ISSN 1608-7143
OECD Journal on Budgeting
Volume 7 – No. 4

Performance Budgeting in Canada

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This article describes the performance budgeting reforms of the government of Canada, the five main lessons learned over the past 30 years, and the current initiatives to strengthen performance measurement for the future.

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1. Introduction: an expenditure management system in transition

The government of Canada has a long history of generating and using performance information dating to its first programme evaluation policy in the late 1970s. Over the past 30 years, information on results has been used in two main ways, first for accountability purposes in reporting to Parliament and, second, in support of resource allocation decisions within the executive. Recently, the performance measurement community has directed its efforts mainly to support internal management and reporting to Parliament, and only to a lesser extent to inform expenditure allocation and reallocation decisions. However, this balance is changing and the current government has placed accountability and programme value for money at the core of its management agenda.

Two notable initiatives spring from this agenda:

- First, a **Federal Accountability Act** came into force in late 2006. Under this Act the government will, among other things, establish a parliamentary budgetary office, extend the power of the Auditor General and implement a systematic evaluation of the government's grants and contributions programmes.*
- Second, the government stated its intention to ensure that all of its programmes are effective and efficient, are focused on results, provide value for taxpayers' money, and are aligned with current priorities and responsibilities.

Essentially, the government has called for a redesign of the federal expenditure management system consistent with three main principles:

- Government programmes should focus on results and value for money.
- Those programmes must be consistent with federal responsibilities.
- Programmes that no longer serve the purpose for which they were created should be eliminated.

Redesign of an expenditure management system based on these principles will put a premium on the generation and use of reliable programme

* The government of Canada makes grants or contributions to third parties including not-for-profit organisations and other levels of government to achieve many of its programme objectives. These transfer payments count as direct programme expenses and are made on the basis of an appropriation for which no goods or services are directly received (but which may require the recipient to provide a report or other information subsequent to receiving payment).

performance information. While it is not yet possible to describe the new system in detail (its design is ongoing), it is possible to set out in broad terms how these principles will translate into action.

First, consistent with the 2006 and 2007 *Budgets*, all departments will be required to manage their programmes against planned results, formally evaluate programme performance and identify ongoing priorities.

Second, the Treasury Board (a committee of Cabinet) will lead a review of each department's spending:

- The first reviews were started in 2007 and will be reported in the 2008 *Budget*.
- The government's objective is to conduct these reviews on a four-year cycle.
- The reviews will determine whether programmes are achieving their intended results, are efficiently managed and are aligned with the government's priorities.

Third, Cabinet will examine all new spending proposals, taking explicit account of the funding, performance and resource requirements of existing programmes in related areas.

Needless to say, designing a results-based expenditure management system is easier said than done. Among other things, the government will need to strengthen evaluation capacity, design a fair and efficient programme review process, improve its understanding of performance for thousands of programmes, and better understand how those programmes and activities fit together across many organisational boundaries to achieve whole-of-government results.

Fortunately, the government is not starting from scratch and there is a sound expenditure management foundation on which to build. This case study focuses on how performance information is currently generated and used and the initiatives that are under way to strengthen performance measurement for the future.

There are two main sections in this case study. Section 2 describes the current expenditure management system: how the government of Canada integrates performance information into the existing resource management cycle. Section 3 describes five main lessons learned over the past 30 years and outlines directions for the future. In doing so, it illustrates several initiatives under way to improve performance measurement capacity and better integrate programme performance information into executive branch decision making.

2. Description of the current expenditure management system

2.1. Government and fiscal context

Canada is a decentralised federation of ten provinces and three territories. Provincial governments are legally the equal of the federal government and have significant power. Spheres of responsibility are set out constitutionally – for example, health and education fall under provincial authority while defence and immigration are federal matters.

The relationship between the federal and other governments is acted out through intergovernmental agreements and, other than in those areas of exclusive federal jurisdiction (*e.g.* defence), much federal spending is geared towards transfer payments. The federal government makes major transfers to the provinces and territories to help fund health care, post-secondary education and other social services. In addition, "equalisation" transfer payments are made to the less affluent provinces to help them provide public services at a level comparable to wealthier provinces. Other federal transfer payments go directly to persons, for example old-age security and employment insurance.

Although there are exceptions to the rule, most of what constitutes direct programme spending (roughly 40% of the budget) is subject to performance measurement. Within this category, terms and conditions for roughly 750 grant and contribution programmes require mandatory reconsideration by a committee of Cabinet – the Treasury Board – in any five-year period. The Treasury Board further requires that a programme evaluation accompany each request for programme renewal, and these evaluations are closely considered before decisions are taken. Non grant and contribution programmes, like the Passport Office, that are delivered directly to citizens normally have an ongoing life. However, performance information and evaluations are provided to the Treasury Board or to other central agencies when significant changes are proposed (the role of the Treasury Board and other players in the expenditure management system is set out below).

