



Assessment of the impact of departmental implementation of "The Government of Canada Action Plan to Reform the Administration of Grant and Contribution Programs"

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Assessment of the impact of departmental implementation of "The Government of Canada Action Plan to Reform the Administration of Grant and Contribution Programs"

2013 Results Report

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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 federal government launched *The Government of Canada Action Plan to Reform the Administration of Grant and Contribution Programs* (Action Plan). The goal was to ensure that grants and contributions are managed in a way that focuses on citizens and recipients. The Action Plan committed the government to achieving efficiencies by simplifying processes, reducing the administrative and reporting burden on recipients, and better engaging stakeholders in designing and delivering programs.

In fall 2012, the Office of the Auditor General of Canada examined whether the government had adequately implemented its Action Plan. 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 reform activities was fully assessed. In response, in 2013, the Secretariat initiated a performance review to collect results-based information from federal departments on the impact of reform activities on recipients and departments. ¹ The results of this assessment are presented in this report.

I am pleased to report that the findings demonstrate that substantial progress has been made government-wide since the Action Plan was announced in 2008. Today, for example, there is better access to information on G&C funding opportunities. The administrative burden on recipients and departments has been reduced through simplified application processes and tangible reductions in reporting requirements. There is also greater consistency in funding practices across government. Finally, and perhaps most importantly, there is clear evidence that the government is moving from a culture of risk aversion to risk management that supports accountability and achieving results for recipients and all Canadians.

The Secretariat will continue to pursue opportunities with departments to further improve the administration of grants and contributions, particularly for service standards, expanding the availability of online information and services, and reducing the reporting and audit burden of recipients that have multiple funding agreements.

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 G&C programs are citizen-focused and achieve results that provide real benefits for all Canadians.

James Ralston
Comptroller General of Canada

Executive Summary

This report highlights the results of the 2013 assessment of progress made in implementing *The Government of Canada Action Plan to Reform the Administration of Grant and Contribution Programs* (Action Plan) of 2008.

In 2012, the Auditor General of Canada released an audit report that focused on whether the federal government had adequately implemented the commitments set out in its Action Plan through increased efficiencies in departments and reduced administrative burden on recipients.

The audit found that although the Action Plan had been implemented adequately, the government had not yet assessed its impact on departments and recipients. As such, the Auditor General recommended that the Treasury Board of Canada Secretariat strengthen its process for gathering results-based information from federal departments across government on the impact of reform activities. It was also recommended that the results of the assessment be made available publicly and be integrated into the five-year review of the [Policy on Transfer Payments](#).

In response, and in collaboration with federal departments, the Secretariat launched a results-based reporting tool in May 2013 to collect information from federal departments to assess the impact of reform activities on the administrative processes of departments and the administrative burden on recipients.

Twenty-three departments, whose grant and contribution (G&C) expenditures account for more than 90 per cent of total G&C expenditures for the Government of Canada, participated in this self-assessment.

The assessment focused on whether the administration and delivery of G&C programs are aligned with the expected results for recipients and departments as outlined in the Action Plan.

The results are summarized in Section 2 of this report. They confirm that significant progress has been made in modernizing the administration of G&C programs with regard to the following:

- Funding practices;
- Access to information;
- Recipient engagement;
- Reporting; and
- Risk management.

The results also identified service standards, use of technology, reporting requirements and recipient audits as areas that require further work. The Secretariat and departments will undertake specific actions to guide further work in these areas over the next few years.

As a next step, the Secretariat will continue to pursue opportunities to strengthen policy and guidance throughout the life cycle of grants and contributions.

Progress will continue to be monitored by the Assistant Deputy Ministers' Committee, comprising assistant deputy ministers whose departments administer G&C programs. In addition, the Secretariat plans to repeat the departmental performance reporting exercise in two to three years.

1. Background

The Importance of Transfer Payments

Transfer payments are a key instrument for furthering the government's broad policy objectives and represent a large part of government spending. In 2012-13, the Government of Canada issued approximately \$135.5 billion in transfer payments. The majority of those payments—\$101.8 billion—were mandatory payments to other levels of government and individuals, including, for example, spending required by legislation. However, a significant portion—\$33.7 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 for new immigrants, health research, employment programs, and investments in the responsible development of natural resources. Properly managed, G&C programs provide an efficient means for the government to meet its policy objectives. Recipients that receive 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 for Canadians.

