



# Improving Financial Management in the Government of Canada

Association of Professional Executives  
of the  
Public Service of Canada (APEX)

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## Acknowledgments

*APEX, the Association of Professional Executives of the Public Service of Canada, wishes to thank the many executives who participated in this Financial Management Initiative, including :*

- ★ *1100 executives across the country who responded to a 70-question survey during the summer of 2005*
- ★ *Our steering committee (see Annex 1)*
- ★ *Members of three round tables (see Annex 1)*
- ★ *Participants in an October 2005 retreat, organized to discuss a final report, recommendations and a submission to the Inquiry led by Justice John Gomery (see Annex 1)*



**This report was developed between May and October 2005. It captures the context, situation and views of federal public service executives during that period. It does not take into account the substance or impact of any subsequent Government announcements on financial management reforms.**

# Introduction – Context

## Basis for APEX's financial management initiative

- Ever since the APEX cross country 2004 annual consultations, executives have raised concerns about their ability to operate effectively within the current financial management regime. Further, executives in general have worried that a small number of incidents of poor judgment, error or malfeasance in the federal public service could trigger sweeping change that is unnecessary and that would impinge on their effectiveness.
- Executives acknowledge that there are some issues with the application of the current financial management regime. Addressing these will improve a system that has generally functioned well. Indeed, the Association hopes that any changes to the financial management regime can be seen as positive and useful improvements and not simply a reaction – or over-reaction – to concerns for the efficacy of the financial management regime in general.
- APEX believed it was important to start its review by understanding the actual extent and nature of the problem. That is why we launched our own Financial Administration, Accountability and Transparency initiative in the late Spring of 2005

## Process used

- A good mix of line executives and financial specialists, from regions and from the NCR, participated throughout the process..
- We began by creating a Steering Committee to direct the study. It was composed of 15 senior public service executives and external advisors from PWGSC, WED, Health Canada, National Parole Board, ACOA, Queen's University, RCMP, F&O, Conference Board of Canada, TBS, Office of the Auditor General and CRA
- We then established a series of Round Tables led by members of the Steering Committee. Their mandate was to seek out the views of executives on the following topics:
  - Balancing the evolving role of the financial function and program management
  - Oversight and transparency
  - Major reforms and initiatives
- We asked federal government executives to complete a 70 question electronic survey on these topics; 1100 executives responded – this is a significantly high response rate, demonstrating clearly that executives have concerns and things to say. This information was provided to the Round Tables to complete their research.
- At a retreat in October 2005, the group discussed the round tables' findings and survey results and agreed on the recommendations to be included in its public report. The present document sets out a summary of the findings as well as a series of conclusions and recommendations.

## Key Messages

- Executives...
  - support strong financial accountability in government
  - believe that they have always exercised probity in their financial duties and that they have been well supported by financial professionals within their departments
  - fear that there would not be in place appropriate risk management strategies to ensure their ability to deliver public programs effectively. For example:
    - ▶ isolated problems could lead to generalized and unnecessary changes to financial management systems
    - ▶ generally sound financial management practices may be discredited without foundation
    - ▶ new far-reaching initiatives could inhibit their ability to manage effectively
- The need for improvement extends to *Parliament and the expenditure review process*. Those consulted indicate that the latter is in serious need of reform
- *Deputy Ministers' accountability* for their departments should be reinforced and better tools made available so they can exercise those responsibilities.
- Requiring the CFO to report functionally to the Comptroller General whilst reporting directly to the Deputy Minister will *clarify accountability* and ensure the capacity of the Chief Financial Officer to advise and serve the Deputy Minister.
- Central agency initiatives should *focus on strengthening processes* – expenditure management oversight, internal control and evaluation – and avoid *adding further controls*.
- The financial community may be in *danger of being overwhelmed*. It is.....
  - faced with conflicting roles
  - ill-equipped to take on these new roles
  - vulnerable due to inadequate renewal of the community
- Executives need to be assured that they will receive *appropriate training and the ongoing support* required to allow them to fully exercise their financial management responsibilities.
- Although not a purely financial management issue, it is important to indicate that new administrative initiatives such as shared services and procurement reform are worth pursuing, but only if *real results* can be realized, if all players are fully involved and if the *savings and resource gains are shared*.

## A Timely Review

1. APEX has been concerned that reaction to a small number of incidents of poor judgment, error or malfeasance in the federal public service may trigger sweeping change that is unnecessary and that would impinge on the effectiveness of all executives.
2. Executives acknowledge that there are some concerns with the application of the current financial management regime and that there have been a few cases of significant non compliance with the Financial Administration Act. Rectifying these will improve a system that has generally functioned well. Indeed, the Association hopes that any changes to the financial management regime can be seen as positive and useful improvements and not simply a reaction – or over-reaction – to concerns for the efficacy of the financial management regime at large.
3. The public service’s financial community is generally respected for its expertise and the support it provides to executives. The need for financial accountabilities is clearly understood and executives consider these to be extremely helpful as they carry out their financial responsibilities - but the tools have not all been used. We need to build wisely on this support and keep things in perspective so we do not waste many years of effort and genuine commitment to financial management and comptrollership. We must not become so preoccupied with compliance and process that we forget whom we serve – the people of Canada. *Accountability* is not an alternative to *service*, but a partner.
4. APEX believed it was important to start its review by understanding the actual extent and nature of the problem. That is why we launched our own Financial Administration, Accountability and Transparency initiative – “*Balancing the Books*” – in the late Spring of 2005.
5. We began by creating a Steering Committee to direct the study. It was composed of 15 senior public service executives and external advisors from PWGSC, WED, Health Canada, National Parole Board, ACOA, Queen’s University, RCMP, F&O, Conference Board of Canada, TBS, Office of the Auditor General and CRA. Throughout this process a good mix of line executives and financial specialists, from regions and from the NCR, participated.
6. We then established a series of Round Tables led by members of the Steering Committee. Their mandate was to seek out the views of members on the following topics:
  - ▶ Balancing the evolving role of the financial function and program management
  - ▶ Oversight and transparency
  - ▶ Major reforms and initiatives