Major and other transfer payments (about 45% of the budget) include three large sub-categories (equalisation payments, the Canada Health Transfer and the Canada Social Transfer) where formula-based funds flow from the federal government to provinces and territories to fund programmes within their jurisdiction. Here, performance measurement responsibilities rest with the receiving government. The remaining transfer payments provide citizens with old-age security, employment insurance and child tax benefits, and are subject to varying degrees of scrutiny within their home departments. For example, employment insurance programming is regularly evaluated in its home department, and performance information is used to make ongoing adjustments or to support more in-depth reviews.

The government of Canada has enjoyed many consecutive surpluses. In addition to eliminating the deficit, the federal debt-to-GDP ratio stood at 35.1% in 2005/06 and is expected to fall below 30% by 2008/09, a significant reduction from the 1995/96 level of 68%. Consistent with this, the ratio of public debt charges to government revenues has also declined. Over the long term, the trend in programme spending has been downward, sparked by successful programme review exercises between 1995 and 1999. But recent spending has begun to grow significantly, as lower public debt charges have enabled both a reduced revenue-to-GDP ratio and a potential rebound in the ratio of programme spending to GDP. In this context, the government has committed to limiting the growth of programme spending, on average, to below the rate of growth in the economy.

2.2. Key players

The expenditure management system guides all resource allocation and is the sum of roles and procedures intended to support fiscal discipline, the design, approval and management of public programmes, and the reporting of results. Six main players make this system run.

The **Cabinet** establishes and allocates resources to the policy priorities of the government as outlined at a broad level in the *Speech from the Throne* and the *Budget*. At an officials' level, the priority-setting role of Cabinet is supported by three "central agencies" which share budget office functions: The Privy Council Office, the Department of Finance and the Treasury Board Secretariat.

The **Privy Council Office** advises the Prime Minister and Cabinet on shifting priorities through the *Speech from the Throne* and the *Budget*. It manages Cabinet's agenda, communicates Cabinet decisions and performs a challenge role on departmental memoranda to Cabinet seeking changes in the government's policy or programme structure.

The **Department of Finance** sets tax policies, prepares the *Budget* (which includes the overall fiscal plan and new spending proposals) and advises its minister on the fiscal implications of policy proposals advanced by other departments, including those reviewed by Cabinet committees. With input from other departments, the Finance department projects revenues and expenses for the current and future years. The Minister of Finance and the Prime Minister make final decisions on the fiscal plan.

The **Treasury Board**, a committee of Cabinet supported by a **Secretariat** and other agencies, oversees the presentation in Parliament of the annual detailed spending plan (the *Estimates*) and acts as the government's management board. The Treasury Board sets government-wide administrative policies in areas as diverse as human resource management, procurement, and all aspects of financial, expenditure and results-based management. The Treasury Board's responsibilities also encompass the examination and approval of the proposed spending plans of government departments, the periodic renewal of programmes, the approval of major contracts above a department's delegated authority and the granting of operational authority to implement new programmes previously approved at a policy level by Cabinet.

Parliament plays a critical role. Consistent with the Westminster convention of responsible government, the government is accountable to Parliament for its actions and must maintain the confidence of Parliament in order to govern. Key initiatives such as the *Speech from the Throne* and the *Budget* are "confidence motions" (meaning that if they are not supported by a simple majority of the members of Parliament, the government falls). Moreover, the government is unable to spend money without approval from Parliament. These oversight and accountability functions are exercised when Parliament and its committees consider policies and requests for funds through appropriations bills and supporting *Estimates* documents as part of the business of supply.

Departments develop policy options and programme design proposals, and manage programme delivery. They report routinely to Parliament through the *Estimates* process and are responsible for evaluating programme performance and effectiveness. The government has roughly 90 departments and agencies and also owns over 40 Crown corporations, some dependent on parliamentary appropriations. These various roles and responsibilities are summarised in Table 1.