Recipients of federal grants and contributions include the following:

- 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 with challenges in their lives, such as victims of crime and those who need skills and job training;
- Small businesses and industry associations that work to make Canada more globally competitive;
- First Nations that provide essential services to Aboriginal communities and support economic development;
- Research institutes that explore, for example, clean energy sources and the causes of disease;
- Non-governmental organizations dedicated to international development; and
- Other orders of government (i.e., 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 recipient concerns about the heavy financial and administrative burden associated with applying for programs and with meeting their various requirements.

Later that year, the President of the Treasury Board commissioned an independent Blue Ribbon Panel on Grant and Contribution Programs to recommend measures to make the delivery of grant and contribution programs more efficient while ensuring greater accountability. In its report, *From Red Tape to Clear Results*, published in December 2006, the panel recognized that there were unnecessary, unproductive and needlessly complicated reporting requirements that did not serve the interests of government or recipients. The panel found that G&C programs were overly rigid and that 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.

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

The federal government responded in May 2008. In its report, *The Government of Canada Action Plan to Reform the Administration of Grant and Contribution Programs*,

the government indicated its intention to produce short-term results, as well as long-term, lasting reforms that would lead to simpler processes and strengthened accountabilities. With its Action Plan, the government outlined how it would improve the management and results of G&C programs.

The Action Plan consisted of three elements: policy reform, departmental action plans and horizontal enablers.

Policy Reform

To build the right foundation, the *Policy on Transfer Payments* was renewed in 2008. This updated policy and its supporting directive and guidelines have:

- Clarified accountabilities and simplified G&C administration;
- Established a new regime that is more sensitive to risks, is citizen- and recipient-focused, and establishes clear requirements for performance; and
- Increased departmental flexibilities to manage transfer payment programs based on the level of risk associated with the program, the project and the recipient.

Implementation of the updated policy by departments has resulted in a significantly new way of doing business for the Government of Canada. Through outreach by the Secretariat, policy requirements and new flexibilities are increasingly being understood by departments and progressively integrated into the management of their transfer payment programs.

The timing of the 2013 departmental performance assessment aligns with the five-year administrative review of the *Policy on Transfer Payments*, which began in spring 2013. The Secretariat, in its management response to the *Fall 2012 Report of the Auditor General of Canada*, committed to use the assessment results to support this policy review.

Departmental Action Plans

Departments implemented the new policy requirements through departmental action plans. Individual plans had common areas of focus that were tailored to the unique circumstances of each department. Focus areas were as follows:

- 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; and
- Enhancing stakeholder engagement.

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

Horizontal Enablers

Sustained leadership was needed to guide change in an area as vast and complicated as grants and contributions. Since 2008, the Secretariat carried out this leadership role by coordinating the implementation of G&C policy reforms across the Government of Canada. A Centre of Expertise on Transfer Payments was created, which acted as a horizontal enabler for addressing barriers to reform. The Centre led work to identify and promote sharing of best practices and to integrate reporting on achievements government-wide. In addition, the Assistant Deputy Ministers' Committee, comprising representatives from 23 federal departments, met regularly to guide implementation and monitor progress.

2. Assessment of the Impact of Departmental Action Plans

Overall Findings

The findings show that there has been significant progress in the administration of grants and contributions in the following areas:

- Improved clarity and consistency of funding practices;
- Enhanced access to information on available funding and stakeholder engagement;
- Simplified application and reporting requirements using risk-based approaches; and
- Modernized risk management.

However, the findings also show that work is required to achieve a more consistent recipient experience across government through G&C service standards and the continued expansion of online information and services. There are also opportunities to further streamline reporting obligations and audits for recipients that have multiple agreements.

Results from the assessment are provided in Sections 2.1 through 2.5 of this report and include examples of work in individual departments. These examples are representative

of similar results achieved in other departments where significant implementation has taken place.