7. We asked federal government executives to complete a 70-question electronic survey on these topics; 1100 people responded - this is a significantly high response rate, demonstrating clearly that executives have concerns and things to say. This information was provided to the Round Tables to complete their research.

*The survey of executives provided useful information as the response rate was high and many also chose to offer individual comments. Throughout this Report, both overall statistical results and individual comments will be highlighted. Annex 2 presents the detailed results.*

8. At a retreat in October 2005, the group discussed the round tables' findings and survey results and agreed on the recommendations to be included in its public report. The present document sets out a summary of the findings as well as a series of conclusions and recommendations.

## **A Time of Change**

9. APEX recognizes that the government is now introducing a number of changes to the Public Service's management regime. These include:

- ▶ modifying policy and practice in the area of comptrollership
- ▶ reestablishing the roles of financial officers
- ▶ reinvigorating the audit and oversight function
- ▶ introducing a range of new approaches to management practice, including:
  - introducing shared services (both internal and external clients)
  - addressing the need for major systems upgrades in all areas; and
  - continuing to amend performance measurement requirements

10. The Association specifically welcomes the proposed improvements to the financial management regime. Taken together – and if well implemented – these changes will constitute a reinvigoration of the principles enunciated in the Glassco and Lambert Commissions and that have evolved in the last decades. Executives are at the heart of this accountability because of their responsibility for the design, implementation, leadership and successful accounting for delivery of government programs and services.

## **Accountability: A Balance of Responsibilities**

11. APEX believes in the need for a strong financial management regime that:

- ▶ promotes probity, transparency and the effective delivery of government services

- ▶ is not burdened with excessive administrative costs
  - ▶ clearly sets out accountabilities
  - ▶ rewards good management
  - ▶ identifies and deals appropriately with misuse of the public's financial resources
12. Government executives must constantly maintain equilibrium between two potentially conflicting pressures: on one hand, to deliver services to the public as quickly and efficiently as possible; and on the other, to respect prescribed processes and controls in order to be able to account for the use of taxpayers dollars and to ensure value for money.
13. Questions of probity, of equity and fairness are at the forefront of program delivery in the public sector. In this environment, it is almost impossible to conceive of an expenditure program which would involve no risk, given limited resources, the urgency to deliver services to citizens and the demands to meet performance expectations.
14. The controls required to keep risk to a minimum can sometimes create frustration among three groups of people:
- ▶ The client gets impatient that services are not being delivered more expeditiously.
  - ▶ Those involved in overseeing and monitoring program delivery – internal management or stakeholder groups – exert pressure on the program to be more efficient.
  - ▶ Finally, politicians criticize programs that appear to be bound up in red tape, even though “red tape” may simply amount to good control measures.
15. For the most part, executives have done a reasonable job of maintaining this dynamic balance over the years, recognizing that from time to time it has required some rebalancing. APEX's survey and round tables confirm that executives are confident they receive good support from the financial experts in their organization. Although the support could still be improved upon, any change must grow out of the experience to date and be based on the present solid level of understanding and support within organizations.

## **The Diversity of Accountability**

16. There are various types of accountability in the public sector. There is “accountability to get things done” as well as “accountability to get things done right”. There is a whole series of initiatives that cross departmental lines for which central agencies impose further sorts of accountability.

### **Core Managerial Responsibilities**

17. In terms of management responsibilities, the key accountabilities are associated with:

- the *Financial Administration Act*, including Treasury Board policies relative to audit, internal audit, financial management, contract management, materiel management and preparation of Parts I and II of the Estimates
- the *Official Languages Act* and related policies
- Treasury Board policies relative to classification and pay, labour relations, occupational health and safety, harassment in the workplace
- the *Public Service Employment Act*, including Public Service Commission policies
- the *Access to Information and Privacy Acts*
- Treasury Board policies relative to “common look and feel”, federal identity and information management

18. All public servants are required to comply with the above, but executives play a particularly important role. Not only are they responsible for adherence to these responsibilities, but they also ensure that:

- systems are in place to train and develop staff
- procedures are reviewed and audited according to the risk of deviation they pose
- internal policies match these requirements
- reports are reviewed and decisions made to make corrections, changes and improvements

### **Program Delivery Responsibilities**

19. Added to this core set of responsibilities is the duty of executives to ensure that services are delivered by the organizational unit they oversee. The current basket of performance management factors includes:

- Meeting stated program objectives
- Staying within budget and managing internal pressures
- Delivering programs equitably and fairly
- Delivering programs, policies and regulations with due regard for diversity, official languages, cultural sensitivity, regional differences, urban and rural concerns, information privacy, individual security and privacy in a timely and generally user-friendly manner
- Providing and using information for internal management and external reporting requirements.