Table 1. **Roles and responsibilities in the expenditure management system**

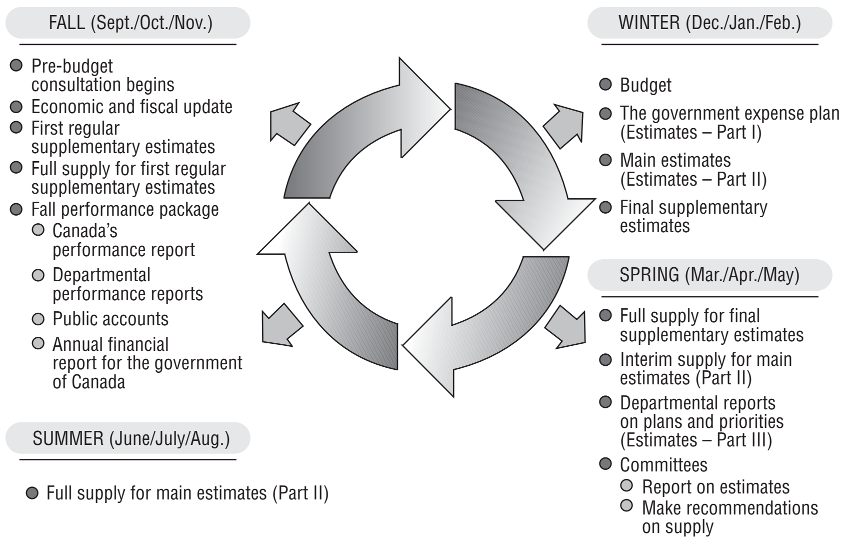
Summary of key roles and responsibilities

Element	Responsibility
Holds the government to account, **approves all spending** on an annual basis.	Parliament.
Developing an **annual budget** and a multi-year fiscal framework.	Minister and Department of Finance.
Establishing annual departmental reference levels (the ongoing programme resource base), **considering the renewal of existing programmes**, setting results management policies.	Treasury Board (a committee of Cabinet supported by the Treasury Board Secretariat).
Approval of new policies and "go ahead" to develop new programmes.	Cabinet supported by the Privy Council Office and the Department of Finance.
Allocating and reallocating to ensure alignment with priorities and aggregate expenditure control.	Departments routinely – plus the three central agencies in special cases.
Seeking parliamentary approval of spending plans through the *Estimates* process.	President of the Treasury Board – supported by the Treasury Board Secretariat.
Reporting to Parliament on spending plans, actual expenditures and results achieved.	Ministers supported by the Treasury Board Secretariat and departments.

2.3. Canada's resource management cycle

The government of Canada does not practice "performance-based budgeting" in a narrow sense but rather uses performance information throughout the main phases of an annual resource management cycle. (Canada aims for "performance-informed" resource management.) That cycle begins with public consultation and fiscal planning and moves successively through allocating resources, evaluating programme performance, learning and adjusting, and reporting to Parliament on results.

Figure 1. **The resource management cycle**



2.3.1. Planning

Canada's federal government operates on a fiscal year that begins on 1 April and ends on 31 March. The *Budget* presents the government's fiscal plan to Parliament and is usually presented in the House of Commons by the Minister of Finance in late February. *Budget* documents present aggregated projections of the government's expenditure plan for the coming and following two fiscal years. There are four main components of the fiscal plan:

- the government's assumptions about the future performance of the economy;
- the level of revenues expected under the current and proposed tax structure;
- the projected total expenses, including total programme expenses and public debt charges;
- the annual surplus or deficit resulting from these projections and the level of federal debt (accumulated deficit) resulting from these surpluses or deficits.

In developing the *Budget*, public consultations normally begin with an *Economic and Fiscal Update*, delivered by the Finance Minister to the Commons Committee on Finance in late October or early November. The Committee usually holds public hearings both in Ottawa and across the country, seeking views from Canadians on their priorities for the upcoming *Budget*. Based on these hearings, the Committee typically submits its recommendations regarding the *Budget* to Parliament, usually in early December.

The Minister of Finance also conducts pre-*Budget* consultations with many organisations, individuals and provincial counterparts, and briefs Cabinet on the status of budget planning, seeking their input on priorities and strategy. Cabinet's role in the budgeting process is ongoing over the course of the year as Cabinet committees consider and give tentative approval to new policy proposals and authorise departments to begin design work on new programme proposals.

Not later than 1 March each year, and often shortly after the *Budget*, the President of the Treasury Board typically presents Parts I and II of the *Main Estimates*. The *Main Estimates* cover the upcoming fiscal year and identify the spending authorities (Votes) and the amounts to be included in subsequent appropriation bills that Parliament will be asked to approve. Only direct programme spending such as departmental operating costs are voted by Parliament through appropriation bills; the *Main Estimates* provide updated forecasts to Parliament for all statutory programmes for information only. Statutory programmes have ongoing spending authority in accordance with specific legislation – for example, major transfers to the provinces.

