most of their service standards regularly	82%

- Meeting service standard targets is an indication of the overall performance of services within an organization and informs service management decision-making, including internal resource allocation. Eighty-two per cent (9 of 11) organizations were struggling to meet the service standards they established.
- Despite indications of a slight increase in the availability of online end-to-end service offerings over the last year, further progress is required. The increased availability of online services improves organizations' accessibility and is associated with improved efficiency in service delivery.

- Monitoring cent feedback is a good management practice that can inform future service improvements. Only 45% (5 of 11) of organizations used cent feedback to improve all their priority services, indicating that further effort is required to improve services based on cent needs.

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