### **Improvement Initiatives from Central Agencies**

20. There are, in addition, a number of government-wide management improvement initiatives which executives, both as departmental managers and corporate citizens, must take into account. Examples are:

- Departmental performance reports on priorities and plans
- Requirements associated with the management accountability framework

- A reinvigorated framework for comptrollership within departments
  - A human resources modernization framework, along with Treasury Board policies relative to human resources planning and accountability, values and ethics, and workplace well-being (now overseen by the Public Service Human Resources Management Agency of Canada)
  - A modern comptrollership initiative, including the integrated risk management framework, and Treasury Board policies relative to evaluation, alternative service delivery, horizontal results, results-based management, risk management, and regulatory issues
  - Service improvement initiatives, including the creation of Service Canada and the Corporate Administrative Shared Services initiative.
21. Some of these centrally driven initiatives involve the close involvement of departments. Some do not. In the end, they all use up resources. Some such initiatives are needed to improve overall government management. The utility of some is less clear. Sorting the wheat from the chaff is a continuing challenge for executives as they face the difficult choice of where to allocate their scarce time and resources.
22. Not all initiatives and or sets of responsibilities are seen to have equal weight. Further, not all organizations have the resources to enable them to fully address each of the initiatives in the way that may be demanded by one stakeholder or another. This means that executives are bound to take some risks in juggling the array of responsibilities.
23. In APEX's view, getting things done and doing so 'correctly' requires an appropriate balance between service and compliance. This will ensure respect for Canadian taxpayers dollars as well as value for money. The core managerial and program responsibilities we have outlined should be executives' real priority. Government should move forward carefully with change in other areas, so as not to throw the balance off scale.

### **Key Findings from APEX's Survey of Executives on Financial Management**

- Executives are generally confident about comptrollership and financial management, feeling well-informed, supported and trained.
- They feel well-briefed on their responsibilities as managers, are held to account and are generally well supported by financial staff.
- They are very aware of the need to achieve expected results while following proper procedures.
- Executives believe the system is tilting towards compliance at the cost of effective results and service to the public (this is not because they are breaking rules, but because they are very aware of the time and resources spent on compliance)
- They strongly support the role of the Office of the Auditor General and have confidence in the usefulness of internal audit.

- Executives feel confident that they do a good job of providing information to Parliament but are not sure if this information is being understood.
- They are ambivalent about the efficacy of the financial systems currently in use and wonder whether central agencies are concerned about the cost and service impact of various initiatives.
- Expenditure Review and other similar exercises are seen as a hunt for dollars, without regard to program distortion or level of service.
- Although not financial management initiatives per se, we note that executives have little confidence that centrally driven shared services initiatives will deliver either cost savings or service improvements. They see more hope for shared service initiatives which are regionally based.
- Executives also say that paper burden should be reduced for not-for-profit organizations, even though this does not directly fall under financial management.

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## Getting to the Root of the Problem: Changing Attitudes

24. In the Association's view, minor systems corrections will not resolve the malaise that presently characterizes the relationships among Parliament, the government and the public service. That is because the underlying challenge is not legal or technical, it is cultural. All parties to the current paradigm have to change in order to better serve Canadians.

25. The essence of an organizational culture is the way people behave, treat each other and carry out their responsibilities. That is where change must occur. Currently, a culture of blame and 'gotcha' pervades most parliamentary discourse. Until this is altered, neither the government nor the public service will adequately meet Parliament's legitimate and vital need to receive and make practical use of financial information. Similarly, the government will be unable to build a foundation of trust and credibility until it establishes clearer regimes of accountability, strengthens its transparency and ensures that isolated wrongdoing is identified and dealt with appropriately.

***And the survey said:***

"MPs do not appear to be well informed about departmental programs. This is not necessarily meant as a criticism of them but is an inevitable result of their lack of sufficient staff resources."

26. This also means that the public service has to be better equipped to deal with mistakes, manage risk and exercise essential financial management skills. Public servants are looking for ways to serve both government and parliamentarians better by providing

good information, addressing error and learning from it. It is too common today that public servants are forced into a defensive mode that only produces greater conflict.

### **APEX Recommendation #1**

*Parliamentarians and senior government officials should engage in:*

- *A review of Parliament's current expenditure review process, including the budgetary cycle, in order to permit greater involvement of parliamentarians*
- *An evaluation of the state of reporting to Parliament and performance reports to Canadians so as to improve the understanding of results.*
- *The design of a code of ethics and behavior for interactions between officials and parliamentarians*
- *Creating a stronger focus by Parliament on the public service as an institution, opening the door to long-term study and review rather than episodic appearances, headline-driven hearings or mixed and confusing agendas.*

## **Evolving Roles: The Financial Function and Program Management**

27. Participants in the round tables and survey strongly supported a consistently applied Financial Management and Control Framework (FMCF) to clarify the relationship between 'line' and financial managers. Survey respondents said that all managers are financial managers to some extent, but that their varying roles must be clearly defined. They also said that delegations are clear and understood.

***And the survey said...***

“There is so much emphasis on following the rules that almost everyone has lost sight of the intent of the financial procedures. We are slowly dying from an overburden of petty bureaucracy.”

28. The role of the CFO (Chief Financial Officer) is crucial and involves providing functional direction in three areas:
- ▶ To all program managers and staff: an advice, monitoring and oversight role
  - ▶ To departmental financial units that do not report to the CFO: an oversight and community leadership role
  - ▶ With respect to all horizontal initiatives: focusing on risks, costs identification and accountabilities.

