



Service  
Canada

# **OECD - Good Integrity Practices in Procurement**

Transparency in Departmental Budgets  
and Results - Implications for  
Procurement

## **One critical enabler of integrity is visibility into expenditures and results**

- Transparency and visibility must extend across the entire management life cycle of expenditures and address outcomes and expenditures:
  - Beginning in the budget process
  - Reflected throughout key management processes and practices such as investment decisions, project and asset management, and procurement,
  - With sound reporting of interim and final results.

## **Integrity in Procurement is Grounded in the Financial Administration Act**

- Funds must be used for “the purposes intended” as approved by Parliament,
- Monies can only be spent up to an amount authorized by Parliament,
- Payments must include certification that the performance of work, the supply of goods or the rendering of services are in accordance with contracts and
- Payments must be a lawful charge, not exceeding the value of the appropriation and not exceed the overall commitments to be charged against the appropriation.

## A changing context

- Results based management, began in 1996 as Improved Reporting to Parliament
- In April 2005 efforts were renewed under Management Reporting and Results Structure Policy (MRRS) and Treasury Board Policy renewal
- New Federal Accountability Act and action plan
  - an overarching statement of procurement principles that commits the Government to promoting fairness, openness, and transparency in bidding process;
  - the inclusion of integrity provisions in contracts; and
  - the creation of a dedicated Procurement Auditor



# Treasury Board Foundation Framework – The Role of Policies

- Establish a strengthened consistent management approach across government in areas of significant risk to the operations of all departments;
- Set out required actions to reflect public service values - probity, prudence, equity and transparency.
- Ensure clear roles, responsibilities and performance expectations in balance with capacity (skills and resources) and processes for non-compliance or performance.
- Promote the use of credible, timely information in reporting policy compliance, management performance and continuous improvement.
- Provide integrated approach to public sector management in
  - orienting activities toward the achievement of results, and embed a citizen focus in the delivery of programs and services,
  - attracting and retain qualified people,
  - being good stewards of public resources and assets, and assist ministers in their accountability to Parliament.



## **The Management Reporting and Results Structure (MRRS)– A basis for Integrity**

- The MRRS extends accountability from simply using expenditures for the “purposes intended” to achieving outcomes with those expenditures
- The MRRS requires expenditures, outcomes and associated performance measures be set out in a clear program activity architecture (PAA).
- The PAA is the year over year basis for planning, appropriation and management by the department and with Parliament in its appropriations and oversight role.
- The MRRS establishes a visible and transparent accountability link to outcomes demonstrated through specific performance measures, services standards and specific budget amounts/expenditures.
- The outcomes and the expenditures are reported to Parliament and a government wide consolidation is undertaken through the expenditure management information system.

## Aligning Key Processes – The Assets and Acquired Services Framework

The management of assets and services including purchases must be:

- consistent with government priorities and departmental mandates, enable program outcomes, address critical risks, and comply with legislation, regulations and policies;
- demonstrate public service values and ethics, rigorously assess health and safety, actively promote environmental stewardship, contribute to broader government objectives and ensure access, service quality, privacy, and security;
- encourage innovation by considering the full range of options available to best meet program needs;
- are informed by financial and non-financial performance measures and results; and
- are fair, transparent and accessible to serve Parliament's appropriation and oversight role and the Treasury Board's management role.

## Aligning Key Processes – The Assets and Acquired Services Framework

Value for money and sound stewardship in the management of assets and acquired services are to be achieved through:

- strategic and integrated decision-making and management processes at a government-wide, horizontal, portfolio, departmental and program levels to optimize the use of assets and services;
- a risk-based and complexity-based approach to processes, systems, capacity, resourcing, oversight and reporting to promote the attainment of program outcomes;
- a life cycle management approach reflecting direct and indirect costs of assets and services, to ensure affordability, cost effectiveness and performance;
- consideration of asset performance and utilization in retention and disposal decisions made in support of program delivery;
- delegation of authority based on need, capacity and on an effective regime of accountabilities and responsibilities; and
- efficient and effective business processes.



