



# **Plan to Reform the Administration of Grant and Contribution Programs: 2017 Results Report**

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# Plan to Reform the Administration of Grant and Contribution Programs: 2017 Results Report

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From Treasury Board of Canada Secretariat

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## Message from the Comptroller General of Canada

The Government of Canada's grant and contribution (G&C) programs fund a wide array of activities that touch the lives of Canadians in all sectors of society. In 2008, in response to a number of independent reviews, the government launched The Government of Canada Action Plan to Reform the Administration of Grant and Contribution Programs.

The Action Plan's goal was to ensure that grants and contributions are managed in a way that focuses on citizens and recipients. It committed the government to achieving efficiencies by:

- simplifying processes
- reducing administrative and reporting burden on recipients
- better engaging stakeholders in designing and delivering programs

In fall 2012, the Office of the Auditor General of Canada examined whether the government had implemented its Action Plan adequately. It concluded that the Treasury Board of Canada Secretariat had actively led the G&C reform exercise, although more work was needed to ensure that the impact of the reforms could be fully assessed.

In response, in 2013 the Secretariat undertook a performance review to collect results-based information from federal departments on the impact of the reform activities on recipients and departments. The assessment identified areas where significant progress had been made and where additional work was needed.

To monitor progress, a second assessment was done in 2017. The results of this assessment are presented in this report.

I am pleased to report that the substantial gains seen in 2013 continue to be maintained or further advanced in 2017. Today, for example:

- there is better access to information on G&C funding opportunities
- service standards are now in place that describe the level of service that recipients can expect to receive from departments
- the administrative burden on recipients and departments has been further reduced through:
  - simplified and standardized application processes
  - tangible reductions in reporting requirements
- there is greater consistency in funding practices within and across departments
- there is clear evidence that the government has moved from a culture of risk aversion to one of risk management

The Secretariat will continue to promote whole-of-government approaches in support of a common user experience for G&C recipients. In addition, there will be a renewed focus on transparency, performance and meaningful reporting to Canadians on results.

The completion of this assessment coincides with work underway to renew the Policy on Transfer Payments. This policy is important because it:

- provides the framework for designing and delivery of G&C programs across the Government of Canada
- lays the foundation for measuring results and reporting on them to Canadians

Findings from the assessment will be integrated into this policy review. New funding approaches are also being explored through the use of generic terms and conditions for programs.

A five-year pilot project is now underway to allow departments to use micro-funding, prizes and challenges, and incentive-based funding to promote innovative uses of transfer payments in communities across Canada.

I would like to take this opportunity to thank staff from across the federal government, the recipient community, and stakeholders for their work and support in accomplishing these wide-ranging and important reforms. These reforms are helping to ensure that the government's G&C programs focus on citizens and achieve results that provide real benefits for all Canadians.

Bill Matthews  
Comptroller General of Canada

## **Executive summary**

This report highlights the results of the 2017 assessment of progress made in implementing The Government of Canada Action Plan to Reform the Administration of Grant and Contribution Programs of 2008.

In 2012, the Auditor General of Canada released a report that examined whether the federal government had adequately:

- implemented the commitments set out in its Action Plan through increased efficiencies in departments
- reduced administrative burden on recipients of grants and contributions

The audit found that although the Action Plan had been implemented adequately, the government had not yet assessed the plan's impact on departments and recipients. The Auditor General recommended that the Treasury Board of Canada Secretariat strengthen its process for gathering results-based information from federal departments on the impact of reform activities on recipients and departments. It was also recommended that the lessons learned from the assessment:

- be made available publicly
- be incorporated into the renewal of the Policy on Transfer Payments

In response, and in collaboration with departments, the Secretariat launched a results-based reporting tool in May 2013 to collect information from departments to assess the impact of reforms in achieving efficiencies by:

- simplifying processes
- reducing the administrative and reporting burden on recipients
- better engaging stakeholders in designing and delivering programs

The results of this assessment were published in 2014. They confirmed that significant progress had been made in modernizing the administration of G&C programs in the following areas:

- funding practices
- access to information
- recipient engagement
- reporting
- managing risks

The results also identified the following as areas that required further work:

- service standards
- use of technology
- reporting requirements
- recipient audits

In response, the Secretariat and departments agreed to undertake specific actions. The Secretariat also committed to repeating the departmental performance reporting exercise in order to reassess progress against the baseline performance information collected in 2013.

Twenty-eight departments whose expenditures on grants and contributions account for more than 85% of total G&C expenditures for the Government of Canada participated in this self-assessment. Twenty-three departments participated in the self-assessment in 2013.

As in 2013, this assessment focused on whether the administration and delivery of G&C programs aligned with the expected results for recipients and departments, as outlined in the 2008 Action Plan. Three additional lines of inquiry were added for the 2017 self-assessment:

- consolidation and coordination of G&C administration across departments
- frequency of reporting by recipients based on level of risk
- use of technology

The results of the 2017 assessment are summarized in section 6 of this report. They confirm that progress continues to be made in these key areas:

- service standards
- simplified application processes and funding agreements
- flexible risk management
- recipient engagement
- streamlined administration

Table 1 summarizes progress in these areas since 2008.

**Table 1. Overview of progress since 2008**

<b>In 2008: fragmented and uncoordinated program management</b>	<b>In 2013: more coherent and streamlined program management in departments</b>	<b>In 2017: improved service experience for recipients and greater horizontal management of programs</b>
<p><b>Divergent funding practices</b> from one program to another and from one department to another</p>	<ul style="list-style-type: none"> <li>• Standard funding agreements reduced complexity</li> <li>• Multi-year agreements provided more stable funding and faster payments issued through standardized processes in 90% of departments</li> <li>• Very limited consolidation across programs and departments</li> </ul>	<ul style="list-style-type: none"> <li>• Similar and simplified funding practices across government</li> <li>• Greater use of single agreements, consolidated reporting and single payments for recipients, with multiple projects funded through multiple programs (up 20% since 2013)</li> </ul>
<p><b>Limited access to online services and information</b> on funding opportunities</p>	<ul style="list-style-type: none"> <li>• Consolidated information on funding posted on 82% of departmental websites</li> <li>• Limited online services provided</li> </ul>	<ul style="list-style-type: none"> <li>• A centralized site (Canada.ca) provides one-stop access to information on funding opportunities in some departments</li> <li>• Secure accounts allow recipients to submit claims and reports digitally in 57% of assessed departments</li> </ul>

In 2008: fragmented and uncoordinated program management	In 2013: more coherent and streamlined program management in departments	In 2017: improved service experience for recipients and greater horizontal management of programs
<p><b>Recipients' views not always considered</b> when policy or program decisions were being developed</p>	<ul style="list-style-type: none"> <li>• Departments regularly informed stakeholders and gathered their views</li> </ul>	<ul style="list-style-type: none"> <li>• Most G&amp;C departments (86%) are investing in stakeholder relationships to make improvements in innovation and in providing services</li> </ul>
<p><b>Excessive and redundant requirements</b> for applications and reporting</p>	<ul style="list-style-type: none"> <li>• 32% reduction in number of reports requested from recipients</li> <li>• Departments collect only information that is required to make a funding decision</li> </ul>	<ul style="list-style-type: none"> <li>• Further 16% reduction in reporting by recipients</li> <li>• A “tell us once” approach eliminates duplicate requests to recipients</li> <li>• Online application processes are easy and preferred by recipients</li> <li>• 87% reduction in <b>on-site</b> recipient audits since 2008</li> </ul>
<p>The process and timing for <b>funding approval is unclear</b></p>	<ul style="list-style-type: none"> <li>• A minority of departments had service standards for communicating better with recipients on the progress of their applications and payments</li> </ul>	<ul style="list-style-type: none"> <li>• More consistent service expectations and experience</li> <li>• 75% of assessed departments have G&amp;C service standards, and 64% post them on their websites, although not all of these departments measure and report publicly on performance</li> </ul>

<b>In 2008: fragmented and uncoordinated program management</b>	<b>In 2013: more coherent and streamlined program management in departments</b>	<b>In 2017: improved service experience for recipients and greater horizontal management of programs</b>
<b>Risk aversion</b> drives reporting and oversight	<ul style="list-style-type: none"> <li>• Increased flexibility to manage programs based on risk</li> <li>• Administrative burden eased for low-risk programs and recipients</li> </ul>	<ul style="list-style-type: none"> <li>• Reporting and audit activities adjusted based on level of risk (high, medium and low) and reviewed periodically</li> </ul>

The findings also show that:

- areas that require further work are:
  - greater harmonization of information and practices across departments
  - greater ability for applicants and recipients to interact with the government online
- the results of risk assessments are not always used to modify the oversight of agreements
- there is a wide range of flexibility in service standards across departments (particularly with respect to timely approval of funding), which does not:
  - allow for clear and meaningful reporting
  - support a consistent service experience for recipients

As a next step, the Secretariat will continue to pursue opportunities to strengthen policy and guidance throughout the life cycle of G&C programs. In addition, lessons learned from this assessment will be incorporated into the Policy on Transfer Payments.