29. The CFO also has the heavy responsibility to manage the financial systems, provide analysis and increasingly, to ensure that the

***And the survey said...***

“The main problem is that our financial advisors are overburdened”

proposals that are being analyzed support the departmental objectives.

30. The CFO cannot, however, have two masters (both the deputy head and the Comptroller General). The Office of the Comptroller General should be:
- ▶ providing a stable common financial framework for the government
  - ▶ ensuring that systems and people are adequate and in place across government
  - ▶ concerned about the quality of the financial community as a whole to meet the government's, departments' and agencies' needs.

### **APEX Recommendation #2**

*Any policy statement regarding the responsibilities of a departmental CFO should recognize that:*

- *The Deputy Head is the senior departmental officer accountable for all aspects of the FMCF*
- *The CFO reports directly to the Deputy Head*
- *The CFO provides the centre of expertise to help ensure the effective application of the departmental FMCF and provides functional direction to:*
  - *Program managers*
  - *Departmental financial units that do not report to the CFO: and*
  - *Horizontal initiatives that affect departmental operations, reporting requirements and functioning*
- *All managers are responsible for ensuring the application of the FMCF within their respective programs*
- *Deputy Heads must ensure that performance management agreements for the department contain clear expectations with respect to the FMCF; and*
- *Performance against these expectations must be measured and taken into account in determining performance pay for executives*

## **Oversight and Transparency**

31. In APEX's view, there is no lack of oversight and transparency in the functioning of government operations. The challenge is twofold:
- ▶ to distill significant information from the excessive amount of data that floods all levels of departments and beyond; and
  - ▶ to sort out appropriate roles
- And the survey said...*  
"Catching people doing something right is as important as catching people doing something wrong."
32. APEX believes that the current culture inhibits departments

from taking more open and aggressive action on admitting errors, making corrections and getting on with business. The results of our survey indicate that based on recent experience, executives think that many desirable oversight tools are not properly used and simply lead to more control mechanisms, not program improvements.

33. Executives also expressed strong support for the usefulness of the role of internal audit and the role of the Auditor General, whose efforts are seen as helpful to managers.

Our Round Table on Oversight and Transparency shared this view, but members thought there was some confusion as to the role of the various tools. They think there is an excessive reliance on audits, which focus on primary compliance, and not enough use of more broadly-based tools – such as program evaluation. (The members of this Round table noted a tendency to confuse “audit” and “program evaluation”. This can result in misconception by the public that “rules have been broken” when the real issue is the need to adjust program objectives or means of delivery.)

***And the survey said..***

“Tools are clear, accountabilities are clear on paper. But new systems being implemented to avoid risk are making accountabilities irrelevant – we are no longer trusted to do our jobs.”

34. The Round Table identified a number of challenges to effective oversight:

- Balancing quality service to clients with appropriate control mechanisms
- Leadership and guidance from central agencies in relation to core managerial responsibilities such as audits
- Resource constraints
- Human resources – having the people to do the audits and the evaluation and the management of these processes
- Adequate compensation and classification of audit resources
- Independence and objectivity
- Effective risk-based planning

***And the survey said...***

*“We will have every taxi chit and proper documentation for the coffee served at meetings needed to approve the \$250 invoice. Hope we have time to look at and analyse the \$80K program expenditure.”*

35. Audits must be risk-based and focus on compliance. Audits on issues such as ‘value for money’ and so-called ‘performance audits’ are not really audits, they are just forms of evaluation and review. This type of review generally requires a different skill set than that needed for compliance audits.

36. The plan to establish Audit Committees independent of government, with annual meetings with Ministers, has important implications for the relationship between a Minister and his-her their Deputy Head. APEX strongly believes that the role, composition and reporting relationship of these Audit Committees must support the

accountabilities of the Chief Audit Executive and ensure that Deputy Heads are well served.

### APEX Recommendation #3

- *Chief Audit Executives should report to the highest appropriate level within the department, in order to ensure compliance with standards of independence and objectivity*
- *There should be a direct reporting relationship between the Audit Committees and the Deputy Heads of the departments-organizations in which they are constituted. Deputy Heads need to be confident they are being well-served in terms of the assurance, advice and recommendations from the Audit Committee on both financial and non-financial matters*

### APEX Recommendation #4

- *The Treasury Board Secretariat, in consultation with the Auditor General, should clarify what is meant by an “audit” and take steps to avoid their excessive use*
- *The government should develop a systematic risk management framework, not only for departmental programs, but also in order to determine what should be audited. Risk management should also be used to establish the risk to programs through reductions or increased controls.*
- *The Treasury Board Secretariat’s role with regard to the audit function must be more clearly expressed and actively practised, in two areas:*
  - 1) *the fostering of a sound audit process; and*
  - 2) *the exercise of the Board’s comptrollership responsibilities over audits*

*This recommendation has several corollaries. First, there must be a sound policy in place which requires establishment of a reasoned, risk-based audit system within each department. Second, the Treasury Board Secretariat should create and provide long-term support for a centre of excellence for the audit community as well as for managers who are the users of audits. Finally, the Treasury Board Secretariat should have an active oversight role for audit issues that cut across departmental lines. For that reason, it should actively engage in risk analysis across the government to determine the need for inter-departmental or pan-governmental audits AND maintain the capacity to carry out such audits.*

### APEX Recommendation #5

- *Resources must be allocated to support a sustainable, long-term oversight function*
- *Central agencies, in partnership with departments, should develop a human resource strategy to address the long-term needs of the audit community*

## Major Reforms and Initiatives: e.g. Shared Services

Although not a financial management regime issue per se, the Round Table on Major Reforms and Initiatives thought important to focus a lot of their work on the Shared Services initiative. The following summarizes this work.