In reporting on results, departments noted that the Deficit Reduction Action Plan, which was part the 2012 federal budget, affected the operational environment. Some initiatives therefore did not proceed as planned. The Secretariat and departments will collaborate on targeted measures to advance progress in key areas such as implementing service standards. Progress will be monitored, and the Secretariat plans to repeat the performance reporting exercise in two to three years.

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 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 each 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 often contributed to service disruptions for clients, temporary layoff 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 90 per cent of departments assessed. This has reduced departmental and recipient costs associated with application renewals for multi-year projects.

Aboriginal Affairs and Northern Development Canada has developed a tool to assess the appropriate duration of funding agreements. Applicants' risk is assessed as very low, low, medium or high. The department's risk assessment tool sets out the options for multi-year agreements, to a maximum of 10 years for very low risk recipients. This approach has helped stabilize funding to Aboriginal organizations that support economic development and deliver important community services.

Standardized Funding Agreements

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

Today, there is widespread standardization of funding agreements within departments. More than 90 per cent of departments assessed reported significant to full implementation. Managers have access to best-practice tools that balance the need for standardization with requirements for accountability and control.

Over the past several years, **Transport Canada** and **Infrastructure Canada** have worked collaboratively toward a common funding agreement template for infrastructure projects. The two departments have worked together to develop a common approach for managing agreements, recently aligning approaches to risk assessment and mitigation. This collaboration is expected to result in efficiencies in processes, reduce administrative burden for recipients and both departments, expedite the execution of agreements, and improve the clarity and consistency in funding practices between the two departments.

Consolidated Reporting

Past independent reviews of grants and contributions have identified excessive and often redundant reporting requirements. Recipients and departments argued that monitoring and reporting requirements needed to be consolidated to ease the reporting burden, particularly for recipients that have multiple agreements.

Reporting has been streamlined with respect to individual agreements; however, there has been limited progress in consolidating reporting by recipients that have multiple projects. Only a minority of the departments assessed (13 per cent) reported significant progress; the vast majority reported minimal implementation of consolidated reporting. More work is clearly needed, although there have been some successes that demonstrate the benefits that result from better consolidated reporting.

Reporting requirements for funding provided to the Quebec First Nation community of Mashteuiatsh have been reduced by approximately 56 per cent since 2008. The community now signs one five-year agreement and provides one consolidated annual report on results and one shared annual audited financial report to meet the reporting requirements of four federal departments. A new interdepartmental

agreement authorizes **Aboriginal Affairs and Northern Development Canada** to act as a single window for making a single, consolidated payment to the community.

Standardized Claims Forms and Processing

The lack of standardization with respect to reimbursement of recipient administrative costs has 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 an unnecessary administrative burden for departments and recipient organizations.

Since 2008, reimbursement practices have evolved significantly through developing and sharing best practices. Seventy per cent of assessed departments have implemented common claim forms and methods of payment for most of their programs. Cost categories have been streamlined in funding agreements, and recipients now have appropriate flexibility to shift resources across categories. Simplified options for paying eligible expenses, such as fixed-rate approaches, have been standardized for most programs. Together, these measures have significantly eased the reporting burden and increased efficiencies in payment processing.

Funding Practices: What's Next

The Government of Canada has achieved systemic improvement through ongoing sharing of best practices and successful innovation. Initial pilots of interdepartmental approaches such as using single agreements and consolidating reporting for common recipients have demonstrated the potential to further reduce recipients' reporting burden. The Secretariat will continue to support interdepartmental efforts to achieve greater consistency in funding practices. Standardizing and harmonizing funding practices government-wide requires a longer-term vision. The Secretariat will engage departments, through an interdepartmental committee of assistant deputies ministers, to identify further opportunities to consolidate and rationalize G&C program delivery across government.

2.2 Access to Information on Funding

In the past, most programs were administered independently of one another; 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. G&C applicants had long asserted that program information is fragmented and difficult to access.