The Assistant Deputy Ministers' Committee, which comprises assistant deputy ministers from departments that administer G&C programs, will continue to monitor progress.

## 1. Background

### ▼ In this section

- The importance of transfer payments
- Past reviews

- The Government of Canada Action Plan to Reform the Administration of Grant and Contribution Programs
- Policy reform
- Departments' action plans
- Departments acting as one (horizontal enablers)

## The importance of transfer payments

Transfer payments:

- are a key instrument for furthering the government's broad policy objectives
- represent a large part of government spending

In the 2015 to 2016 fiscal year, the Government of Canada issued approximately \$183.6 billion in transfer payments. Most payments (\$148.7 billion) were statutory payments to individuals and other levels of government, including spending required by legislation. However, a significant portion (\$34.9 billion) comprised discretionary payments to provide new or continued spending through G&C programs.

Projects funded through federal G&C programs are diverse and directly affect Canadians where they live and work. Examples are:

- services and supports to help refugees resettle in Canada
- research into early learning and child care
- programs for employment and training
- investments in the responsible development of green infrastructure

Properly managed, G&C programs provide a means for the government to meet its policy objectives efficiently. Recipients of federal government funding work with the government to fulfill shared objectives. In general, these activities promote Canada's economic and social development and enrich the quality of life of Canadians.

In 2016, the 28 departments assessed signed more than 370,000 funding agreements with more than 445,000 recipients. Most funding agreements (close to 300,000) were grants. Funding agreements are sometimes signed with multiple recipients, and the number of recipients can exceed the number of funding agreements. For example:

- National Defence has five grant agreements with 127 recipients
- under the AgriInvest Program of Agriculture and Agri-food Canada, one multilateral funding agreement has 88,075 recipients

The average dollar value of a grant <sup>1</sup> to a recipient in 2016 was \$29,543. The average

dollar value of a contribution <sup>2</sup> to a recipient in 2016 was \$284,334.

Recipients of federal grants and contributions include:

- not-for-profit voluntary organizations that help make Canada's communities places where people want to live and raise their families
- service providers that assist thousands of people who have challenges in their lives, such as unemployed Canadians and workers who need to upgrade their skills
- small businesses and industry associations that work to make Canada more globally competitive
- First Nations that provide essential services to Indigenous communities and support economic development
- research institutes that explore demonstration technologies in key growth industries such as clean technology and agri-food
- non-governmental organizations dedicated to international development and global cooperation
- other orders of government (provinces, territories and municipalities)

## **Past reviews**

In 2006, the Auditor General of Canada reported on the federal government's management of grants and contributions. The report highlighted recipients' concerns about the heavy financial and administrative burden of applying for programs and of meeting program requirements.

Later that year, the President of the Treasury Board commissioned the Independent Blue Ribbon Panel on Grant and Contribution Programs to recommend measures to make the delivery of G&C programs more efficient while ensuring greater accountability. In the panel's report, From Red Tape to Clear Results (PDF, 593 KB), <sup>3</sup> published in December 2006, the panel recognized that there were unnecessary, unproductive and needlessly complicated reporting requirements that did not serve the interests of the government or recipients. The panel found that:

- G&C programs were overly rigid
- the government was inclined to impose a one-size-fits-all approach on recipients

The panel concluded that the government needed to make fundamental changes in how G&C programs are understood, designed, managed and reported on.

## **The Government of Canada Action Plan to Reform the Administration of Grant and Contribution Programs**

The federal government responded to the panel's findings in May 2008 with its Action Plan. The government indicated its intention to produce short-term results and long-term reforms that would lead to simpler processes and strengthened accountabilities. With its Action Plan, the government outlined how it would improve the way it manages G&C programs and the results that these programs achieve.

The Action Plan consisted of three elements:

- policy reform
- departmental action plans
- horizontal enablers (departments acting as one)

## **Policy reform**

To build the right foundation, the Policy on Transfer Payments was renewed in 2008 and in 2012. Updating this policy and its associated directive and guidelines:

- clarified accountabilities and simplified G&C administration
- established a new regime that:
  - is more sensitive to risks
  - focuses on citizens and recipients
  - establishes clear requirements for performance
- increased departments' flexibility to manage transfer payment programs based on the level of risk associated with the program, the project and the recipient

Departments' implementation of the updated policy has significantly changed how the Government of Canada does business. Through outreach by the Secretariat:

- departments better understand the policy's requirements and its new flexibilities
- departments are progressively integrating these requirements and flexibilities into the way they manage their transfer payment programs

## **Departments' action plans**

Departments implemented the new policy requirements through their own action plans. Individual plans focused on areas that were tailored to the unique circumstances of each department, such as:

- simplifying funding programs and agreements
- streamlining the application process
- introducing flexible risk management practices
- establishing service standards

- identifying and implementing best practices
- improving access to information through technology
- enhancing stakeholder engagement

Detailed results achieved by departments in implementing their action plans are set out in section 2 of this report.

## Departments acting as one (horizontal enablers)

Sustained leadership was needed to guide change in an area as varied and complex as grants and contributions. The Secretariat carried out this leadership role by coordinating the implementation of G&C policy reforms across the Government of Canada through a Centre of Expertise on Grant and Contribution Programs. The Centre:

- identified and promoted best practices
- reported on achievements in G&C policy reforms

In addition, the Assistant Deputy Ministers' Committee met regularly to guide implementation and monitor progress.

## 2. Assessment of the impact of departments' action plans

### ▼ In this section

- Overall findings
- 2.1 Clarity and consistency of funding practices
  - What has been achieved
  - Funding practices: what's next
- 2.2 Access to information on funding
  - What has been achieved
  - Access to information: what's next
- 2.3 Application and reporting requirements
  - What has been achieved
  - Application and reporting: what's next
- 2.4 Service standards
  - What has been achieved
  - Service standards: what's next
- 2.5 From risk aversion to risk management

- What has been achieved
- Risk management: what's next

## Overall findings

Findings show that there has been continued progress since 2013 in modernizing G&C administration in the following areas:

- improving the clarity and consistency of funding practices
- enhancing stakeholder engagement
- establishing service standards
- simplifying application and reporting requirements using risk-based approaches
- modernizing risk management

Results also show the potential for further efficiencies and reduced administrative burden by better integrating G&C management practices and standardizing service delivery across government. Realizing this potential will include:

- establishing consistent frameworks for assessing risk
- better coordination between departments for:
  - funding agreements
  - recipient reporting
  - payments
- easier access to funding through a single Government of Canada window or entry point

Although service standards have been developed, the range of performance targets and variety of reporting standards, particularly for timely approval of funding, do not always allow for clear and meaningful reporting. In addition:

- recipient oversight is not being consistently tailored to identified risks
- reporting requirements focus primarily on activities and financial transactions instead of results achieved
- access to information on program terms and conditions needs to be made more widely available

Results from the assessment are provided in sections 2.1 through 2.5 of this report. The results include examples of work in individual departments that are representative of results achieved in other departments where significant implementation has taken place.

## **2.1 Clarity and consistency of funding practices**

G&C applicants were frequently frustrated by widely differing processes from one program to another and from one department to another. The Action Plan highlighted the need for G&C programs that are more consistent and better integrated.