At a departmental level, over 90 **reports on plans and priorities** (RPPs) are conventionally presented in the House of Commons on or before 31 March and are reviewed by parliamentary committees as part of the scrutiny of *Main Estimates*. Departmental RPPs detail the strategic outcomes, initiatives and planned results of each department, and include information on resource requirements over a three-year period. Responsibility for the quality, integrity and completeness of the information presented to Parliament rests with each department. The Treasury Board, however, sets the form and format of the RPPs, provides advice and assistance to departments and agencies, and co-ordinates printing and presentation of the reports.

2.3.2. Integrating and using performance information in expenditure management

Performance measures and periodic evaluation have been used in Canada for many years to adjust programmes, and frequently this information will find its way to the Treasury Board through a "submission".

Submissions to the Board represent a periodic event in the life of a programme where performance information is used to support executive branch decision making. For example, Treasury Board submissions help to transform Cabinet-approved policies into new or modified programmes that directly impact Canadians. Following Cabinet's approval of a policy initiative, a sponsoring minister's Treasury Board submission provides detail on the design of the future programme, why the proposed implementation method was chosen, the expected outcomes and deliverables, and how the department intends to assess programme effectiveness. Submissions normally include performance projections, timelines and cost targets. The Treasury Board Secretariat scrutinises and challenges each submission before it is presented to ministers, who will then approve, approve with conditions or reject the proposal. Given the substantial challenge at officials' levels before the actual Treasury Board meeting, the latter rarely occurs.

As noted earlier, all grant and contribution programmes are reviewed by the Treasury Board within a five-year cycle to determine whether sufficient results are being achieved or changes need to be made in programme management or design.

A Treasury Board evaluation policy supports this process by producing objective evidence to help managers make more effective decisions on their policies, programmes and initiatives. Almost all large departments and large agencies have committed and active evaluation functions, though many smaller agencies lack a sustainable evaluation capacity. Currently, total evaluation funding is roughly CAD 32 million and there are close to 300 evaluation full-time equivalents across the government. Evaluations cover approximately 10% of departmental programme funding, a coverage rate that will need to grow if the government is to strengthen its capacity to more fully integrate performance information into expenditure management decision making (see Section 3 of this case study).

In 2000, following the publication of its management framework, *Results for Canadians*, the government introduced the concept of **results-based management and accountability frameworks** (RMAFs) to support the evaluation and periodic review of all transfer payment programmes. RMAFs provide programme managers with a standard approach to plan, monitor and report on results throughout the life cycle of a programme, policy or initiative. When implemented, an RMAF helps a manager to:

- ensure that a clear and logical design ties resources and activities to expected results;
- describe clear roles and responsibilities for the main partners involved in delivering the programme, policy or initiative;
- make sound judgments on how to improve performance on an ongoing basis;

- demonstrate accountability and benefits to Canadians;
- ensure that reliable and timely information is available to senior executives in the department, central agencies and other key stakeholders.

While RMAFs are required for Treasury Board submissions involving transfer payments, the Treasury Board's Office of Evaluation recommends their development in all programme areas to ensure effective decision making and to demonstrate clear accountability.

2.3.3. Reporting

Throughout the year, the government produces a number of departmental and whole-of-government reports in support of Parliament's expenditure control and accountability functions. Although the government may present some of them when it wishes, most must respect a deadline specified by statute or set out in a Standing Order of the House of Commons.

At the departmental level, departments report on their plans and performance in both their reports on plans and priorities (described earlier) and in **departmental performance reports** (DPRs). In October, each department is required to produce a DPR detailing performance against commitments set out in the RPP. Accordingly, departments must measure their performance against earlier commitments, so that parliamentarians may hold the government to account for what worked and what did not.

The Department of Finance presents the *Annual Financial Report,* which reviews the government's spending and revenue performance over the previous fiscal year and identifies factors that affected the results. In addition, the *Public Accounts of Canada* are presented in the fall (fourth quarter) by the President of the Treasury Board. These audited accounts provide summary financial statements of the government of Canada, the opinion of the Auditor General, and details on departmental expenditures and revenues.

Finally, each fall the Treasury Board President also presents a whole-of-government performance report, *Canada's Performance*, which outlines the impact of federal programmes, services and policies on the life of Canadian citizens. The electronic version of *Canada's Performance* allows readers to "drill down" from pre-set government of Canada outcomes to specific resource and results information contained in the more than 90 departmental performance reports. In addition, Canadians may access all internal audits and programme evaluations in all departments through the electronic version of *Canada's Performance*.