What Has Been Achieved

Better Access to Simplified Information

Today, it is much easier to obtain information about programs and funding opportunities. Application information has been consolidated on departmental websites to a significant extent in 82 per cent of assessed departments. New tools, including plain language publications, have been created to help applicants understand and access G&C programs in 78 per cent of assessed departments. Some examples are as follows:

- Centralized web pages and department-specific 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 spent by applicants 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.
- Social media is being used to cost-effectively raise awareness of funding opportunities.
- Most departments have created the capacity for direct deposit, providing quicker access to approved funds.

Clients of **Economic Development Agency of Canada for the Regions of Quebec (CED-Q)** can sign up for remote access to news releases, e-newsletters and media advisories. Twitter and RSS news feeds are used to provide clients with real-time information. CED-Q has also launched a pilot website that allows applicants to electronically submit applications for some programs, significantly reducing processing times.

Engagement of Applicants and Recipients

In the past, program clients were not 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 investing in developing and maintaining stakeholder relationships. For example, of the 23 federal departments included in the assessment:

- 21 regularly inform recipients and applicants about their G&C programs and processes;
- 19 gather information and views from stakeholders when policy or program decisions are being developed; and
- 14 report to recipients on how their views have been considered in decision making.

In 2012-13, **Citizenship and Immigration Canada (CIC)** established a joint sector-government working group to examine delivery issues and propose solutions for improvements to its Settlement Program. Consultations were also held on important components of the program. In addition, during development of the Community Historical Recognition Program in 2008, advisory committees were formed with representatives of the Chinese, Italian, South Asian, Jewish and Ukrainian communities to help CIC promote its program and assess applications. As a result, there were improvements to program design to ensure delivery of services in an effective and citizen-focused manner.

Access to Information: What's Next

Several departments are initiating work to expand G&C online service delivery. The planned expansion includes allowing clients to submit requests and reports using previously entered information, access the status of their application and payment requests and manage their profile and tombstone data. This online activity will be supported by better uses of technology. In particular, work is underway at the Secretariat to support departments in moving towards common business tools and systems that will improve the efficiency and effectiveness of the administration and management of G&C programs. . Departments will also continue to engage applicants and recipients, as required by the Treasury Board's *Policy on Transfer Payments*, to seek solutions to administrative burden concerns and to ensure that grants and contributions are administered in a transparent and citizen-focused manner.

2.3 Application and Reporting Requirements

In the past, recipients expressed frustration with onerous reporting requirements and inconsistent and unpredictable administrative practices. The government acknowledges that some level of oversight and due diligence on the part of government 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 clearer accountabilities and achieving results.

What Has Been Achieved

Application Processes

In 2008, departmental 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 common forms, simplifying information requirements, and using electronic technologies for submitting applications and follow-up communications.

Today, 74 per cent of departments in the assessment have simplified application processes in most of their G&C programs.

Most departments (87 per cent) now calibrate application requirements based on the risk rating of applicants for most of their programs. Seventy-eight per cent of departments use a simplified application form for low-risk programs. Some departments have further reduced administrative burden by pre-assessing the eligibility of applicants. Those who meet initial screening criteria are then invited to submit a formal application.

Agriculture and Agri-Food Canada has consolidated the authorities for 28 programs into 3 with 1 common, simplified application package and business process. A comprehensive review of information requirements led to a 50-per-cent reduction in the length of the application form and reduced the administrative burden on applicants.

Reporting Requirements

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

Best practices and tools have been developed to ensure that monitoring, reporting and auditing reflect the risks specific to the program, the value of funding in relation to administrative costs, and the risk profile of the recipient. Most departments assessed (78 per cent) now tailor ongoing monitoring and oversight to ensure that recipient reporting requirements are proportionate to the risk rating of the recipient and the project. In many cases, this information is shared with the recipient, bringing greater transparency to the oversight process.

Work is now beginning at many departments to better coordinate and streamline reporting requirements between programs. Some departments are also making better use of previously collected information by facilitating program managers' access to information provided for another program, thereby eliminating duplicate requests to recipients. Work is also underway to permit sharing information between government departments. As noted earlier, this approach is already in place where more than one department funds a single project.

Industry Canada uses a Corporate Risk Management framework for all its G&C programs to assess the level of risk, measured throughout the project life cycle, to determine the extent of departmental monitoring and recipient reporting required.

