



Roles of Treasury Board and others in reforms of budget and management systems: Canadian Experience

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Outline

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- Roles of Treasury Board and others
- Reform of the Expenditure Management System
- Management Accountability Framework
- Management, Resources and Results Structure Policy
- Conclusion





Overview

- Increasingly, a focus on accountability and results within a coherent and integrated framework characterizes the Canadian government's approach to public sector management
- Renewal of the Expenditure Management System is a high government priority aimed at ensuring government programs generate better results and greater value for money
- A heightened emphasis on accountability and management excellence underscores the importance of setting clear expectations for management and assessing management performance



Roles of Treasury Board and others

Cabinet

- The Prime Minister and Cabinet establish the policy priorities of the government through the Speech from the Throne, Budgets and other policy statements
- Cabinet allocates resources to new policy priorities
- Three central agencies – the Privy Council Office, Department of Finance and the Treasury Board Secretariat (TBS) share budget office functions



Roles of Treasury Board and other central agencies in budget and management reforms

Privy Council Office

- Secretariat which serves the Prime Minister and Cabinet
- Ensures policy proposals are consistent with government priorities
- Coordinates review by central agencies/other government departments/agencies of policy proposals
- Responsible for following-up on Cabinet decisions

Department of Finance

- Provides advice to the Minister of Finance on the fiscal plan, budgets and tax policy and other areas
- Examines economic and fiscal implications of policy proposals



Roles of Treasury Board and other central agencies in budget and management reform

Treasury Board

- Cabinet committee headed by President of Treasury Board and includes Minister of Finance
- Treasury Board's budget office functions include:
 - Approval of all non-statutory program spending prior to seeking Parliamentary approval of the government's spending plan
 - Submission of the government's spending plan for Parliamentary approval
 - Setting spending levels for departments
 - Coordinating the reporting of program priorities, results, effectiveness and spending to Parliament
- In addition to its budget office functions, Treasury Board also acts as the government's management office – establishing the management policy framework for government -- and as employer of most public servants.



Reform of Expenditure Management System

- In collaboration with Finance and PCO, Treasury Board is responsible for the overall Expenditure Management System (EMS) which supports government-wide expenditure planning and decision-making, budget implementation and oversight
- The EMS has a number of elements which are aimed at:
 - Maintaining overall fiscal discipline in line with the fiscal plan established in the budget
 - Allocating and reallocating fiscal resources to meet government priorities
 - Supporting effective program delivery and operational efficiency



Reform of Expenditure Management System

- In the mid-90's the government went through a major program review exercise
- Since then, direct program expenditures have risen and assessing the effectiveness of ongoing programs and program spending has been a challenge
- In its 2006 and 2007 budgets, the government embarked on renewal of the EMS based on three key principles:
 - Programs should focus on results and value for money
 - Programs must be consistent with federal responsibilities (important in a decentralized federal state like Canada)
 - Programs that no longer serve the purposes for which they were created should be eliminated



Reform of Expenditure Management System

- Renewal of EMS will have the following key features:
 - Cabinet will examine all new spending proposals taking into account the funding and performance of existing programs
 - Departments will be expected to manage programs against planned results and formally evaluate programs
 - Treasury Board will lead a review of departments' program spending over a 4 year cycle to assess whether they are achieving intended results, are managed efficiently and are aligned with the government's priorities

- The strategic reviews of departmental program spending began this Fall and will examine program effectiveness and also opportunities for savings or reallocation

- An initiative to improve the quality of program performance information by strengthening departmental program evaluation units is also underway