## **Aligning Key Processes – The Assets and Acquired Services Framework**

Departments are to ensure management systems, processes and information provide the basis for managing performance and for assigning costs to support:

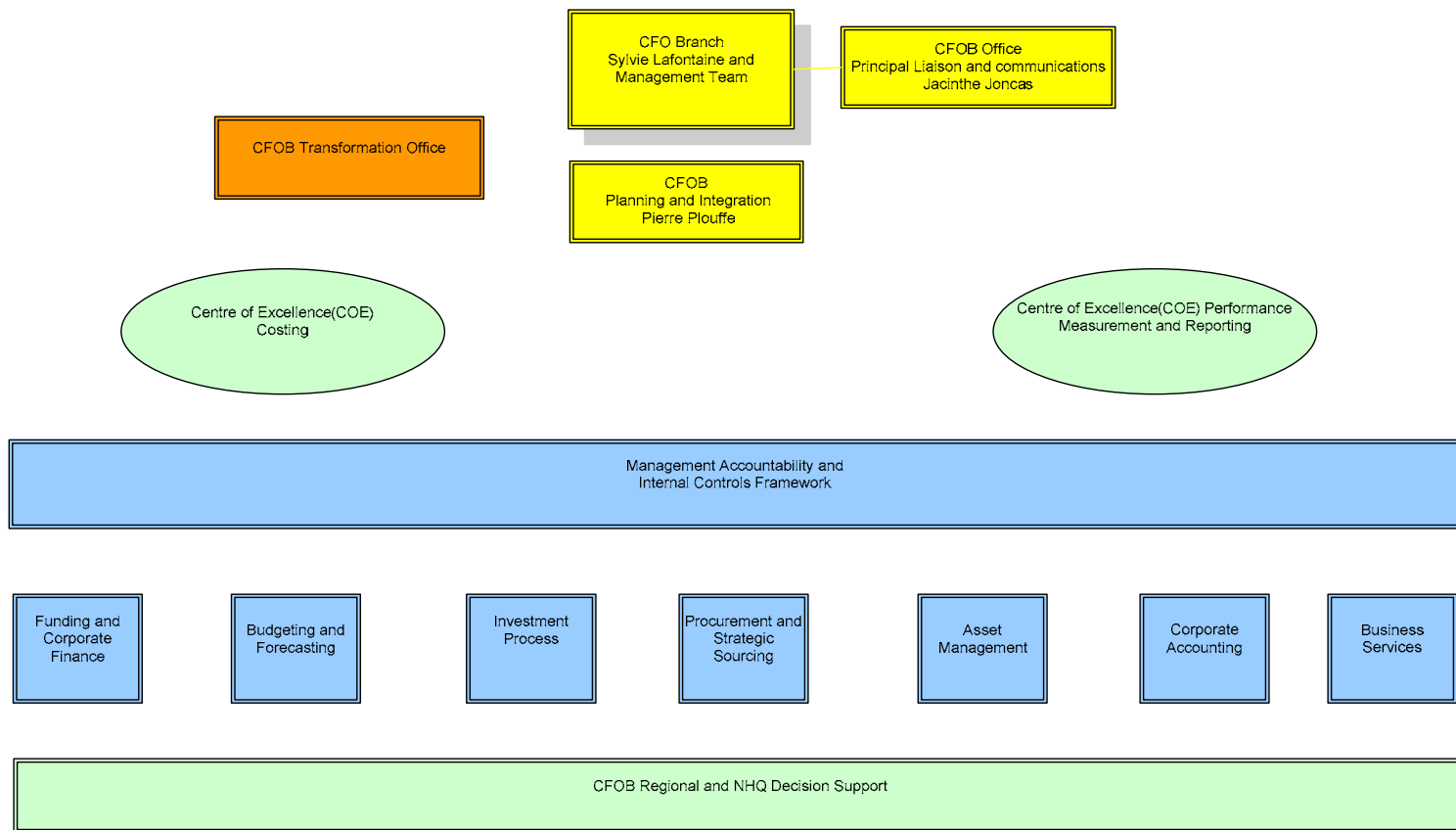
- effective fact-based decision-making, budgeting and reporting consistent with the Management Resources and Results Structure (MRRS)
- re-allocation in response to changing priorities,
- risk-based oversight and monitoring and
- demonstration of compliance with legislation, regulations and policy.