### **What has been achieved**

#### **Multi-year agreements**

In the past, multi-year projects were not funded on a multi-year basis. Recipients had to apply every year for funding, even where it was clear from the outset that a project would need to be in place for several years to achieve results. This approach often contributed to service disruptions for clients, temporary layoffs of project staff, and higher administrative costs while recipient organizations waited for funding renewals.

Today, multi-year funding agreements, which take into account appropriate risk factors and previous experience with the recipient, are used to a significant extent in 92% of departments assessed (up from 90% in 2013). Such agreements have reduced departmental and recipient costs associated with application renewals for multi-year projects.

#### **Example: Immigration, Refugees and Citizenship Canada**

Multi-year agreements are used more than 90% of the time at Immigration, Refugees and Citizenship Canada. The department signs single-year or shorter agreements for:

- short-term projects
- pilot initiatives and other initiatives where the risk of the project or recipient is high

In the 2015 to 2016 fiscal year, approximately 750 multi-year agreements and about 80 single-year agreements were in place. Multi-year agreements provide recipient organizations with more stable funding, enabling these organizations to hire and retain the best workers to provide services for the settlement of refugees and immigrants.

#### **Standardized funding agreements**

In 2008, there was little to no standardization in the provisions of funding agreements, even for programs within the same department. This lack of standardization made G&C administration and oversight more complex than necessary for recipients and administrators.

Today, funding agreements are widely standardized within departments. As in 2013, more than 90% of departments assessed reported significant to full implementation of standardized funding agreements.

#### **Example: National Research Council Canada**

In the 2015 to 2016 fiscal year, National Research Council Canada provided \$235 million through 5,120 funding agreements with businesses and community organizations to help accelerate the growth of new technology and innovation under its Industrial Research Assistance Program (IRAP).

Simplified funding agreement templates and standard contractual clauses have brought greater clarity for recipients in understanding their reporting obligations and for staff in interpreting important clauses. As a result, there is a greater focus on the purpose of the agreement. Standardized funding agreements are also contributing to more efficient program management.

With over 98% of all contribution agreements generated by its case management system, IRAP now benefits from an integrated approach to program management through the use of standardized quality controls, reporting capability and performance tracking.

#### **Consolidated reporting**

Past independent reviews of G&C programs revealed reporting requirements that were excessive and often redundant.

Since 2008, reporting has been significantly streamlined for individual agreements, and there has been further progress in consolidating reporting by recipients that have multiple agreements. In 2013, only a minority of departments assessed (13%) reported significant progress. Today, 32% of departments allow recipients to provide one financial report and one performance report that meet the reporting requirements of multiple programs within a department.

#### **Standardized claims forms and processing**

In 2008, the lack of standardization in reimbursing recipient administrative costs contributed to inconsistent practices within and across departments. In particular, there was confusion about which direct and indirect expenses were eligible for reimbursement, leading to unnecessary administrative burden for departments and recipients.

Since 2013, improved reimbursement practices have reduced administration and increased efficiencies in payment processing. Today, 92% of departments:

- have implemented standardized templates for financial reporting for most of their programs
- have streamlined claims processes

In addition, faster payments to recipients are being made in 86% of departments (up from 70% in 2013).

#### **Example: Agriculture and Agri-Food Canada**

At Agriculture and Agri-Food Canada, improvements in claims processing have resulted in a 50% decrease in the number of requests for information from recipients. A standardized claims form, guide and claims issue log now provide information to staff on resolving common claims quickly. Recipients are also provided with one-on-one training on the information needed to support a payment.

As a result, payment processing at the department has been reduced by three to five days. Similar improvements in claims processing have been achieved at many federal G&C departments. For example, using a standardized claims process at Canadian Heritage has reduced payment processing by one to two weeks.

### **Funding practices: what's next**

The Government of Canada has achieved systemic improvement by sharing best practices and being innovative. Single agreements and consolidating reporting for recipients that have multiple projects have reduced recipients' reporting burden significantly.

The Secretariat will now focus on achieving greater consistency in departments' funding practices. Standardizing and harmonizing funding practices government-wide requires a longer-term vision. The Secretariat will engage departments, through the interdepartmental Assistant Deputy Ministers' Committee, to determine further opportunities to consolidate and rationalize G&C programs across government.

#### **Example: Public Health Agency of Canada**

Beginning in 2012, the Public Health Agency of Canada centralized its administration of G&C programs to improve efficiency and streamline funding practices, with the following results:

- administrative costs have been reduced by 50%
- the number of funding agreements has decreased from 1,300 to 850 (a 35% reduction)
- the number of payment transactions has been reduced from 4,000 to fewer than 2,000 in the 2015 to 2016 fiscal year

- managing budgets centrally has reduced the number of control points that require administrative action from 115 to 37 (a 68% reduction)

Cost savings have been allocated to other corporate priorities.

## **2.2 Access to information on funding**

In the past, most programs were administered independently of one another, as information about programs was often not shared, even within the same department. Potential applicants were often unaware of the existence of programs or had difficulty finding information to determine whether they were eligible.

### **What has been achieved**

#### **Better access to simplified information**

Today, it is much easier to obtain information about programs and funding opportunities. By 2013, application information had been consolidated on departmental websites to a significant extent in 82% of assessed departments. Since then, new tools, including plain language publications, have been created to help applicants understand and access G&C programs in 89% of departments (up from 78% of assessed departments in 2013). Some examples are as follows:

- The Canada.ca website provides one-stop access to information on all federal G&C funding opportunities.
- Department-specific landing pages and portals now act as single windows that provide current, user-friendly and recipient-focused information on G&C programs.
- Searchable online tools now guide recipients through available funding options, reducing the time and effort that applicants spend on researching opportunities.
- Centralized web platforms allow recipients to create a secure online account through which they can apply for funding and actively manage their projects, eliminating the collection of duplicate and redundant information. At some departments, the online service experience is so easy that recipients now choose only the digital path.
- Social media, including Twitter campaigns and Facebook pages, are being used to cost-effectively raise awareness of funding opportunities.
- Direct deposit is being used widely, providing recipients with quicker access to approved funds.

#### **Example: Making the digital path as easy as possible for recipients**

Since 2013, Canadian Heritage has developed an online application tool that allows applicants to:

- submit a request for funding
- monitor the status of their request
- prepare and submit final reports and other information required for approved funding agreements

At Employment and Social Development Canada (ESDC), applicants can now apply for program funding online:

- Organizations are required to set up a secure account through the department's Grants and Contributions Online Services platform.
- Information provided during this one-time process is used to pre-populate the tombstone data for each subsequent funding application, saving time and reducing the administrative burden on applicants and the department.
- Applicants receive instant acknowledgement that ESDC has received their application, and the system generates automatic status updates at each step in the approval process.
- Once funding is approved, recipients can use their accounts to manage their projects and fulfill their reporting requirements online.

Initiatives such as these are making the online service experience so easy that recipients now choose the digital path where available.

### **Engaging applicants and recipients**

In the past, program clients were not always recognized as having important contributions to make in ensuring that transfer payment programs were designed, delivered and managed in a way that is fair, accessible and effective for all involved.

Today, departments are invested in developing and maintaining stakeholder relationships. For example, of the 28 departments assessed:

- 25 regularly inform recipients and applicants of G&C programs and processes (up from 21 in 2013)
- 24 gather information and views from stakeholders when policy or program decisions are being developed (up from 19 in 2013)
- 16 have an engagement plan and report to recipients on how their views have been considered in decision-making (up from 14 in 2013)

### **Example: Agriculture and Agri-Food Canada**

Consultations were held at Agriculture and Agri-Food Canada (AAFC) in 2007 to identify service delivery improvement priorities. During these consultations, clients voiced their frustration over the many 1-800 numbers in place to get information about AAFC funding programs. To improve service, AAFC:

- reduced the number of toll-free lines by 85%, moving the majority of program enquiries to a single call centre in Winnipeg
- developed a knowledge management tool and training to provide call centre agents with detailed information about AAFC's funding programs

Enquiries are now answered more quickly and accurately, resulting in a more consistent level of service to clients.

## **Access to information: what's next**

In 2013, several departments had initiated work to expand G&C online service delivery. Plans included allowing clients to:

- submit requests and reports using previously entered information
- access the status of their application and payment requests
- manage their profile and tombstone data

Sixteen departments now offer online access to G&C programs, representing about 50% of federal G&C funding.