Management Accountability Framework

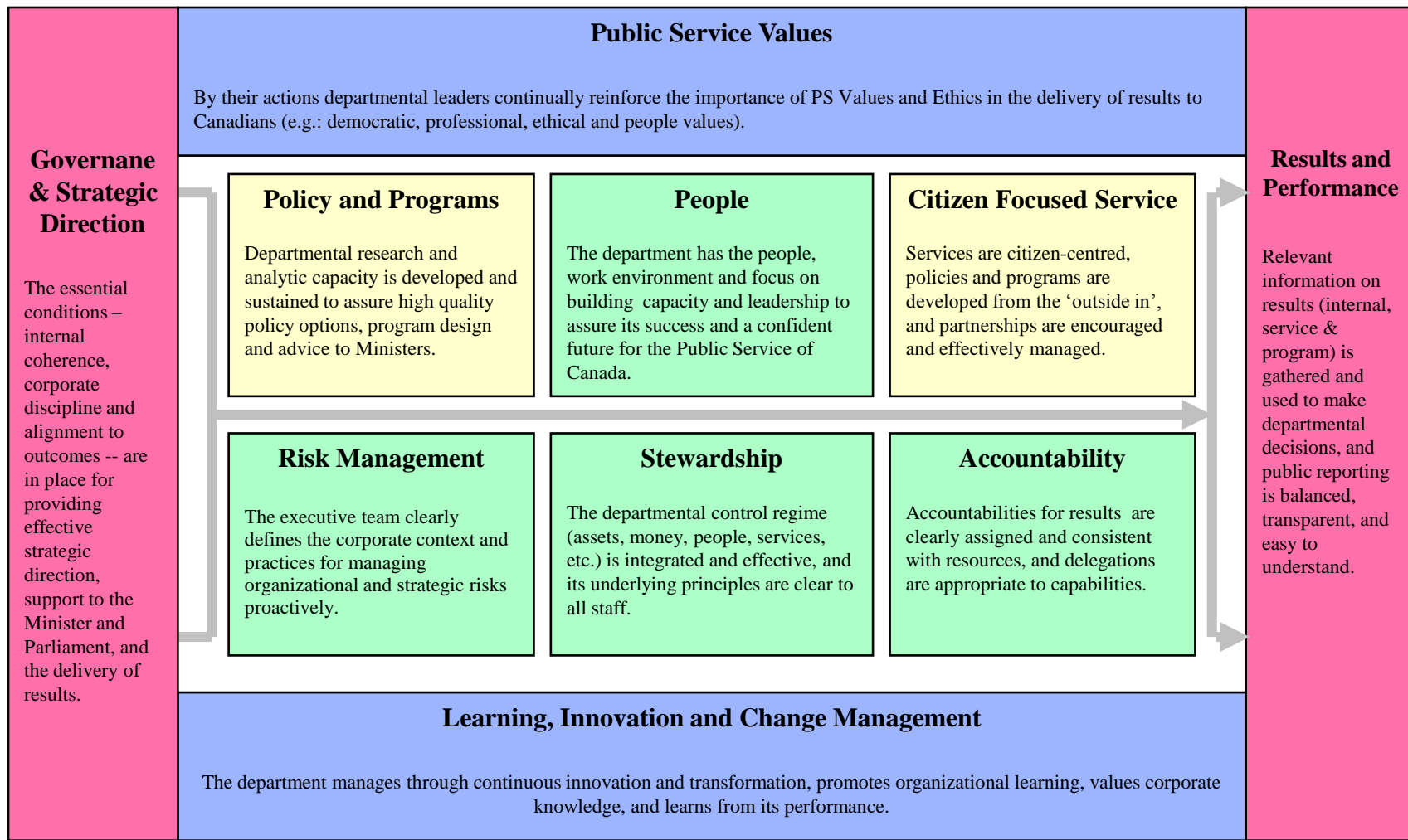
- Performance or results management provides an underlying basis for TBS' approach both to:
 - Expenditure management, and
 - Management accountability and oversight
- Passage of the *Federal Accountability Act* in December 2006 put much greater emphasis on accountability and transparency in government operations
- In terms of its management office role, TBS seeks to promote management excellence in the public service
- A key instrument in this regard is the Management Accountability Framework (MAF)



Management Accountability Framework

- The MAF, now in its 5th round, sets TBS' expectations for management in 10 clusters shown in the following graphic
- MAF assesses management performance annually for all large departments and one third of small departments and agencies (on a rotating basis)
- 21 areas of management (e.g. financial management, quality of evaluation, integration and use of performance information, etc.) are assessed using about 70 lines of evidence
- MAF is increasingly used by Deputy Ministers as a tool for improving management capabilities
- MAF assessments now factor into Deputy Ministers' performance appraisals

Treasury Board assesses management performance against this framework and publishes the results



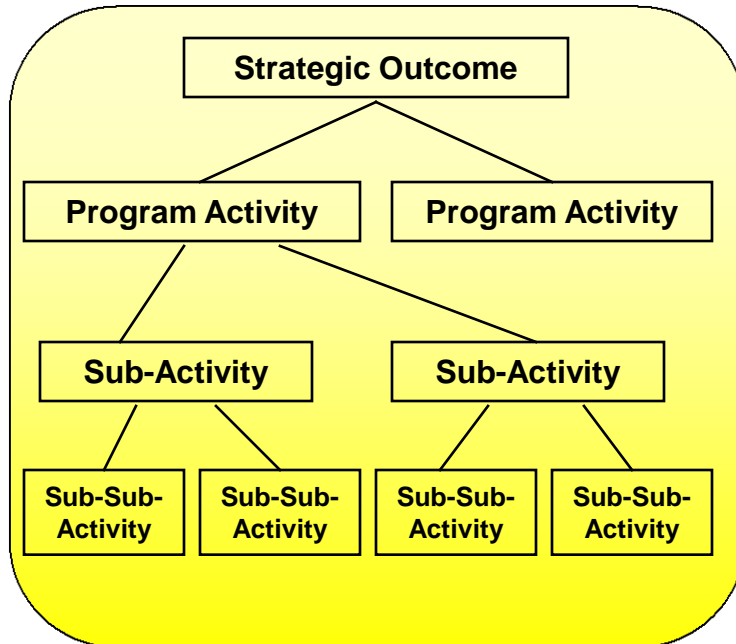


Management, Resources and Results Structure Policy

- Also important in understanding TBS' approach to public sector management is the policy on Management, Resources and Results Structure (MRRS) which is mandatory for departments
- Under this policy, departments must identify their strategic outcomes, governance structure and program activity architecture (PAA) which includes a performance measurement framework
- MRRS provides a framework for determining how programs align with government priorities and intended outcomes, resource allocation and results
- MRRS provides the basis for departmental planning, resource allocation and performance reporting
- MRRS information ensures that Cabinet has the financial and non-financial information needed to make well-informed decisions about program spending
- As the following graphics show, MRRS also underpins reporting on spending plans, priorities and results to Parliament