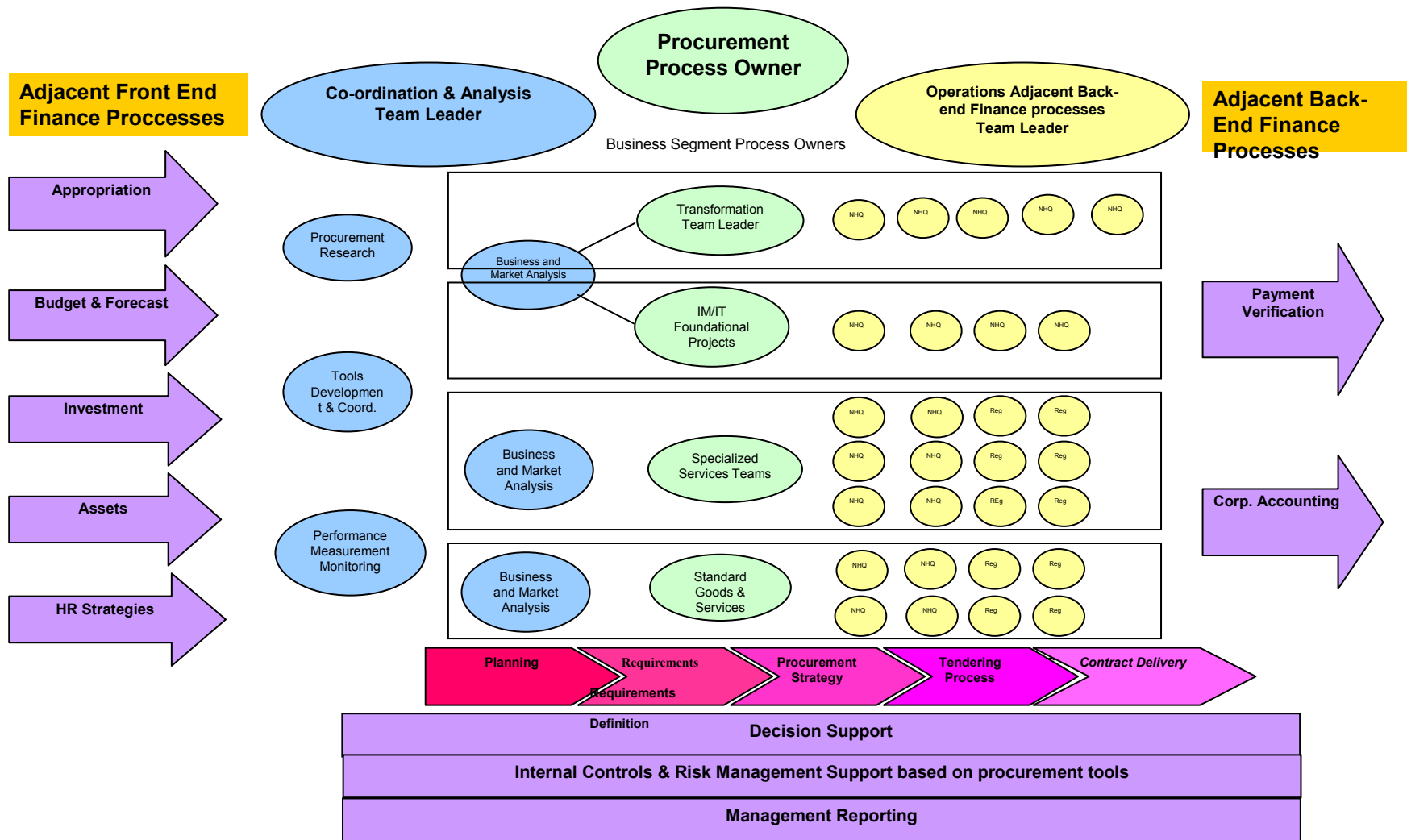
# These changes require a stronger alignment with core finance activities and procurement

## Chief Financial Officer Branch (CFOB) Transformation Framework

This Framework is being validated with key stakeholders



# A New Way of Managing Procurement



## What do the changes in budgeting mean for integrity in procurement?

- Increased visibility and transparency into budget information means greater attention to cost and cost information – and where there is deviation
  - comparison with market prices and
  - industry and internal benchmarks
- Outcomes linked to costs serve as a much better basis for:
  - establishing sound business requirements – including asset and program based considerations
  - undertaking business case and options analysis – value proposition
  - translating business requirements into procurement requirements and evaluation requirements for contracts
  - Ensuring well designed contracts for implement and associated basis of payment