37. Both the survey of executives and the Round Table on major reforms and other initiatives confirmed executives' concern that the pace and number of centrally-driven change initiatives will endanger a generally positive view of the support provided by the financial management community.
38. Clearly it important to improve systems, increase client service and reduce costs. However, the pace of such change must be reasonable or we risk seeing the pendulum swing too far in one direction or another. Executives have seen the launch of too many change initiatives which end by going nowhere, having wasted time and energy along the way. They have also experienced centrally-driven initiatives which offer attractive seed-money but no long-term financial support to deliver on expectations which were not foreseen.
39. 'Change fatigue' is distracting from the exercise of basic accountability and the need to monitor the public sector's 'business': delivering programs, policies and regulations in a cost-effective manner.
40. Despite some cynicism, executives who responded to the survey clearly see the potential for new administrative arrangements such as shared services. They were somewhat suspicious of these being yet-another centrally-driven idea that they would be left to implement at cost to their programs. However, they remained convinced that new administrative arrangements could and can save money.

***And the survey said...***  
*"I firmly believe in shared services as a means of reducing costs. However, it needs to be thought through and properly resourced. The government has failed too many times because it does not take the time to determine what needs to be done and for what purpose before it decides to implement....there is no indication that this process (the shared services initiative) has been managed any differently than past failures"*
41. A shared service initiative will only really work when:
  - There is a minimum of common information technology systems in place
  - Office consolidation is a full reality, meaning many small offices will have to be relocated
  - Affected staff and their unions have been brought into the process using both effective resettlement policies and a strong commitment to continuous

communications

- It is seen not as just a cost-cutting exercise – one which consumes funds up-front without providing long-term benefit – but one that brings about significant change in administrative culture and leads to the development of new common business applications where real savings are realized. The message from executives is: *Take the time to do it right!*

### **APEX Recommendation #6**

- *On shared services, there should be an opt-in approach that would build a ‘coalition of the willing’ to develop further expertise and confidence in the potential of this initiative*
- *Shared services should not be organized or run by central agencies, rather the lead should be with special user-run organizations that focus on meeting the needs of clients in the most cost-effective manner*
- *A user-based governance mechanism should be established to ensure that the users are fully committed and that appropriate resources are devoted to the initiative*
- *Cost savings for shared services should be planned in a strategic fashion rather than as an across-the-board initiative*
- *Central agencies should limit their role with the shared services initiative to the development of administrative policy*
- *Accountabilities must be clearly established both at the political and the administrative levels*
- *Special service guarantees and assistance must be provided to smaller agencies*
- *The government must strive towards one or a very few systems platforms for the public service*

## **Training and Qualifications**

42. Laudable departmental efforts in this area need to form the basis of a multi-tiered series of financial training packages created for the whole government. Individual adaptations for these modules to meet individual departmental needs is desirable, but only when the strong foundation for all has been established.
43. The issue of CFO professional qualifications needs to be settled once and for all. APEX supports the need for financial advice of the highest quality – clearly the professional qualifications for those filling this role are essential.
44. In APEX’s view, if one of the requirements to be a CFO is to have a financial accreditation, then it is not logical to house this function under an ADM, DG or Director (smaller organizations) who has responsibilities for corporate activities such as HR and IT. The corporate role is a generalist rather than a specialist role.

45. Pooling the results of the Round Table discussions and the Survey of executives yielded one last recommendation:

### **APEX Recommendation #7**

- *Financial management training for executives must be appropriate to their level and consistent across the government*
- *Each course or learning activity should include a knowledge evaluation component to ensure that the material is well understood by participants. Regular refresher training should be obligatory in all aspects of financial management*
- *Training on the use of delegations should be mandatory before such delegations are assigned*

## **Conclusion**

46. APEX trusts that the impetus behind the recently announced set of reforms is not to address a limited number of significant errors of commission and omission. In fact, the time has come to change our organizational culture. We must focus on blending a strong value of prudence with a better understanding of accountability, on developing the skills to deliver and on understanding at all levels what that means. Only in this way can the legitimacy and trust that the public demands of all players be delivered. Further, when there are wrongdoings, either through deliberate action or honest error, they must be seen as just that and dealt with. They must not become evidence of system breakdown or invite massively expensive and corrosive changes.
47. Accountability only works in practice when those involved have a clear, mutual understanding of its implications, including the roles and responsibilities of each party and the form in which accountability requirements must be met. APEX has noted too many instances in which those accountable for program results or for following certain processes have genuinely tried to meet requirements – as they understood them – only to be confronted later by different expectations from external auditors or legislative oversight bodies. At present, there is no set government-wide standard process to define results and expectations or to hold organizations to account for them in a disciplined fashion.
48. APEX believes that its members and the executives who responded to our survey share strong values of prudence and commitment to good financial management. They want to see flaws in the system addressed but cannot do it alone.
49. APEX will therefore monitor the government’s progress as it moves forward with its public service management agenda over the next 2-3 years as well as its response to the Association’s recommendations resulting from its Financial Management Initiative.