Recipient Audits

Recipients of funding often complained of audit burden. Although audits are important for assessing compliance with funding requirements, the process of undergoing an audit can be disruptive to the daily operations of a recipient organization and be financially costly. Better coordination of recipient audits for multiple projects and programs, both within and across departments, and the use of risk assessments to determine the need for a recipient audit, were key to modernizing the G&C audit process. Most departments assessed (83 per cent) now ensure that risk ratings are used to determine the need for on-site audits for most of their programs.

Although there has been progress in consolidating audits for recipients that have multiple projects, more work is needed to ensure that integrated audits planning occurs in all departments where recipients are engaged in multiple projects that are funded through multiple programs.

Citizenship and Immigration Canada uses a Funding Risk Assessment Model (FRAM), which combines a financial viability assessment, a financial ratio analysis and relevant program indicators, to determine a risk level and risk mitigation strategy for each project. Under FRAM, compliance audits are mandatory for high-risk, high-materiality projects; are recommended for medium-high risk, medium-high materiality projects; and are optional for all other risk levels unless monitoring detects irregularities or lack of compliance. This is expected to contribute to reducing the audit burden on recipients.

Application and Reporting: What's Next

The objective 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 for the federal government and for recipients. For the most part, findings demonstrate that this has been achieved.

Departments will continue to build on the significant progress since 2008 in streamlining and simplifying application processes and reporting requirements by pursuing broader adoption of common, coordinated reporting approaches within and among departments.

Best practices have been developed to support integrated planning to carry out single audits for recipients that receive funding from multiple G&C programs. These will form the basis of interdepartmental workshops in 2014-15 to further advance the consolidation of recipient audits. Preliminary work is also exploring appropriate ways to collaborate with other levels of government in meeting audit objectives while avoiding duplication and unnecessary burdens and costs.

2.4 Service Standards

Applicants and recipients of G&C programs often criticized the lack of information about the timing of key decisions in the funding process, the slowness of funding decisions, and 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 to support a recipient-focused approach to service delivery. Without consistent service standards, it is difficult to measure or report on the quality of service provided or to act effectively to resolve service delivery issues.

Progress has been made, but it is clear that more work is needed. Only a minority of departments report that they have implemented a full suite of grant and contribution service standards.

Agriculture and Agri-Food Canada, the Atlantic Canada Opportunities Agency, the Canada Economic Development Agency for the Region of Quebec, Canadian Heritage, Justice Canada, National Research Council Canada and

Western Economic Diversification Canada have established a suite of service standards in the following areas:

- Acknowledging receipt of funding applications;
- Communicating funding decisions; and
- Issuing payments to recipients.

Early results show improved levels of client satisfaction in the quality of service provided to recipients.

Service Standards: What's Next

Departments will continue to implement service standards as required by the Treasury Board's *Policy on Transfer Payments*. Specific guidance has been developed and shared with departments to support implementing service standards for grants and contributions. A best-practices toolkit, launched by the Secretariat in 2013, will form the basis of an interdepartmental workshop in 2014. The focus will be to ensure a consistent standard of G&C service delivery across Canada. Over the next three years, the Secretariat will monitor departments' progress through departmental reporting in the annual Management Accountability framework exercise.

2.5 From Risk Aversion to Risk Management

A frequent complaint about grants and contributions was that the former policy framework was overly rigid and that departments were applying a one-size-fits-all approach to risk-managing programs and funding agreements. Although the former policy framework provided for flexibility in establishing recipient reporting and monitoring requirements, there was little incentive or guidance to adopt risk-based approaches that would achieve a better balance between oversight and flexibility and contribute to better results.

What Has Been Achieved

Flexible Risk Management Approaches

Departments tended to apply their experience with the highest-risk programs and recipients to all programs and recipients. This resulted in a pervasive 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 strategic risk management. For example, of the 23 federal departments included in the assessment:

- Risks are assessed and rated for projects and recipients in 22 departments based on the nature and complexity of the project, the amount of funding, and the capacity and track record of the recipient.
- Assessment results are used to tailor oversight and reporting requirements in 18 departments.
- Reporting has been reduced for low-risk recipients, which has contributed to a 32-per-cent reduction in the number of reports requested from recipients since 2008.
- Project and recipient risk assessments are routinely reviewed for accuracy in 21 departments.
- Risk ratings are used to target on-site audits where deemed necessary in 19 departments.