Departments have also made progress in moving toward standardized business tools and systems, which has improved the efficiency and effectiveness of G&C program administration. Consolidated G&C management systems are allowing departments to:

- better track key recipient and financial management transactions
- generate more accurate performance information in real time

Greater automation is also supporting standardization of funding practices across all G&C programs. Some departments assessed (9 of 28) have a consolidated view of their recipients that supports greater coordination and further reduced administrative burden. Expanding this capacity within and across departments will increase transparency to Canadians by providing a more consolidated view of how government funding is helping all Canadians, including certain Canadians with distinct needs such as children and youth, Indigenous peoples, people with disabilities, homeless people, and recent immigrants.

## **Example: Infrastructure Canada**

Infrastructure Canada makes its funding information available openly and transparently. Its approach includes making project funding data available through the Government of Canada's Open Data website. Canadians can see what projects have been funded in all provinces and territories, using new, innovative web applications. Funding agreements are also posted. As a result, Canadians can see:

- which projects are being implemented in their communities
- what the projects cost
- what the level of oversight for projects is
- whether these programs are being designed and provided in a way that puts citizens' needs first

There are plans to further modernize administration and delivery, including through work on an enterprise-wide platform. Departments will continue to engage applicants and recipients, as required by the Treasury Board's Policy on Transfer Payments, to:

- seek solutions regarding concerns over administrative burden
- ensure that grants and contributions are administered in a transparent and citizen-focused manner

## **2.3 Application and reporting requirements**

In the past, recipients of grants and contributions expressed frustration with heavy reporting requirements and inconsistent and unpredictable administrative practices. The government acknowledges that some level of oversight and due diligence is required. At the same time, it recognizes that sensible rules based on risk, not a one-size-fits-all approach that has burdensome administrative processes, are key to having clearer accountabilities and achieving results.

### **What has been achieved**

#### **Application processes**

In 2008, departments' processes for applying for grants and contributions varied widely and were frequently overly complex, unclear and unnecessarily lengthy. The Action Plan challenged departments to take immediate steps to simplify and make these processes more transparent by:

- reducing the number of steps
- making greater use of standardized forms
- simplifying information requirements

- using electronic technologies for submitting applications and follow-up communications

Today, 86% of departments examined by the assessment have simplified application processes in most of their G&C programs (up from 74% in 2013). In addition, many departments reported reducing the number of distinct funding opportunities while maintaining the same level of overall funding. Integrating similar funding programs has reduced duplication and simplified application processes for recipients.

Fewer departments (57%) report calibrating their application requirements based on the risk rating of applicants (87% in 2013). Instead, most departments have significantly changed their application process by limiting the amount of information required. Some departments have further reduced administrative burden by pre-assessing the eligibility of applicants. Applicants who meet initial screening criteria are then invited to submit a formal application.

#### **Example: Environment and Climate Change Canada**

Since 2013, Environment and Climate Change Canada (ECCC) has made significant changes to the type of information and level of detail required in its applications for funding. Today, only information that is required to understand the nature of the project is requested from recipients. This approach:

- reduces the burden on the client and the department
- lowers the risks associated with collecting private and personal information
- streamlines the administrative burden of the G&C process

In 2016, ECCC re-examined all its application forms for application-based programs and for standardized data collection. Its intent is to have a single portal for all application-based G&Cs.

#### **Reporting requirements**

Many previous reviews of G&C programs identified excessive and often redundant reporting requirements. The Action Plan challenged departments to streamline these requirements to ensure that they are risk-based and minimize duplication of effort.

In 2008, more work was needed to ensure that monitoring, reporting and auditing activities reflected:

- the risks that are specific to a program
- the value of funding in relation to administrative costs
- the risk profile of recipients

In 2013, most departments assessed (87%) reported that monitoring and oversight was being tailored to ensure that recipient reporting requirements were proportionate to the risk rating of the recipient and the project. Today, fewer departments assessed (76%) reported that they modified their oversight of recipients based on risk. Although most departments continue to ensure that reporting requirements are based on risk, more work is needed to build on progress so far.

Better coordination of reporting within and between departments was another area assessed. As in 2013, a minority of departments reported that they had consolidated reporting for recipients that had multiple agreements with multiple departments when doing so was practical and beneficial to the recipient.

**Example: Indigenous and Northern Affairs Canada and Health Canada**

Indigenous and Northern Affairs Canada and Health Canada continue to work collaboratively to harmonize and improve the practices and systems that departments use to manage funding agreements for Indigenous recipients. Improvements include:

- the use of a single agreement
- a standardized assessment of risk
- single payments
- consolidated reporting
- joint audited financial statements
- standard information technology platforms for accounting and G&C management

These improvements facilitate a standard approach, including setting priorities in a way that meets the administrative requirements of both departments, and reduce the reporting burden on recipients.

A few departments have also initiated work to permit sharing of information between government departments.

**Example: the Communities Component of the Building Canada Fund**

Under the Communities Component of the Building Canada Fund (active from 2009 to 2016, with \$335 million in federal funding) the Federal Economic Development Agency for Southern Ontario (FedDev Ontario) implemented the program in collaboration with the Province of Ontario. Ontario recipients, which were largely municipalities and Indigenous governments, used a portal hosted by the provincial government to submit project claims and progress reports for both levels of government.

FedDev Ontario used the portal to process claims and review reports. The province held the funding agreement directly with the recipient and issued funding payments based on eligible project costs. FedDev Ontario reimbursed the federal contribution to the province directly in batch payments. The recipient experienced seamless coordination in oversight and reporting across jurisdictions, resulting in reduced administrative burden.

As noted, most departments have consolidating G&C management systems. This consolidation has enabled better use of previously collected information by:

- facilitating program managers' access to recipient information for any program within the same department
- eliminating duplicate requests to recipients

### **Recipient audits**

Recipients of funding often complained of audit burden. Although audits are important in assessing compliance with funding requirements, the process of undergoing an audit can be disruptive to the daily operations of a recipient organization. The following were key to modernizing the G&C audit process:

- better coordination of recipient audits for multiple projects and programs, within and across departments
- use of risk assessments to determine the need for an audit of a recipient

Since 2008, the number of on-site recipient audits has been significantly reduced across all G&C departments assessed, from 3,621 in the 2007 to 2008 fiscal year to 443 in the 2015 to 2016 fiscal year. Most departments assessed in the 2015 to 2016 fiscal year (64%) ensured that risk ratings were used to determine the need for on-site audits for most of their programs. In 2013, most departments (83%) reported that risk ratings were used to determine the need for on-site audits. This reduction may be a result of departments using other tools to determine the need for recipient audits and the dollar value of the agreement.

### **Example: Innovation, Science and Economic Development Canada**

In the past, Innovation, Science and Economic Development Canada (ISED) conducted audits based on a random sampling. Today, the department assesses risk throughout a project's life cycle to determine the extent of monitoring and oversight required.

For example, a multi-year audit plan was developed for the Strategic Aerospace and Defence Initiative (\$1.6 billion). The plan set certain criteria for determining whether an audit is needed based on an assessment of project-related risks and the project's dollar value. Projects of more than \$10 million are now audited routinely, and projects of between \$1 million and \$10 million are selected for audit based on risk.

In addition, audits are required where repayment of more than \$10 million to the Government of Canada is required following a project's completion. Projects that have forecasted repayments of between \$1 million and \$10 million are selected for audit based on risk. This approach has resulted in:

- the department having better audit coverage for the total dollar value of contribution programs
- appropriate coverage for projects of a lower dollar value

An example is ISED's 2010 Multi-Year Audit Plan (MYAP). The department conducted 32 revenue audits, representing 10% of the total portfolio and 35% of the repayment dollar value. During the most recent MYAP, there were 13 revenue audits, representing 4% of the total portfolio and 14% of the repayment dollar value. Six of these planned audits were for projects where the forecasted repayments were greater than \$10 million, and seven of these planned audits were selected based on risk.