Over the last decade, parliamentarians have consistently indicated that they would like simpler, more integrated information with useful context and analysis. They also want high-level overviews with the ability to "drill down" to more detail. In particular, parliamentarians have said that they would like to see a clearer logic between planning and performance reporting documents; more balanced reporting; better links between programmes, resources and results; and a whole-of-government context to support their review of departmental reports.

In the Canadian context, the issue for results-based reporting is not one of sufficient quantity but whether the many reports include too much detail, to the extent that they are difficult for parliamentarians to use. Recognising this, in late 2006 the government introduced a new website, *Tools and Resources for Parliamentarians* that brings together many *Budget* and *Estimates* reports and provides easy electronic access. The above-noted *Canada's Performance* report is posted to that site and provides, among other things, a useful electronic guide to the many departmental performance reports. And in March 2007 the government introduced a new *RPP Overview for Parliamentarians* that serves as an electronic navigation tool for the many reports on plans and priorities. In sum, the idea of whole-of-government plans and reports that consolidate and clarify information for parliamentarians is one that likely has a long-term future.

3. Lessons learned and directions for the future

Performance management in Canada has evolved from a system focused on inputs, activities and outputs, to one more capable of setting and measuring outcomes or results. A strong performance measurement infrastructure and measurement reporting "community" exists in the government of Canada.

While the current expenditure management system has been effective during periods of fiscal restraint, an improved fiscal situation has resulted in an increase in sustainable levels of programme spending and the sense that programmes are not achieving results commensurate with these new resources. Although several *ad hoc* expenditure review exercises have sought to address the upward drift, the 2006 and 2007 *Budgets* are a watershed: the government is now redesigning its day-to-day expenditure management system to make it more performance based.

A rebalance of energy and effort is likely to occur as the government's new expenditure management system takes shape and both central agencies and ministers come to expect a clearer articulation of expected and actual results throughout the programme life cycle.

3.1. What are the challenges to be addressed in redesigning the expenditure management system?

First, the government does not systematically consider the full range of related spending when looking at new spending proposals. The decisions it makes are not always informed by timely information on planned and actual results, and there is a bias toward incremental spending (in a context of several consecutive years of budget surpluses) as opposed to reallocation within the ongoing programme base.

Second, spending needs to be better aligned with core federal roles and responsibilities and the government's priorities. Given this, new spending proposals submitted to Cabinet will need to clearly define objectives and expected results and demonstrate how they relate to existing programmes and priorities of the government. Achieving this alignment for several thousand programmes is doable but will require upgraded information systems, consistently based resource and performance frameworks in departments, and a whole-of-government planning and reporting framework.

Third, the current system lacks a strategic review cycle focused on relevance and performance, a crucial input to the ongoing alignment of resources with priorities. Fixing this means not only developing a rational and efficient programme review cycle but also ensuring that available evaluation and other performance information is of the highest quality and is brought forward at the right time, when it can best be used.

Consistent with this, the government announced in its 2007 *Budget* that all departments will be required to manage their programmes against specific results, formally evaluate programme performance and identify ongoing priorities. Moreover, the Treasury Board will lead a review of each department's spending:

- The first reviews were started in 2007 and will be reported in the 2008 *Budget*.
- The government's objective is to conduct these reviews on a four-year cycle.
- The reviews will determine whether programmes are achieving their intended results, are efficiently managed and are aligned with the government's priorities.

The main elements of this renewed expenditure management system are currently being designed. But regardless of the specific design decisions taken, one thing is certain: the redesigned system will place increased demand on the provision of reliable and timely information on the performance of the government's direct programme spending.

3.2. Lessons learned

If leaders in the Canadian government's results-based management community were asked to name five lessons learned over the past several years, what might they say? And in turn, given what has been learned, what are the capacity development priorities for the immediate future?

Lesson one: There is no substitute for central leadership if you want to move the whole government in a new direction.

In its role as the government's management board, the Treasury Board sets policies and priorities in areas as diverse as human resource management, procurement, executive training, and all aspects of expenditure and results-based management. In support of these policies, the Treasury Board Secretariat provides guidance on their application; for example, on the preparation of departmental planning and performance reports and on the generation and use of performance information. Working within this suite of central policies and consistent with their own mandates, departments are responsible for setting targets and outcomes, as well as for developing performance measurement systems and strategies. This Treasury Board ability to set the rules, monitor compliance and alter the rules when necessary has proved essential to leading change in the Canadian setting.