Departmental planning and reporting under MRRS

Program Activity Architecture (PAA)



Information is provided in:

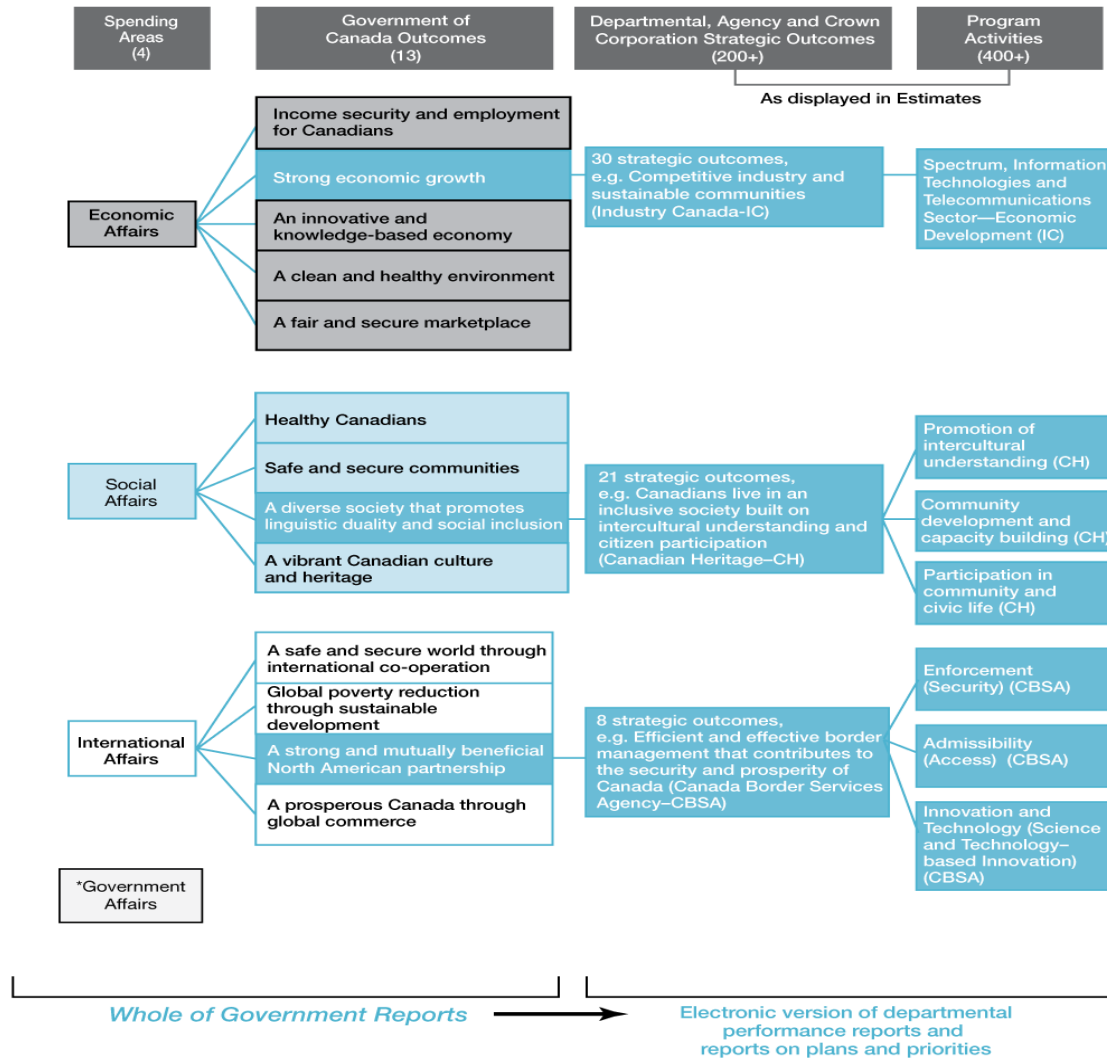
- the government's spending plan (main estimates)
- departmental reports on plans and priorities and departmental performance reports
- the overall performance report for the government
- Public Accounts

Identification of programs under Sub-Activities

Performance frameworks

Assessment of results based on financial and non-financial performance information

MRRS is used to report on whole of government basis



*Federal organizations that support all departments and agencies through the provision of government services (e.g. the Treasury Board of Canada Secretariat, the Public Service Commission of Canada, Public Works and Government Services Canada).



Conclusion

- EMS renewal is a high priority to ensure better results and greater value for money from government programs
- TBS takes a coherent and integrated approach to planning, resource allocation, assessment of results and reporting which keeps the focus on achieving better results
- A strengthened emphasis on accountability and management excellence reinforces EMS renewal by promoting better management performance

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