Since 2008, progress has been made in auditing recipients that have multiple projects that are funded by the same department. An auditor who represents some or all funders can conduct a single recipient audit to verify that the recipient is complying with the terms and conditions of some or all of the relevant funding agreements. The Policy on Transfer Payments encourages the use of single-recipient audits where feasible. The intent is to limit the impact of auditing activities on the recipient's operation and enable sharing of audit information across the department.

Significant progress in better coordinating recipient audits has been made at several departments:

- Agriculture and Agri-Food Canada
- Canadian Northern Economic Development Agency
- Department of Justice Canada
- Federal Economic Development Agency for Southern Ontario
- Global Affairs Canada
- Health Canada
- Immigration, Refugees and Citizenship Canada
- Indigenous and Northern Affairs Canada
- National Research Council Canada

- Public Health Agency of Canada
- Status of Women Canada
- Transport Canada

#### **Example: Department of Justice Canada**

Since 2013, a G&C audit advisory committee has been established at the Department of Justice Canada to provide guidance on managing recipient audits for the department's G&C programs. The committee:

- provides feedback to programs after reviewing models for managing program risk
- takes a comprehensive view of recipients by program and level of risk

Recipients are recommended for audit based on risk, and audits are planned to allow the department to conduct a single audit per recipient when appropriate.

### **Application and reporting: what's next**

The goal of the Action Plan was to ease the burden of application and reporting requirements for grants and contributions in order to reduce the administrative effort and cost to the government and recipients. For the most part, findings show that such burden has been reduced.

Departments will continue to build on the significant progress made since 2013 in streamlining and simplifying application processes and reporting requirements by adopting common, coordinated reporting approaches more broadly within and among departments.

Further work will integrate planning to conduct single audits for recipients that receive funding from multiple G&C programs, to further advance the consolidation of recipient audits. Other work will explore appropriate ways to collaborate with other levels of government to meet audit objectives while avoiding duplication and unnecessary burden and costs.

## **2.4 Service standards**

Applicants and recipients of G&C programs often criticized:

- the lack of information on the timing of key decisions in the funding process
- the slowness of funding decisions
- the time required to finalize an agreement and receive payment

Program managers within the federal government agreed with these criticisms.

## What has been achieved

### Service standards best practices

There was a strong desire among stakeholders for clear service standards for all G&C programs. Without consistent service standards, it is difficult to:

- measure or report on the quality of service provided
- act effectively to resolve issues in providing services

In 2013, it was clear that more work was needed to make service standards consistent. Only a minority of departments reported that they had implemented a full suite of G&C service standards. Since then, departments have made significant progress in implementing service standards as required by the Treasury Board's Policy on Transfer Payments. Specific guidance was developed and provided to departments. In 2013, the Secretariat launched a toolkit on best practices to promote a consistent standard of G&C services across Canada.

Over the past three years, the Secretariat monitored departments' progress through departmental reporting in the annual Management Accountability Framework exercise. As a result:

- 75% of assessed departments (compared with 50% in 2013) have a service standard for the time it takes to acknowledge receipt of a funding request for most of their programs. Seventy-eight per cent of departments meet this standard most of the time.
- About 60% of departments (compared with 50% in 2013) have a service standard for the time it takes to communicate a funding decision. These departments meet this standard 60% of the time.
- More than 75% of departments (66.7% in 2013) have a service standard for the time it takes to issue a payment, and 78% meet their standard most of the time.

#### **Example: Service Standards for Parks Canada's national cost-sharing program for heritage places**

A service standard is a public commitment to a measurable level of performance that clients can expect under normal circumstances. Parks Canada <sup>4</sup> has set three service standards for providing timely program-related services under normal circumstances. The following standards and performance information are posted on the [service standards](#) section of Parks Canada's website:

1. **Acknowledgement of receipt of application:** We will acknowledge receipt of your application within 15 calendar days of the date the application is received by the Agency.

2. **Funding decision:** We will issue official written notification of the funding decision within six months of the program's application deadline date **or** we will inform applicants within that time frame of any additional processing time that may be required.
3. **Issuance of payments:** We will issue payments within 28 calendar days of the successful fulfillment of requirements outlined in the contribution agreement.

Our performance target is to meet these standards for 90% of files. Achieving these service standards is a shared responsibility and requires that all required documentation is submitted by applicants and recipients in a timely fashion, as requested by the program.

### Service standard results

Fiscal year	Acknowledgement		Decision		Payment issuance	
	Standard (days)	% met	Standard (months)	% met	Standard (days)	% met
<b>2013 to 2014</b>	15	100	6	100	28	100
<b>2014 to 2015</b>	15	55	6	100	28	91
<b>2015 to 2016</b>	15	100	6	100	28	100
<b>2016 to 2017</b>	15	Ongoing	6	100	28	Ongoing

### Service standards for Public Safety Canada's funding programs

Public Safety Canada has set service standards for all its transfer payment programs <sup>5</sup> for the following three transactions:

1. **Acknowledging the receipt of a funding request:** 15 business days. Results for the 2015 to 2016 fiscal year (percentage of time that the service goal is met): 83% of all proposals were acknowledged within 15 business days.
2. **Communicating a funding decision after a completed application is submitted:** 52 weeks. Results for the 2015 to 2016 fiscal year: 97% of all funding decisions were communicated within 52 weeks.
3. **Issuing a payment following receipt of all required documentation:** 30 business days. Results for the 2015 to 2016 fiscal year: 82% of all payment requests were sent within 30 business days.

## **Service standards: what's next**

Twenty-one of 28 departments assessed reported that they now have service standards in place for their G&C programs. Most departments (18 of 28 departments assessed) have made their service standards publicly available on their website, and most are also reviewing and updating their performance results annually. More work is needed to ensure greater transparency for reporting publicly on performance. In addition, the range of performance targets and variety of flexibilities, particularly with respect to timely approval of funding, do not always allow for clear and meaningful reporting.

Several departments assessed noted that since 2013 some or all funding decisions have been delegated by their ministers to:

- senior program staff, including assistant deputy ministers
- in some cases, directors general at headquarters or in the regions

Departments also reported a reduction in the time it takes for them to make and communicate a funding decision to a recipient where funding decisions have been delegated.

Over the next three years, the Secretariat will continue to monitor departments' implementation of service standards. Results will be integrated into the renewal of the Policy on Transfer Payments to emphasize the need for greater transparency in performance reporting.

## **2.5 From risk aversion to risk management**

Two frequent complaints about G&C programs were that the former policy framework was overly rigid and that departments applied a one-size-fits-all approach to risk-managing programs and funding agreements. Although the former policy framework provided for flexibility in establishing requirements for recipient reporting and monitoring, there was little incentive or guidance to adopt risk-based approaches to:

- achieve a better balance between oversight and flexibility
- contribute to better results

## **What has been achieved**

### **Flexible approaches to managing risk**

Departments formerly tended to take their approach for highest-risk programs and recipients and apply it to all programs and recipients. Doing so resulted in a culture of risk aversion, even when dealing with very low-risk, high-capacity applicants and recipients.

Since 2008, all departments have adopted new approaches to managing risk strategically. For example, of the 28 federal departments assessed:

- risks are assessed and rated for projects and recipients in 25 departments based on:
  - the nature and complexity of the project
  - the amount of funding
  - the capacity and track record of the recipient
- assessment results are used to tailor oversight and reporting requirements in 22 departments
- reporting has been reduced for low-risk recipients, which has contributed to a further 16% reduction in the number of reports requested from recipients since 2013
- project and recipient risk assessments are routinely reviewed for accuracy in 24 departments
- in 18 departments, risk ratings are used to target on-site audits where deemed necessary

In 2013, the Secretariat provided additional guidance on the need for a review and challenge function for initial risk assessments, including multi-year contribution agreements, to ensure appropriate oversight of high-risk projects and recipients. This work was consistent with the Secretariat's commitment to strengthen guidance in this area in response to the 2012 Fall Report of the Auditor General of Canada, which stated:

Deputy heads are responsible for, and have the flexibility to tailor, how they apply risk-based principles in the administration of their grant and contribution programs. As part of the Secretariat's five-year review of the Policy on Transfer Payments in 2013, and its provision of ongoing support to federal organizations on risk management of grants and contributions, the Secretariat will examine opportunities to strengthen its guidance on the need for deputy heads to review and confirm risk assessments throughout the life cycle of grants and contributions.