The Secretariat recently 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 is consistent with the Secretariat's commitment to strengthen guidance in this area in response to the *Fall 2012 Report of the Auditor General of Canada*.

Employment and Social Development Canada (ESDC) uses a Risk Assessment, Management and Mitigation tool to strategically assess and manage recipient and project risk. Risk scores are calculated using a pre-set combination of risk factors. The risk scores are used to determine appropriate risk mitigation activities, including recipient reporting requirements, frequency of payments and monitoring activities. The factors contributing to the risk rating are reviewed throughout the life cycle of each project to ensure that the level of project oversight remains appropriate. This has resulted in a significant reduction in the number of transactions and reports required for low- and medium-risk projects. The process enables ESDC to direct attention to higher-risk areas.

Risk Management: What's Next

The administrative and reporting requirements for applicants and recipients are now better aligned with associated risks. Specific program and project risks are identified, rated and effectively managed to streamline reporting requirements where risk is low. Departments will continue to monitor and ease the reporting burden for low-risk programs, recipients and projects so that attention and resources may be directed to areas of highest risk.

Risk ratings are central for appropriate G&C oversight and management. As part of the next assessment of G&C programs, the Secretariat will examine the review and challenge function in place in departments for risk assessments.

3. Looking Forward

The performance review of departments that administer more than 90 per cent of G&C funding and a review of the 2012 Auditor General's report have confirmed that significant progress has been made in the five years since the launch of the Action Plan.

G&C administration has been modernized with the effect of reducing 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 2013 assessment of departmental progress into the five-year administrative review of the *Policy on Transfer Payments*.

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

- Further implementing departmental service standards for grants and contributions. The Secretariat will integrate performance reporting on G&C service standards into the Management Accountability framework exercise in each of the next three years. The goal is to ensure that departments successfully develop and manage service standards for G&C programs.
- Encouraging the use of single agreements and consolidated reporting within and across departments, where appropriate.
- Promoting coordinated recipient audits within departments. The Secretariat will lead discussions on opportunities to promote greater harmonization of audit practices across departments. The focus will be on leveraging successful practices within departments to further reduce the administrative burden on recipients.
- Supporting the availability of online information and services, in conjunction with work being led by the Secretariat to develop a government-wide solution.
- Continuing to monitor progress. The Secretariat plans to repeat the departmental performance reporting exercise in two to three years to review progress. The Assistant Deputy Ministers' Committee will continue 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 identify specific savings, there is clear

evidence that modernization efforts have resulted in improved effectiveness and cost efficiencies in delivering programs. Best practices will continue to be leveraged to support greater efficiencies and cost containment.

4. About the 2013 Departmental Performance 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 was undertaken in response to recommendations by the Auditor General of Canada in 2012.

This approach to performance reporting was aligned with *Policy on Transfer Payments* as well as 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 overall objective of the results reporting tool was to determine the impact of reform activities on departments' administrative processes and recipients' administrative burden.

Scope and Approach

Twenty-three federal departments were selected to participate based on the following criteria:

- G&C budgets were over approximately \$100 million; or
- Grants and contributions comprised 30 per cent or more of the department's budget.

Calculations were made using the 2012-13 Main and Supplementary Estimates of the Government of Canada.

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; and
- Risk management.

Methodology

The questionnaire included 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 the reform across its programs. This 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 per cent dollar value;
- Significant: 65 to 89 per cent dollar value;
- Some: 40 to 64 per cent dollar value;
- Limited: 20 to 39 per cent dollar value;
- Minimal: 0 to 19 per cent dollar value; and
- N/A: Not applicable (if this option was selected, an explanation was required).

Questionnaires were completed online. Department 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 interdepartmental workshops.

Period Covered by the Assessment

Departments reported on results achieved between March 31, 2008, and June 30, 2013.

Footnotes

1

"Departments" in the context of this report refers to federal government departments and agencies.

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