Strong leadership from the Treasury Board Secretariat will be required to support change as ministers come to expect clearer statements of expected and actual results. Ensuring more timely and focused performance information will challenge the measurement community and will require new tools, approaches and policies, particularly in the area of programme evaluation. The Treasury Board will need to be directive in terms of the policies and standards that it expects departments to meet, and supportive in terms of the resources and training that will need to be brought to bear to build capacity.

*Lesson two: A **detailed** understanding of the links between resources and results at a programme level is essential and needs to be constantly maintained.*

Being able to integrate performance information into expenditure management decision making requires a detailed, almost granular understanding of the ongoing programme base across many organisations. Programmes need to be defined consistently, and resources and results (both planned and actual) need to be linked to each programme in a common manner. This programme-based information needs to be easily accessible, available for planning, decision-making and reporting purposes, and updated continuously. Performance information focused mainly on high-level results can have a negative impact, contributing to a loss of programme-by-programme knowledge. For that reason, the government of Canada is investing much time and effort to understand what is going on at the programme level.

All departments and agencies are now beginning to plan their operations and report performance against more than 200 strategic outcomes, or measurable objectives, that represent enduring benefit to Canadians. In each department, typically two to three of these strategic outcomes sit at the top of a detailed programme activity architecture that – if added up government-wide – amounts to several thousand "small p" programmes. All strategic outcomes, plus those parts of programme activity architectures that are presented to Parliament in *Estimates* documents, require Treasury Board approval.

In effect, the government of Canada is currently developing an inventory of all its programmes, mapping the individual programme activity architectures and compiling financial and non-financial performance information against each programme in the organisation's inventory. This is laborious work that requires constant update. The government has concluded, however, that the investment is worth making.

This work is conducted under a mandatory Management, Resources and Results Structure policy that came into effect in 2005. The MRRS provides a common, government-wide approach to the collection, management and public reporting of financial and non-financial information, and is meant to:

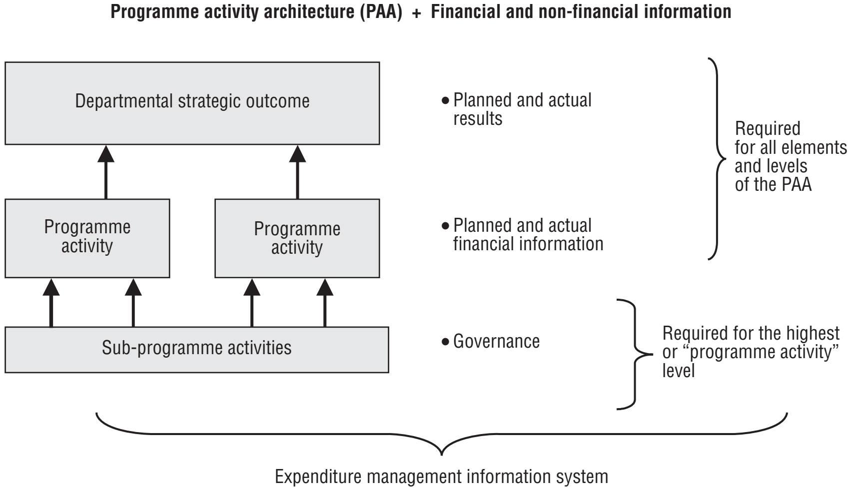
- identify and define the strategic outcomes linked to a department's mandate and core functions;
- provide a logical organisation or architecture of the programmes and activities being delivered in support of the department's strategic outcomes;
- reflect the way a department is managed to achieve results with the resources allocated to it year after year;
- illustrate the various decision-making mechanisms and accountabilities that exist within the department to manage programmes and activities towards the achievement of results;
- link each level and element of the programme activity architecture to planned and actual information on resources and results; and
- provide relevant and timely performance information to support expenditure oversight by the Treasury Board Secretariat, as well as for Cabinet strategic planning and budgetary exercises.

None of the programme inventory work described above can be implemented without sound information systems, both centrally and in departments. The ability to collect, update and disseminate financial and non-financial performance information over a range of thousands of programmes requires extensive planning, investment, testing and time. A substantial systems planning and development effort is under way, and the end product – a central expenditure management information system – will form the basis for integrating financial and non-financial performance information into all elements of expenditure management.

Lesson three: There is no substitute for evaluation but you need to give it regular attention.

While the government has a substantial evaluation capacity in departments and agencies, the function needs to be reoriented and strengthened: evaluation capacity has not been optimally directed and evaluations are not always available

Figure 2. **The Management, Resources and Results Structure**



on a timely basis. For example, evaluation coverage would need to be more than doubled if the government were to evaluate all or the bulk of its direct programme spending within a four or five-year period.