## **ANNEX 1 - Participants - APEX Financial Management Initiative**

### **Steering Committee**

|                            |  |
|----------------------------|--|
| Pierre de Blois (Chair)    | APEX   |
| Denis Chartrand            | Public Works & Government Services Canada      |
| Paul Choquette             | APEX   |
| George Cornwell            | Western Economic Diversification & APEX Alumni |
| Chantale Cousineau-Mahoney | Health Canada                                  |
| Peter Edwards              | Public Service Commission                      |
| Joe Freamo                 | National Defence                               |
| Serge Gascon               | National Parole Board                          |
| Lucienne Godbout           | Atlantic Canada Opportunities Agency           |
| Andrew Graham              | Queen's University                             |
| David Jones                | RCMP   |
| Christine Loth             | Fisheries & Oceans                             |
| Marena McLaughlin          | Correctional Service Canada                    |
| Janet Milne                | Conference Board of Canada                     |
| John Morgan                | Treasury Board Secretariat                     |
| Penny Reedie               | Infrastructure Canada                          |
| Gaëtan Poitras             | Office of the Auditor General                  |
| Michel Smith               | APEX   |
| Richard Tobin              | Natural Resources Canada                       |
| Dan Tucker                 | Canada Revenue Agency                          |

### **Round Tables**

#### **Evolving Role of the Financial Function and of Program Management**

|                                    |   |
|------------------------------------|---|
| Chantale Cousineau-Mahoney (Chair) | Health Canada                             |
| Guy Chevalier                      | Fintrack & Health Canada                  |
| Paul Choquette                     | APEX                                      |
| George Cornwell                    | WED & APEX Alumni                         |
| Stephen Dixon                      | Private                                   |
| André Gareau                       | APEX Alumni                               |
| Pat Gibson                         | Public Works & Government Services Canada |
| Lucienne Godbout                   | ACOA                                      |
| Fred Pincock                       | PWGSC & APEX Alumni                       |
| Gaëtan Poitras                     | Office of the Auditor General             |
| Ann Marie Sahagian                 | Treasury Board Secretariat                |
| Brian Sammon                       | Health Canada                             |
| Bruce Sloan                        | Office of the Auditor General             |
| Richard Tobin                      | Natural Resources Canada                  |

## Major Reforms and Initiatives

Serge Gascon (Chair)  
Jean Bélanger  
Ian Bennett  
Ray Blewett  
Monique Boutin  
Albert Caro  
Paul Choquette  
Bruce Deacon  
Andrew Graham  
Keith Hillier  
Wayne Job  
Sandrine Leblanc  
Joanne McDonald  
Charlene Sullivan  
Richard Tobin

National Parole Board  
Immigration and Refugee Board  
Public Works & Government Services Canada  
Foreign Affairs Canada  
Library of Parliament  
Public Works & Government Services  
APEX  
Treasury Board Secretariat  
Queen's University  
Veterans Affairs Canada  
Treasury Board Secretariat  
National Parole Board  
Library and Archives Canada  
Atlantic Canada Opportunities Agency  
Natural Resources Canada

## Oversight and Transparency

David G. Jones  
Glenn Bloodworth  
David Elder  
Dorothy Franklin  
Andrew Graham  
Robert Lafleur  
Guy Pierre-Canel  
Gaëtan Poitras  
Barbara Sliter

RCMP  
APEX Alumni  
Canada School of Public Service  
Infrastructure Canada  
Queen's University  
APEX Alumni  
CCRA  
Office of Auditor General  
Social Development Canada

## Retreat

Pierre de Blois (Chair)  
Denise Amyot  
Guy Chevalier  
Paul Choquette  
Chantale Cousineau-Mahoney  
Bob Emond  
Serge Gascon  
Lucienne Godbout  
Andrew Graham  
Janet Milne  
Lynda M Parker  
Heather Parry  
Guy Pierre-Canel  
Gaëtan Poitras  
Barbara Sliter  
Michel Smith  
Charlene Sullivan  
Richard Tobin

APEX  
APEX  
Health Canada  
APEX  
Health Canada  
APEX  
National Parole Board  
Atlantic Canada Opportunities Agency  
Queen's University  
Conference Board of Canada  
Social Development Canada  
Veterans Affairs Canada  
Canada Revenue Agency  
Office of the Auditor General  
Social Development Canada  
APEX  
Atlantic Canada Opportunities Agency  
Natural Resources Canada

## ANNEX 2 – Survey Results - APEX Financial Management Initiative

### Background

1. **# of Respondents:** 1099 Respondents (952 English - 147 French). No Ontario Respondents in French but 12 Quebec Respondents in English.
2. **Position Level:** 58% EX-1s, 24% EX-2s, 14% EX-3s, 3% EX-4s, 1% EX-5s. EX-4s and EX-5s total 47 Respondents. A few DMs also responded. This distribution of EXs parallels that which is in place in the public service.
3. **Work Location:** 66% NCR, 12% West, 8% East, 9% Ontario, Quebec 5%. Some respondents also indicated working abroad.
4. **Length of Service:** 92% have more than 10 years of service as public servants, not necessarily as an EX. 1% of English Respondents have 1 year of service whereas 8% of French Respondents have 1 year of service.
5. **Length of Service as an EX:** 54% of Respondents have less than 5 years of service as an EX. 20% have between 6 and 9 years. 26% have more than 10 years as an EX.
6. **Type of Work:** 26% work in Policy, 22% in Strategic Planning, 23% in Operations at HQ, 32% in Operations at regional and local level, 19% in support services (finance, HR) at HQ, 6% in a Central Agency, 4% in support services at regional and local level. 12% responded 'Other type of work ' (Engineering, systems, audit -evaluation, APEX, communications, foreign service, human resources, IT, economics, federal council, research, Deputy Minister, project management, crown corp., exec services, warden, officer of parliament, science, etc.....).
7. **Education Background:** More than 90% of Respondents have a Bachelors degree, 28% have a Master's degree, 5% a CA degree and 5% an MBA degree.
8. **Size of budgetary responsibilities:** 4% of Respondents have no budget. Three quarters manage more than \$1M, one third manage more than \$10M.