## **Risk management: what's next**

There has been significant progress to better align administrative and reporting requirements with associated risks across all departments. As in 2013, specific program and project risks continue to be identified, rated and managed to streamline reporting requirements for low-risk agreements. In 2017, risk was rated low for the majority (58%) of contribution agreements. Aligning reporting requirements better for low-risk recipients has reduced the administrative burden on many recipients, as activity and financial reporting for low-risk agreements now occurs only annually in most departments.

Results also indicate that reporting requirements have been adjusted for contribution

agreements that are medium- and high-risk:

- most reporting under these agreements is taking place quarterly or semi-annually
- 23% of recipient agreements were deemed to be medium-risk
- reporting for high-risk contribution agreements varies, with 50% of departments requiring reporting monthly or quarterly
- only 2% of contribution agreements were considered high-risk

There is very minimal reporting by recipients under grant agreements even when risk is deemed to be high. There is also minimal reporting on performance or results achieved for both G&C agreements. This result reflects the fact that payments are made on the basis of activities undertaken by the recipient rather than the outcomes achieved. More work is needed to ensure that the results of risk assessments continue to be used to tailor reporting requirements. Additional work will also be needed to bring the focus on results achieved rather than on activities undertaken.

### **Example: paying for results, not activities**

The Adult Learning, Literacy and Essential Skills Program of the Office of Literacy and Essential Skills of Employment and Social Development Canada (ESDC) is a \$5-million pilot project that is testing performance-based funding for essential skills upgrading. The model includes elements of a social impact bond and new ways of generating employer and private investments. It is one of the first initiatives in Canada to pilot elements of social impact bonds, which is a relatively new tool used by governments to fund social programs.

The pilot is anticipated to provide essential skills training to over 300 unemployed and employed Canadians. Impact is being measured in terms of skills gained by participants rather than activities undertaken. Results have been successful so far, and lessons learned are being shared within ESDC, other government departments and other orders of government. For example, shifting the focus from activities to outcomes has required certain adjustments to the legal and tax provisions of performance-based funding agreements. This work has also highlighted the importance of the impact investment community<sup>6</sup> to develop its own policies and practices to support its readiness and participation in social finance offerings.

Managing risk and focusing on results are central in overseeing and managing grants and contributions appropriately. The Secretariat will integrate these results into its update of the Policy on Transfer Payments. Departments will continue to ensure that program managers have the training and policy guidance they need to effectively adapt program administration to address risks and achieve program results.

### 3. Looking forward

The performance review of departments that administer more than 85% of the government's G&C funding has confirmed that significant progress has been made in the nine years since the launch of the Action Plan.

G&C administration has been modernized, which has reduced burden on applicants and recipients. Results of this assessment demonstrate an alignment between the administration and delivery of G&C programs and the expected results outlined in the Action Plan. As an immediate next step, the Secretariat will integrate the results of the 2017 assessment of departments' progress into the renewal of the Policy on Transfer Payments.

The Secretariat will also continue to work with departments to pursue opportunities to further improve G&C administration through the following:

- excellence in G&C service delivery:
  - engage recipients to determine priority areas to provide client-focused service delivery and design citizen-focused programs
  - continue expansion of online information and services, with the goal to make online application processes easy and preferable for recipients
  - better connect G&C programs across government to support a “tell us once” experience, minimizing how often recipients are asked to provide the same information
  - achieve greater consistency in funding practices across departments to support a common recipient experience and increased efficiency, including by promoting single agreements, consolidated reporting, single recipient audits and single payments where these are feasible for departments and beneficial to the recipient
- transparency of results and performance:
  - support open access for Canadians to G&C program design principles, terms and conditions, and applicable guidelines
  - improve reporting by recipients to Canadians on results achieved through government funding
  - review, evaluate and communicate performance regarding G&C service standards, particularly with respect to funding decisions
- accountability to Canadians:
  - ensure that there is an appropriate balance between flexibility and control to support cost-effective oversight, innovation and sensible risk-taking
  - renew the focus on results to be achieved through greater transparency and engagement of recipients in reporting on outcomes

- continue monitoring progress, with the Assistant Deputy Ministers' Committee continuing to provide horizontal leadership

In conclusion, although the focus of the Action Plan was to increase the effectiveness of the administration of G&C programs and not to find specific savings, there is clear evidence that modernization efforts have resulted in improved effectiveness and cost efficiencies. Best practices will continue to be leveraged to support greater efficiencies and cost containment.

## 4. Management Action Plan

Further work will be carried out to address the areas identified for improvement in this assessment, building on the progress that has been made so far. The Secretariat and departments will undertake the management actions listed in Table 2 over the next 18 months.

**Table 2. Management actions**

Area of focus	Management action	Completion date	Action by
<b>Funding practices</b>			
<b>1.1 Harmonize funding practices within and across departments</b>	Identify similarities and opportunities for horizontality within and between departments in support of: <ul style="list-style-type: none"> <li>• a common recipient experience</li> <li>• increased efficiency</li> </ul>	2018 to 2020	The Secretariat's Financial Management Sector and departments
<b>Access to information</b>			

<b>Area of focus</b>	<b>Management action</b>	<b>Completion date</b>	<b>Action by</b>
<b>1.2 Expand G&amp;C online service delivery</b>	Expand online services to: <ul style="list-style-type: none"> <li>• make online applications easy and preferable for recipients</li> <li>• allow recipients to submit expense claims and reports digitally</li> </ul>	Ongoing	Departments
<b>1.3 Develop standardized business tools and systems</b>	Develop the Enterprise Grants and Contributions System based on a standard business information model	2020	The Secretariat's Financial Management Transformation sector with regional development agencies
<b>1.4 Support open access to G&amp;C program information</b>	Consider new policy requirements for: <ul style="list-style-type: none"> <li>• posting departmental terms and conditions online</li> <li>• enhancing public disclosure of funding to recipients</li> </ul>	Part of updating the Policy on Transfer Payments	The Secretariat's Financial Management Sector in consultation with departments
<b>Service standards</b>			

Area of focus	Management action	Completion date	Action by
<b>1.6 Continue work to implement a suite of service standards for G&amp;C proposal-based programs</b>	Enhance reporting on performance through departments' websites	2018	Departments
<b>Risk management</b>			
<b>1.7 Shift from reporting on activities to reporting on results</b>	Build on preliminary work on innovative approaches to funding models based on performance and outcomes	Part of updating the Policy on Transfer Payments	The Secretariat's Financial Management Sector with departments

## 5. About the 2017 Departmental Performance Assessment

### ▼ In this section

- Objective
- Scope and approach
- Criteria
- Methodology
  - Period covered by the assessment

In 2013, the Secretariat developed a results-based reporting tool (the Performance Reporting Questionnaire) to collect information on the impact of G&C reforms in departments. This tool was developed in response to the Auditor General's recommendations made in 2012.

Using a results-based tool for performance, reporting was aligned with:

- the Policy on Transfer Payments

- the expected results for recipients as outlined in The Government of Canada Action Plan to Reform the Administration of Grant and Contribution Programs

## **Objective**

The objective of the results reporting tool was to determine the impact of reforms to departments' administrative processes and recipients' administrative burden.

## **Scope and approach**

Twenty-eight federal departments were selected to participate, based on one of the following criteria:

- a department's G&C budget was over \$100 million
- grants and contributions comprised 30% or more of a department's budget
- a department asked to be included in the assessment

Calculations were made using the Public Accounts of Canada for the fiscal year ending March 31, 2016.

## **Criteria**

To determine whether the departments had implemented Action Plan commitments, the following criteria were used:

- clarity and consistency in funding practices
- access to information
- engagement of applicants and recipients
- application and reporting requirements
- service standards
- risk management

## **Methodology**

The questionnaire had quantitative and qualitative questions for each criterion. For most questions, options were provided in a drop-down menu. The responses selected measured the extent to which the department implemented a reform across its programs. The extent of a department's reform was calculated as a percentage of the dollar value in which the measure was applied in relation to the total dollar value of the department's G&C programs:

- most or all: 90% to 100% of dollar value
- significant: 65% to 89% of dollar value
- some: 40% to 64% of dollar value
- limited: 20% to 39% of dollar value
- minimal: 0% to 19% of dollar value
- n/a: not applicable (if this option was selected, an explanation was required)

Questionnaires were completed online. Assistant deputy ministers or chief financial officers were required to attest to the accuracy of the information provided. To ensure consistency in reporting, guidance was prepared and presented at two workshops.