Strengthening and repositioning evaluation will require focused attention. Treasury Board Secretariat officials are currently rewriting the government's evaluation policy to emphasise the neutral assessment of cost effectiveness as the central credo for the function. New evaluation directives and standards are being implemented. A new value-for-money assessment tool is being piloted as a potential way to make rapid yet credible assessments that are timely, understandable and immediately useful. Capacity development in small agencies is being considered, and ways to ensure better co-ordination between evaluation product delivery and the timing of key programme investment decisions are being explored. Finally, the marked tendency for evaluation products to come across as timid management consulting reports will likely be countered by a growing demand for evaluation reports that make lucid assessments of value for money and sharper recommendations on what should be done to improve it.

Strengthening the evaluation function will require investment in recruitment, training and certification, and a whole-of-government evaluation plan that pre-positions evaluation information for best use in expenditure management decision making. All of this is under design and will be rolled out on a three-year plan.

Lesson four: A common framework is essential if you want to apply results-based management principles government wide.

Understanding the granularity of resources and results at the "small p" programme level is only part of the answer. An effective expenditure management system needs to link those programmes to higher-level intended outcomes on a departmental and a government-wide basis. A first whole-of-government framework, intended to do this, was introduced in the *Canada's Performance* report and has been refined over the past few years.

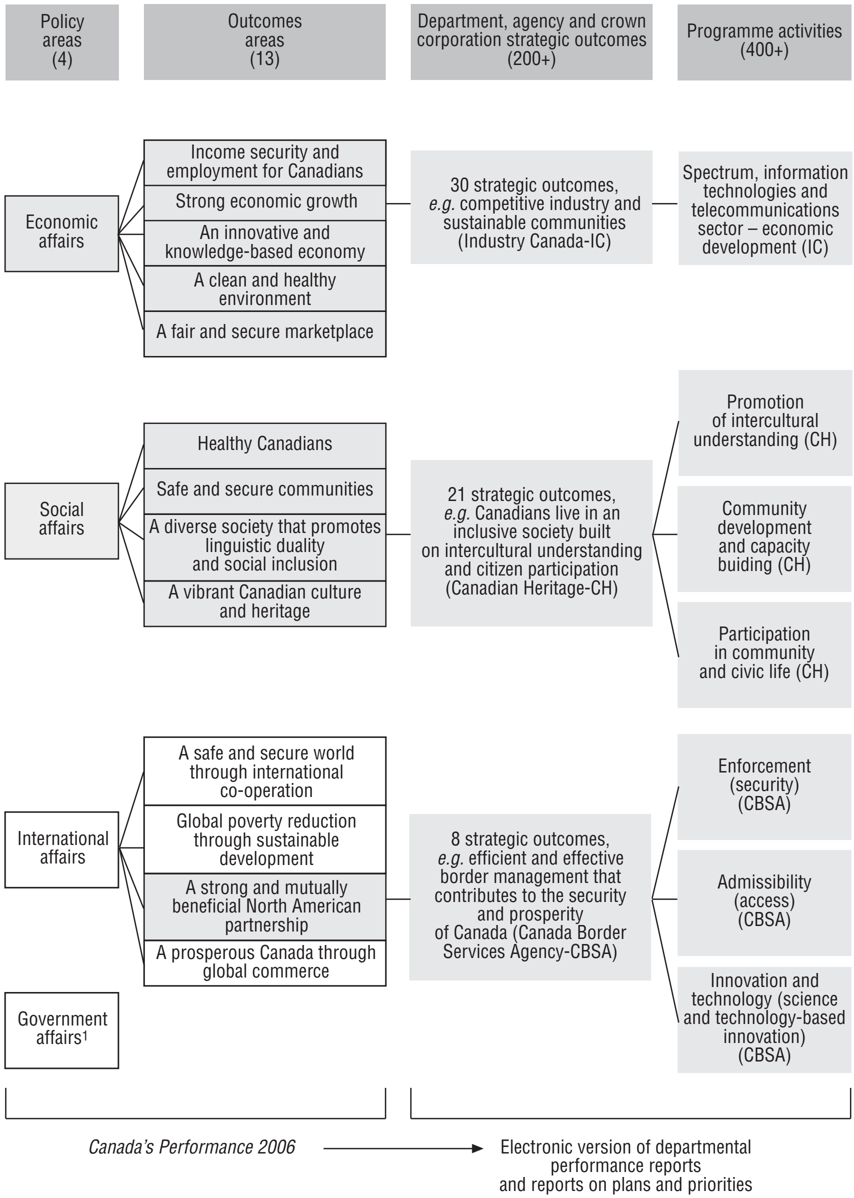
Building on information components required under the MRRS policy, this framework is structured around four broad areas of federal activity: economic affairs, social affairs, international affairs and government affairs. Each of these areas includes a number of specific outcomes that represent the cross-organisational results that the federal government is striving to achieve. In their reports on plans and priorities and departmental performance reports, departments must identify the linkage of their strategic outcomes and programme activity architectures to specific government of Canada outcomes. While the framework is currently used as a basis for whole-of-government reporting to Parliament, it may eventually be used as a conceptual foundation for executive-level resource planning, allocation and decision making.