### The Tools to do the Job

9. More than 80% of Respondents moderately to strongly agree that **financial officer and executive accountabilities are clear and well documented.**
10. More than 70% of Respondents moderately to strongly agree that **when financial delegations are established, accountabilities and performance expectations are also well documented.**
11. More than 70% of Respondents moderately to strongly agree that **they are informed on their financial responsibilities in a timely manner that permits them to understand their accountabilities fully.**

## *Annex 2*

12. More than 60% of Respondents moderately to strongly agree that **their department has an appropriate balance of centralized financial functions and delegations that permit managers to exercise discretion to meet client needs.**
13. 70% of Respondents moderately to strongly agree that **they have the authority and accountability they need to do their job.**
14. Two thirds of Respondents moderately to strongly agree that **they are informed on their financial responsibilities on a regular basis.**
15. More than 80% of Respondents moderately to strongly agree (more than 50% strongly agree) that **they delegate the authority and accountability needed to their subordinates.**
16. Three quarters of Respondents moderately to strongly agree that **all staff that receives delegations in their department signs for these delegations and receives information about how they should be used.**
17. Two thirds of Respondents moderately to strongly agree that **financial authorities in their department permit managers to respond to local and regional needs.** A limited random analysis of responses to this question yields that 100% of regional responses indicated agreeing moderately or strongly with this statement.
18. Respondents are split (one third disagree, one third agree) on **whether or not they believe that financial authorities in their department allow managers to work effectively with partners such as not-for-profit organizations in delivering services.** The other third of Respondents indicated this question was not applicable to their situation.
19. Regarding whether or not **there is an excess of reporting burden relative to their financial management responsibilities,** there is a net difference between English and French Respondents. The former, at a level of more than 60% of English Respondents, moderately to strongly agree that this is the case whereas the latter, at 69% of French Respondents, moderately to strongly disagree.
20. Three quarters of Respondents moderately to strongly agree that they are evaluated on **how effectively they manage the resources for which they are responsible.**
21. More than 60% of Respondents moderately to strongly agree that **the focus of their department's financial concern is obeying the rules and regulations and managing within budget rather than program results.**
22. Two thirds of Respondents moderately to strongly agree that **they get the financial information to do their job.**
23. Although Respondents overall are split evenly (50/50) on **whether or not they see their organization's financial systems as being up to date, timely and provide helpful information**

## *Annex 2*

**to them to do their job**, French Respondents moderately to strongly agree at 63% that this is the case.

24. More than 60% of Respondents moderately to strongly agree that **they get good technical financial advice, especially in areas of high risk for their unit and department.**
25. Regarding whether or not **they provide input into program changes and cost factors, especially those of concern to them as the responsible manager**, there is a difference between English and French Respondents. The former, at a level of more than 70% of English Respondents, moderately to strongly agree that this is the case whereas the latter are split 50/50 that this is or is not the case.
26. More than 80% of Respondents moderately to strongly agree that **financial management is part of their performance agreement / accountability accord with their immediate superior.**
27. More than 60% of Respondents moderately to strongly agree that **they get credit for being a good financial manager who works within the rules.**
28. Regarding whether or not **most of their reporting burden is about taking the steps in the procedure to avoid embarrassment rather than on results that have been achieved**, there is a difference between English and French Respondents. The former are split that this is or is not the case, whereas the French Respondents, at a rate of more than 60%, moderately to strongly disagree with this statement.
29. More than 90% of Respondents moderately to strongly agree (with more than 60% strongly agreeing) that **they believe in good results and procedures and that you cannot have one without the other.**
30. Overall, 40% of Respondents moderately to strongly disagree that **in their department, excessive reporting burdens on their clients-customers-partners are avoided.** French Respondents scored higher here than their English colleagues with 50% of them disagreeing with this statement. Overall another 40% of Respondents moderately to strongly agree with this statement. 20% thought this statement did not apply to their situation.
31. Three quarters of Respondents moderately to strongly agree that **their organization's financial advisors are highly skilled and helpful.**

## **Oversight and Transparency**

32. Roughly 60% of Respondents moderately to strongly agree that **they are helped more than hindered by audits conducted on their operations.** 12% indicated this statement did not apply to them.