## Period covered by the assessment

Departments reported on results achieved between June 30, 2013, and October 31, 2016 (inclusive).

# 6. Summary of key findings

## ▼ In this section

- Introduction
- Section 6.1: putting recipients first
  - Background
  - Progress to date
  - What's next?
- Section 6.2: managing risk better
  - Background
  - Progress to date
  - What's next?
- Section 6.3: departments' use of technology
  - Background
  - Progress to date
  - What's next?
- Section 6.4: departments operating as one (horizontal enablers)
  - Background
  - Progress to date
  - What's next?
- Conclusion

## Introduction

A 2006 report by the Auditor General highlighted funding recipients' concerns over the heavy burden associated with applying for government programs. Consequently, the President of the Treasury Board commissioned the Independent Blue Ribbon Panel on Grant and Contribution Programs in 2006. This panel developed a report, From Red Tape to Clear Results (PDF, 593 KB), <sup>2</sup> that highlighted the need for reforming the government's administration of its G&C programs.

In 2008, the Government of Canada published The Government Action Plan to Reform the Administration of Grants and Contribution Programs. The Action Plan was created to produce short-term results and long-term reforms to:

- simplify processes for recipients and applicants
- enhance departments' accountability

In 2013, the Secretariat, in collaboration with departments, assessed the impact of the implementation of the 2008 Action Plan and released the results of the assessment and the resulting 2013 Action Plan.

This report:

- assesses the impact of the implementation of the 2013 Action Plan
- seeks to ensure that processes and administration have continued to improve for applicants, recipients and Canadians
- includes next steps for continued reforms

A questionnaire was provided to departments to gather information on the impact of reforms. An overview of the areas assessed is provided in Table 3.

**Table 3. Questionnaire: areas of assessment**

<b>Domain (number of questions)</b>	<b>Domain focus</b>
<b>Funding practices (18)</b>	Ensure improved clarity and consistency in funding practices
<b>Access to information (21)</b>	Ensure improved access to information on available funding and recipient engagement
<b>Reporting requirements (10)</b>	Ensure ease of burdensome application and reporting requirements

<b>Domain (number of questions)</b>	<b>Domain focus</b>
<b>Service standards (9)</b>	Ensure service standards are implemented
<b>Risk management (50)</b>	Ensure culture is changing from risk aversion to risk management
<b>Horizontality (27)</b>	Ensure collaboration and standardization is occurring, and that technology is being appropriately leveraged

Data was collected in collaboration with 28 federal departments, whose G&C expenditures account for more than \$29 billion, or 85% of total G&C expenditures for the Government of Canada.

### **Key findings of the Performance Reporting Questionnaire**

- The Government of Canada has made progress in reducing the burden on recipients and in simplifying processes.
- Federal departments are shifting from a culture of risk aversion to one of risk management.
- Government has begun to better leverage technology by modernizing systems to ensure that they work best for recipients.
- Departments and the Secretariat have begun to lay the groundwork to create a more horizontal government, allowing collaborative, standardized and horizontal administration of G&C programs.

## **Section 6.1: putting recipients first**

### **Background**

The original Action Plan was created with the observation that the government needed to reduce burden on recipients and increase its focus on recipients' needs. Recipients had expressed frustration with:

- heavy reporting requirements
- complicated and unclear applications
- a lack of available tools

- a lack of clear and consistent information

In 2013, departments had begun to shift their focus by:

- improving processes
- reducing reporting burden
- ensuring that stakeholders were involved in program design
- increasing the availability of information
- improving departments' accountability to recipients and Canadians through service standards and posting of information online

## Progress to date

Today, findings show that departments have continued to improve by putting recipients first, with specific progress in:

- systemically reducing reporting and audit requirements for recipients:
  - there has been a reduction of 16% in the number of reports requested since 2013 and an 89% reduction in the number of on-site recipient audits, with compensating controls being put in place
- regularly engaging stakeholders to ensure that their views are considered in program design
- implementing service standards across government to provide timely service and increased accountability
- making information that is more clear and concise available to all Canadians

### Case study: Agriculture and Agri-Food Canada

In order to facilitate discussions between stakeholders and departments, Agriculture and Agri-Food Canada's (AAFC's) Innovation Programs Directorate hosted a two-and-a-half-day workshop in October 2016.

The workshop allowed AAFC to work collaboratively with stakeholders to determine areas to be redesigned in providing programs. AAFC will report to stakeholders on how their views were incorporated.

This approach to designing programs complements the industry engagement sessions of AAFC's Strategic Policy Branch, which focuses primarily on policy issues.

## What's next?

In order to continue to build on this significant progress:

- departments should:
  - review internal processes to ensure that service standards are being met
  - further increase availability of information
  - further increase collaboration in engaging recipients
- the Secretariat will:
  - provide forums for departmental collaboration
  - work toward creating a central platform for public posting of more information, increasing transparency and accountability
  - develop a mechanism for ensuring that the views of recipients, applicants and Canadians are taken into account

Table 4 summarizes the questionnaire's results for departments putting recipients first.

**Table 4. Questionnaire results for departments putting recipients first**

<b>Results</b>	<b>2013</b>	<b>2017</b>
<b>Change in the number of recipient reports requested</b>	-32%	-16%
<b>Change in the number of on-site recipient audits</b>	-5%	-89%
<b>Departments that regularly inform recipients about their program</b>	91%	96%
<b>Departments that gather information and views from stakeholders</b>	83%	93%
<b>Departments that report to recipients on how their views have been considered</b>	61%	75%
<b>Departments that have implemented a full suite of service standards</b>	A small minority of departments (exact percentage unknown)	84%
<b>Departments that have posted application information online</b>	82%	93%

## Section 6.2: managing risk better

### Background

The 2008 Action Plan responded to claims that the government is risk-averse by proposing that departments work to shift from a culture of risk aversion to one of risk management. An opinion expressed to the Independent Blue Ribbon Panel was that departments often applied a one-size-fits-all approach to risk management, resulting in a heavy burden on all recipients.

In 2013, departments had taken steps to better assess and manage risks by focusing on:

- recipients or projects
- effective strategies to mitigate risk and reduce the burden on recipients

### Progress to date

Today, findings show that departments, through an intelligent risk management approach:

- have eased the burden on recipients
- have become better at managing and mitigating risk
- are continuing to move toward a culture of risk management

More specifically, departments have:

- developed and adopted strategic risk management plans to help assess and mitigate risk, improving recipient risk assessments
- reviewed risk associated with the recipient and project and mitigated risk based on risk factors in order to increase accuracy
- revisited, reviewed and adjusted risk ratings as necessary to ensure that recipients are appropriately assessed
- increased the effectiveness of measures to mitigate risk in order to more appropriately assess and respond to risk

#### Case study: Infrastructure Canada

In an effort to ensure that risks are adequately identified and rated, and to ensure the application of appropriate mitigation measures and monitoring, Infrastructure Canada has developed and implemented a systematic process to assess the risks of programs and projects on an ongoing basis.

This process has allowed Infrastructure Canada to undertake risk assessments throughout the life cycle of programs, as well as for audits by the Office of the Auditor General Canada, program reviews and other necessary evaluations. Where risk ratings require more frequent monitoring, Infrastructure Canada requests program and project updates through bilateral discussions or oversight committees.

As a result of appropriate risk mitigation, there have been many low-risk projects where the Chief Risk Officer, Program Assistant Deputy Minister, and Chief Financial Officer review the information of only higher-risk projects, ensuring a thorough process.

## What's next?

In order to continue to build on this significant progress:

- departments should:
  - continue to monitor risk and correlate it to reporting requirements, focusing on areas, recipients and projects that are higher-risk
  - collaborate with one another to share information and best practices on managing risk
- the Secretariat will:
  - further integrate risk management into the renewal of the Policy on Transfer Payments
  - provide forums for departments to discuss risk management, including best practices

Table 5 summarizes the questionnaire's results for departments managing risk better.