Lesson five: Managing for results depends on clear expectations, sound underlying management practices, regular assessment and public accountability.

The government now has several years of experience in implementing the Management Accountability Framework (MAF), which establishes common expectations for management performance and is the basis for accountability between departments/agencies and the Treasury Board. The MAF can be viewed through three lenses: as a vision for good management, establishing a framework for accountability; as a process (assessment, engagement, dialogue and reporting); and as an analytical tool to identify strengths and weaknesses within departments and across government. Through the MAF, departments are evaluated against a set of indicators and measures that assess, among other things, the quality of management, resources and results structures; the capacity to undertake and use programme evaluations; and the overall quality of reports to Parliament. Discussions between senior officials identify management priorities, a process that draws attention to issues in a structured way that can lead to improvement.

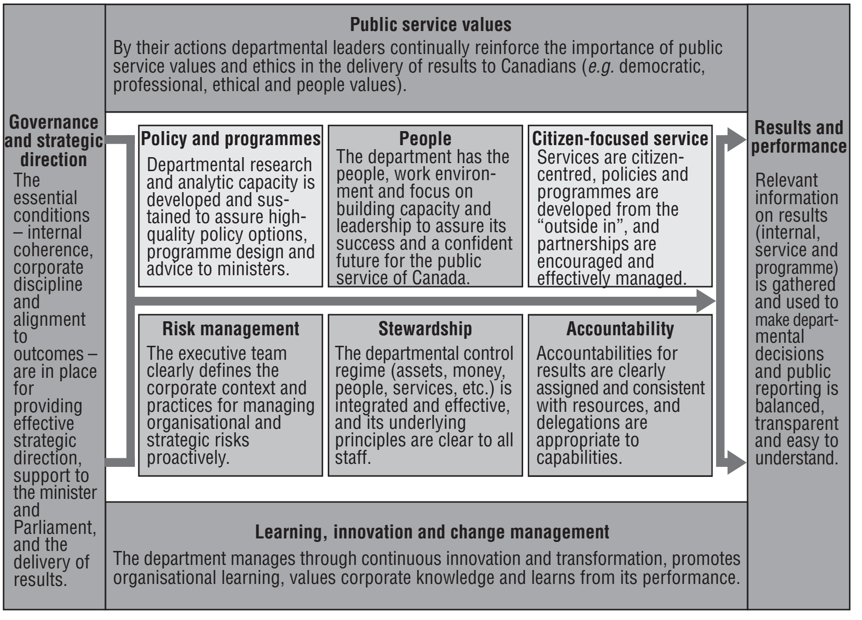
All MAF assessments will be posted on the Treasury Board's website. This level of public accountability supplements the practice of factoring departmental management assessments under MAF into all performance appraisals of deputy heads (the senior executive officer in all departments and agencies).

Figure 3. **Canada's whole-of-government framework**



1. Federal organisations 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, and Statistics Canada).

Figure 4. **The Management Accountability Framework**



As a final note, demand from external auditors for better public performance management is likely needed and is a positive step. In Canada, the federal Office of the Auditor General audits the quality of a sample of departmental performance reports, generally every two years. The Auditor General asserts that while there has been progress in performance reporting, the pace of improvement is too slow. Though federal public servants do not always agree with all of the recommendations of the government's external auditor, due consideration is always given. Furthermore, the power of Parliament's Public Accounts Committee to compel the government to formally respond to audit recommendations – and to have its senior officials appear before the Committee to describe remedial action – can be a useful spur to action.

In conclusion, a renewed expenditure management system offers a valuable opportunity to better integrate performance information into management and budget decision making. While it is still too early to tell exactly how the new system will evolve, it is certain that the demand for reliable and timely performance information will rise. The development of a renewed evaluation function and the implementation of the MRRS policy, the continued use and evolution of the Management Accountability Framework, and continued improvement in reporting to Parliament are key steps to ensuring that "government programs are effective and efficient, are focused on results, provide value for taxpayers' money and are aligned with the government's priorities and responsibilities".