*Annex 2*

33. Respondents are split on whether or not they agree that **they see the suggested increases in internal audit resources as helping them to carry out their duties**. 7% thought this situation did not apply to them.
34. Three quarters of Respondents moderately to strongly **believe that we can be more transparent in how money is managed**.
35. Respondents are split on whether or not **they believe we do a good job in explaining the results of our work to Canadians**.
36. 85% of Respondents moderately to strongly agree that **the Auditor General plays a necessary and helpful role in ensuring the confidence of Canadians in what we do**.
37. Respondents are split as to whether or not they agree that **the Auditor General should have more authority to review financial management practices in their department**.
38. More than 70% of Respondents moderately to strongly agree that **internal audits and evaluations are well planned in their department**.
39. Two thirds of Respondents moderately to strongly agree that **their department does a good job in assessing risks and in taking steps to mitigate them**.
40. Roughly 56% of Respondents moderately to strongly agree that **they are kept up to date on the department's financial and program risks and what is happening to mitigate them**.
41. Respondents are split on whether or not they agree that **their department considers the costs and program implications of implementing new control procedures**.
42. A minor majority (57%) of Respondents moderately to strongly disagree that **new program initiatives are well costed and funded before they are launched in their department**.
43. Close to 60% of Respondents moderately to strongly agree that **such new program initiatives are relevant to the work that they do and will help them perform better**. 13% indicated this statement did not apply to them.
44. 82% of Respondents moderately to strongly agree that **they have been kept informed about government-wide initiatives such as modern comptrollership and the Management Accountability Framework**.
45. Slightly more than 60% of Respondents moderately to strongly agree that **these government-wide initiatives are relevant and have shown value for money**.
46. Slightly more than 60% of Respondents moderately to strongly agree that **the re-invigorated Office of the Comptroller General will result in more effective financial management in the public service**.

## *Annex 2*

47. More than 70% of Respondents moderately to strongly disagree that **Central Agencies give due regard for cost and impact on service delivery when they put new policies in place.** English respondents disagree at a level of 74%, higher than French Respondents at 58%.
48. Respondents are split on whether or not they agree that **the information provided to the public and Parliament about our program and financial performance is of high quality and easy to understand.**
49. Two thirds of Respondents moderately to strongly disagree that **Members of Parliament receive good information about their department's performance.**
50. Overall 60% of Respondents moderately to strongly disagree that **Members of Parliament take the time to become informed about departmental programs.** French only Respondents are split on whether to agree or disagree with this statement.

## Changes Underway

51. Respondents are split on whether or not they agree that **budget reallocation in Expenditure Review will produce greater effectiveness in government.**
52. A minor majority (55%) of Respondents moderately or strongly disagrees that **the implications of any reallocations within their department are well thought out, especially with respect to the impacts on service to the public.** 6% of Respondents indicated that this statement was not applicable to them.
53. Almost two thirds of Respondents moderately or strongly disagree that **the implications of any reallocations within their department are well thought out, especially with respect to the impacts on the capacity for them to exercise their accountabilities, e.g. adequate administrative support.** 5% of Respondents indicated that this statement was not applicable to them.
54. Two thirds of Respondents moderately or strongly agree that **they were made aware of the financial reform initiatives of the government and understand their impact on their department .**
55. Close to 60% of Respondents moderately or strongly disagree that **a lot of resources can be saved if we just pull together our administrative services across departments.**
56. Close to 60% of Respondents moderately or strongly agree that **regional programs from many departments should work together as single operating units, especially for support services such as HR and IT.** A sampling of regional responses indicates that more than 90% of regional respondents moderately to strongly agree with this statement.

## *Annex 2*

57. On the statement that **it is realistic for the whole of government to operate with single shared support services, such as HR and IT**, English Respondents moderately to strongly disagreed at a level of 64% whereas French Respondents moderately or strongly agreed at a level of 57%.
58. Regarding the statement that **we can do better to reduce administrative costs through innovative techniques such as outsourcing basic administrative support services to the private sector, such as administrative and clerical work**, more than two thirds of English Respondents moderately to strongly disagreed whereas French Respondents are split 50/50 on whether to agree or disagree.
59. On the statement that **there is plenty of scope for departments to work together to reduce costs and the incentives are in place for us to do so**, slightly less than 60% of English Respondents moderately to strongly disagreed whereas French Respondents moderately or strongly agreed at a level of slightly over 60%.
60. Regarding the statement that **if shared services proceed they will lose control over quality**, almost two thirds of English Respondents moderately to strongly agreed whereas French Respondents are split 50/50 on whether to agree or disagree.
61. More than 60% of English Respondents moderately to strongly disagreed that **we are confident that we will be able to manage and control the shared services that we will be receiving**, whereas French Respondents moderately or strongly agreed with this statement at a level close to 60%.
62. More than 60% of English Respondents moderately to strongly agreed that **sharing services among departments will threaten their capacity to be fully accountable for delivering on their accountabilities**, whereas French Respondents moderately or strongly disagreed with this statement at a minor majority level of 52%.
63. 92% of Respondents moderately to strongly agreed (with the latter representing 57% of Respondents) that **sharing services among departments will mean they will have to be precise in what they expect from the organizations that are providing shared services**.
64. Almost two thirds of Respondents moderately to strongly agree that **we should focus more on regional collaboration around shared services and less on national initiatives**. A further look at responses from regional executives shows that more than 80% of them moderately to strongly agree with this statement.

## Capacity and Training

65. Almost 80% of Respondents moderately to strongly agree that **they obtain knowledge and support to understand their financial responsibilities**.
66. Two thirds of Respondents moderately to strongly agree that **they understand cross-government financial initiatives and see their relevance to what they do**.

## *Annex 2*

67. Overall close to 70% of Respondents moderately to strongly agree that **adequate financial management training courses are available to staff in their department**. French Respondents singly agreed even more strongly at an 80% level.
68. Two thirds of French Respondents moderately to strongly agreed that **they receive updated training as changes take place in their financial management responsibilities**, whereas English Respondents are split on whether or not to agree with this statement.
69. 60% of Respondents moderately to strongly disagree that **their department only implements changes in the financial area when staff have been fully equipped to carry them out**. 6% indicated this did not apply to their situation.