**Table 5. Questionnaire results on departments managing risk better**

Percentage of departments that:	2013	2017
Have implemented a strategic risk management plan	91%	93%
Assess risk based on nature and complexity, funding, and recipient capacity	96%	89%
Tailor oversight and reporting requirements based on risk assessments	78%	89%

<b>Percentage of departments that:</b>	<b>2013</b>	<b>2017</b>
<b>Tailor ongoing monitoring and oversight to ensure proportionate risk requirements</b>	78%	93%
<b>Ensure that risk ratings are used to determine the need for on-site recipient audits</b>	83%	75%

## **Section 6.3: departments' use of technology**

### **Background**

The original Action Plan acknowledged that:

- the use of technology will increase as electronic application and payment systems are introduced
- technology will help in harmonizing practices across departments and agencies through improved information sharing

In 2013, departments had started to better leverage technology as it became more prominent in the lives of average Canadians. Departments aimed to reduce recipient burden, enhance the experience of recipients, and improve how G&C programs are provided.

### **Progress to date**

Today, findings show that departments have become even more technologically enabled, allowing for programs to be provided more effectively and efficiently. Departments have made specific progress by:

- modernizing (or planning to modernize) existing systems to ensure that G&C programs are provided effectively
- using technology to help manage risk, track service standards, and standardize practices to provide optimal service
- collaborating on a standard approach to designing systems to promote consistent service to recipients across government
- developing systems that respond to recipient needs, allowing recipients to view their application status, access pertinent information, and submit forms and documentation

#### **Case study: Immigration, Refugees and Citizenship Canada**

Immigration, Refugees and Citizenship Canada's (IRCC's) Immigration Contribution Agreement Reporting Environment (iCARE) system is a web-based performance measurement data system. It has been designed to collect client and service information on the department's settlement and resettlement programs. These programs are provided by recipient organizations to eligible newcomers.

Funding recipients are provided with access to the system and are able to report, submit documents, communicate with IRCC, and view information in iCARE.

iCARE provides public reports on service providers, publicly displaying information on their G&C funding, which promotes transparency and accountability.

To assist recipients, IRCC offers support for recipients and program officers through a telephone helpdesk, online resources and training.

## What's next?

In order to continue to build on this significant progress:

- departments should:
  - continue to modernize and enhance their use of technology
  - develop portals for applicants and recipients
  - use technology to enhance transparency, accountability and horizontality
- the Secretariat will:
  - work toward creating a central platform for departments to post information publicly
  - continue to develop a common systems approach

Table 6 summarizes the questionnaire's results on departments' use of technology.

**Table 6. Questionnaire results on departments' use of technology**

<b>Percentage of departments that:</b>	<b>2013</b>	<b>2017</b>
<b>Have implemented direct deposit for recipients</b>	70%	6%
<b>Have posted application information online</b>	82%	3%
<b>Use departmental websites to convey information to stakeholders</b>	5%	7%
<b>Have expressed interest in modernizing existing systems</b>	n/a	75%

<b>Percentage of departments that:</b>	<b>2013</b>	<b>2017</b>
<b>Are collaborating on a common approach to grants and contributions systems</b>	n/a	6%
<b>Leverage technology to assist with risk management, standardization and tracking of service standards</b>	n/a	82%
<b>Have created recipient portals, allowing recipients to access and submit information</b>	n/a	57%

## **Section 6.4: departments acting as one (horizontal enablers)**

### **Background**

The 2008 Action Plan emphasized that challenges concerning G&C activities affect nearly all federal departments. The Independent Blue Ribbon Panel identified the need for:

- sustained, centralized leadership
- ongoing support for consistently implementing new and more streamlined approaches

In 2013, the Secretariat helped departments become more horizontally enabled. It worked with them to standardize practices and ensure that programs were delivered consistently across government.

### **Progress to date**

Today, findings show that departments:

- have become more horizontally enabled
- collaborate with one another
- have standardized practices
- co-developed internal practices
- developed training

More specifically, departments have:

- shared information and best practices with one another, ensuring consistent practices
- standardized agreements, reporting, and claim forms, ensuring that applicants and recipient have consistent documentation

- partnered with one another to ensure that programs are delivered effectively and efficiently
- collaborated with one another to offer regular training and professional development to employees in order to offer the most effective and consistent service

### **Case study: Employment and Social Development Canada**

Employment and Social Development Canada recently launched internal G&C training to ensure that practitioners at all levels acquire and maintain knowledge, skills and competencies to provide consistent service by ensuring that:

- practitioners complete the training necessary to perform their job effectively
- practitioners are provided with time to attend training and complete reading and assignments
- the department provides support, such as coaching, before and after training
- the department conducts quality monitoring

The core curriculum offers learning through:

- online modules that focus on core concepts and theoretical knowledge of how programs are provided
- classroom sessions that provide practical learning applications through case studies

### **What's next?**

In order to continue to build on this significant progress:

- departments should:
  - identify and implement opportunities to consolidate programs across departments
  - continue to collaborate with other government departments
  - work with the Secretariat to develop more training and professional development
- the Secretariat will:
  - provide forums for discussions across departments
  - ensure that departments have access to improved professional development opportunities
  - further elaborate mechanisms in the renewal of the Policy on Transfer Payments so that departments can become horizontally enabled

Table 7 summarizes the questionnaire's results on departments operating as one.

**Table 7. Questionnaire results from questionnaire on departments operating as one**

<b>Percentage of departments that:</b>	<b>2013</b>	<b>2017</b>
<b>Have standardized funding agreements</b>	91%	100%
<b>Have implemented common claim forms</b>	70%	89%
<b>Have implemented standardized templates for financial reporting</b>	86%	89%
<b>Partner with other departments to ensure effective and efficient program delivery</b>	69%	75%
<b>Participate in community engagement forums, allowing for sharing of information</b>	n/a	93%
<b>Have consolidated a transfer payment program across departments</b>	n/a	25%
<b>Offer regular training and professional development to program officers</b>	n/a	65%

## **Conclusion**

This assessment of the implementation of the 2013 Action Plan has confirmed that the government has made significant progress in improving its administration of G&C programs.

The administration of grants and contributions has been modernized and has reduced some burden on applicants and recipients. The results of this assessment show an alignment of:

- how programs are administered and delivered
- the expected results outlined in the Action Plan

As immediate next steps, the Secretariat will:

- begin to integrate the results of this assessment into the five-year administrative review of the Policy on Transfer Payments

- work collaboratively with departments to develop a commitment regarding reforms for the period from 2017 to 2020

Best practices developed at departments will continue to be shared and leveraged across government, resulting in:

- standardized programming
- a consistent experience for recipients
- greater efficiencies in administering grants and contributions

### **Specific improvements to be pursued**

- Ensure that practices and offerings for applicants and recipients are modern, useful and easy to use
- Make use of technology to provide more information to recipients, applicants and Canadians
- Develop service standards and ensure that they are met
- Develop centralized training and professional development activities
- Continue to monitor progress, with the Assistant Deputy Minister's Committee continuing to provide horizontal leadership

Departments will work collaboratively to ensure that the results highlighted in this report continue and that further improvements are pursued.

The Government of Canada will commit to future reforms in its administration of grants and contributions. This commitment will continue progress on the reforms that has already been made, and will focus particularly on reforms that will provide long-term, sustainable growth.

Change does not happen overnight, and federal departments will undertake these efforts, collaboratively with the Secretariat, to continue to reform G&C administration and create the best possible experience for recipients, applicants and Canadians.

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## **Footnotes**

- 1 A grant is a transfer payment that is subject to pre-established eligibility and other entitlement criteria. A grant is not subject to being accounted for by a recipient and is not normally subject to audit.
  - 2 A contribution is subject to performance conditions specified in a funding agreement. A contribution is to be accounted for and is subject to audit.
  - 3 Available as a PDF file only.
  - 4 Parks Canada reported on G&C service standards under the annual Management Accountability Framework reporting exercise.
  - 5 Public Safety Canada's Disaster Financial Assistance Arrangements program is excluded.
  - 6 Impact investments are those made in companies, organizations and funds to generate both a financial return and a social or environmental benefit.
  - 7 Available as a PDF file only.
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