



# Innovative Practices

Office of Workplace  
Health and Human  
Resources Modernization

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## **Business Process Design (BPD) – Canada Revenue Agency (CRA)**

In becoming an agency, the CRA core mission of promoting compliance with Canada's tax, trade, and border legislation and contributing to the social and economic well-being of Canadians did not change. However, CRA gained flexibilities in how it operates. Agency-status allows CRA to introduce innovations to improve service delivery, realize efficiencies in internal processes, and pursue more effective partnerships and new business opportunities with the provinces and territories to eliminate duplication. The CRA plays a critical role in promoting the social and economic well-being of people across Canada.

CRA is a diverse, complex, \$3 billion-plus operation employing almost a quarter of the Public Service of Canada. In 2001-2002, CRA processed over 23 million tax returns for individuals and trusts, and another 1.6 million for corporations, collecting over \$300 billion in tax revenue, or about \$1.2 billion on average for every working day. These revenues included over \$40.1 billion on behalf of the provinces, territories, and First Nations. CRA also served over 102 million travellers, and processed 10.8 million commercial releases through over 480 customs service locations. CRA facilitated the interests of thousands of Canadian businesses internationally, and made benefit and credit payments worth over \$11 billion to more than 10.4 million Canadians during the year.

CRA's vision of the future is to be recognized and respected by clients for its integrity, fairness, and innovation in administering high-quality, affordable programs. CRA's progressive stance will encourage new inter-governmental and international partnerships, fostering greater government efficiency and a stronger economic union.

CRA identified issues caused by flawed processes. They fall into four categories: Quality (lack of quality, rework, non-value added steps); Time (delays, too many hand-offs, too many approvals, huge backlogs), Cost (inefficient use of resources) and Responsiveness (unable to respond quickly to change). These factors together contribute to workload issues and employee stress.

In 1994, CRA contracted System House Limited (SHL) for the purposes of re-engineering business processes to address major process issues in each of these four areas. Since that time, a team of CRA employees has worked to build on their experience and develop a public sector-specific approach to business process design. The need for this type of approach was further substantiated by many departments' showings in the workload stress aspects of the Public Service Employee Surveys.

The Canada Revenue Agency strives to provide affordable, timely, accessible, and high quality service to Canadians; to forge relationships with its partners; and to realize operational efficiencies. CRA has embarked on a far-reaching innovation program, which includes BPD, to transform business, keeping pace with changes in technology, business and management practices, government priorities, and Canadians' expectations. To create a dramatic culture shift, while effectively managing the toll that change can take on employees, requires time and an unwavering focus on an organization's ultimate objectives.



Given the nature, size and profile of CRA, there needed to be a formal approach to process improvement implemented in order to effectively change complex processes that affect millions of Canadian individual and corporate tax payers. The lack of a structured approach to process improvement would limit the agency's, or any organization's, ability to address changing requirements of internal and external clients.

Some notable key facts about the BPD project include:

- over 3000 CRA employees have been exposed to the BPD methodology through simulation exercises and presentations;
- more than 30 redesign teams have reviewed different processes and identified improvements in quality, timeliness, cost and responsiveness to change;
- other government departments have participated in CRA-run business simulations to learn about BPD;
- delegations from India and representatives from Poland participated in CRA-run business simulations to learn about BPD;
- information seminars on the methodology were conducted for Treasury Board and other Departments including presentations at the CCMD Armchair series, Canadian Public Sector Quality Association, GTEC, the Institute for International Research and the HRDC Leadership conference;
- CRA BPD facilitators have assisted other government departments by coaching and mentoring employees in the use of the methodology;
- CRA has loaned facilitators to private sector organizations such as the Bank of America and Canada Life.

Results common to all of the projects are: client service delivery models created, standard, simplified procedures developed, mechanisms for continuous development and improvement control techniques created, strengthened partnerships, and system specifications and tools developed to maximize use of automated systems. Pre-implementation pilots are conducted to provide managers with the assurance that new corporate systems or programs under development will work as intended and that appropriate controls are in place to mitigate inherent risks. Findings, conclusions and recommendations are reported to program/line management in various Agency forums.

Specific results include:

#### HRDC Social Insurance Registration

Development of a risk management framework and dramatic increase in system integrity coupled with a reduction in cycle time from 20 days to 1 day. This included policy analysis and development to meet legislative requirements.

#### CRA Pacific Region Tax and GST Audit

Cycle time was reduced by 70%, productivity was increased through a combination of improved reassessment revenues, increased coverage and impact on compliance. Interaction with Appeals and between region and Head Office was enhanced. Created feedback and monitoring mechanisms for the program.

#### CRA Customs Periodic Verification Audit

Savings of over \$90 million were identified. Interaction between regions and Head Office was enhanced. Cycle time by was reduced by 75%, coverage and compliance was improved. Increased productivity with professionalism, integrity, and increased coverage contributed to improved compliance. Created feedback and monitoring mechanisms for the program.



CRA HR Compensation

Produced a strategy for HR compensation to deliver improved services to departmental clients; improved interaction between classification, staffing and compensation. Reduced cycle time by 30% for taken-on-strength actions and created a feedback mechanism to allow continuous improvement for other types of actions.

CRA Southern Region

Reduced cycle time for payment of overtime cheques from eight weeks to one week; provided strategic integrated analysis of the HR recruitment process.

Department of Fisheries and Oceans (DFO)

Trained the DFO Workload Improvement facilitators. Led four process redesign teams (a 50% reduction to workload for ministerial correspondence, a 47% reduction in the time to staff a closed competition that included a doubling of productivity, a 70% reduction in the time it takes to finalize an integrated management plan). Consulted and provided advice to the Deputy Minister and his direct reports, the Commissioner of the Coast Guard and his direct reports as well as the Regional Directors General and their management teams in Halifax, Vancouver and St. John's.

Business process design experts from CRA developed a methodology for use in the Public Sector called Business Process Design (BPD). This methodology was used to mentor and coach employees at HRDC to re-design Social Insurance Processing. These experts also mentored and coached employees at DFO to re-design four DFO business processes. All of the projects achieved their targets of improved costing, reduced cycle times and improved client satisfaction while reducing employee stress. The work done at HRDC was in response to an Auditor General's report; the work done at DFO was in response to the Public Service Employee Survey which identified workload issues.

These CRA BPD experts are currently on secondment to Health Canada to share their expertise and to redesign the executive correspondence and ministerial briefing processes.