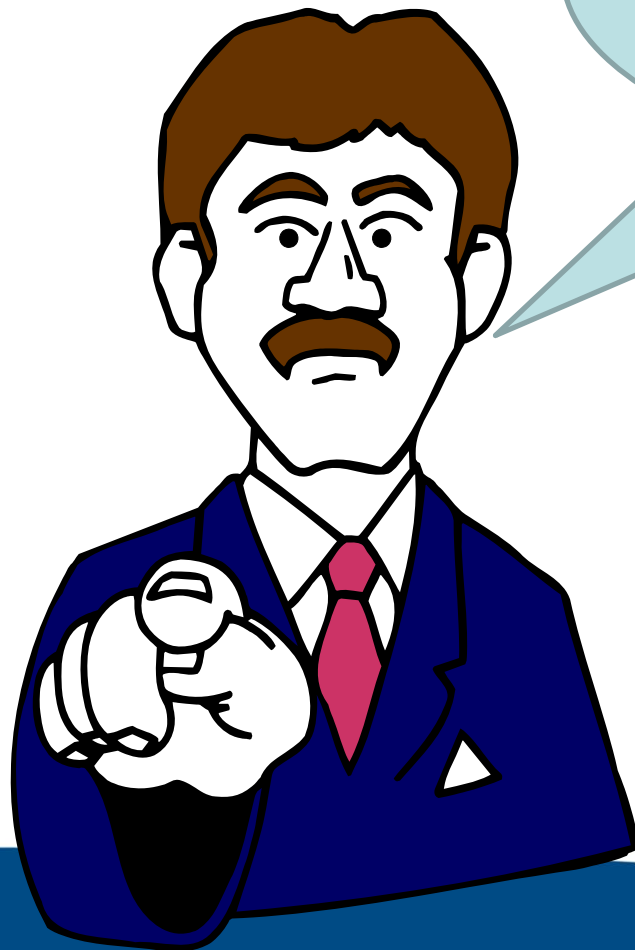


What's New in Ottawa ...

Jean L. Laporte, FCGA

March 2011



Hello. I'm from
Ottawa and I'm here
to help you.

Yeah right ...
Another guy with a nice
suit and a big ego.



Yes, I am from Ottawa and I am an Assistant Deputy Minister, but I am different ...



spade



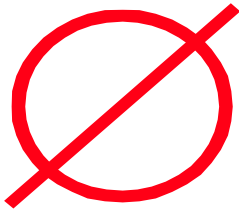
Disclaimer

- This presentation contains both factual information and my personal perspective / opinions on the federal government's current initiatives.
- The opinions expressed are personal and do not necessarily reflect the official views of the Treasury Board Secretariat, my own employer, or any other government agency.

Legend



Successful



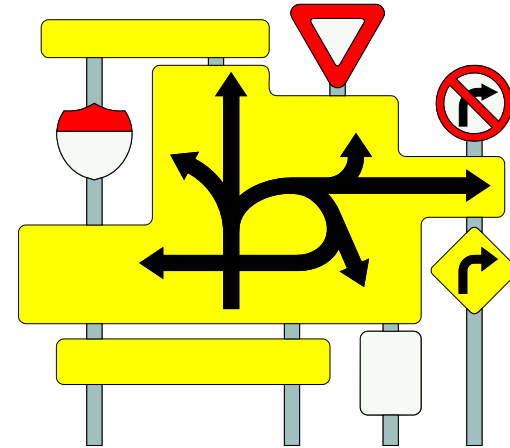
Failed



To be determined

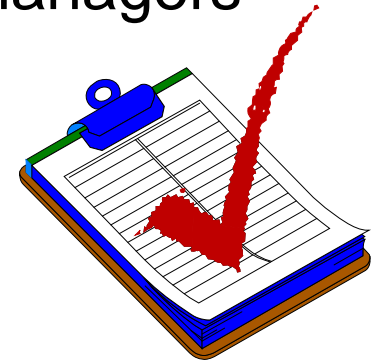
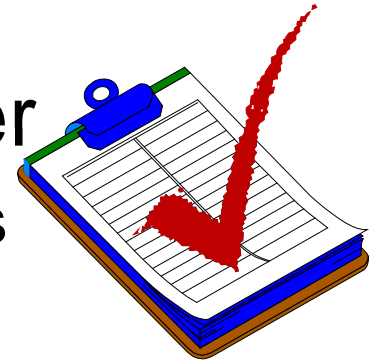
Current Initiatives

- Accountability
- Transparency
- Risk Management
- Internal Controls
- Financial Reporting
- Auditing
- Resource / Budget Management



Accountability

- Deputy Minister = Accounting Officer
 - Appearance at Parliamentary Committees
 - Clearer accountability
 - Deputies better prepared & more informed
 - Cascading effect to ADMs and senior managers
- Delegation of authority
 - Review and tighten delegations



Accountability

- Policy suite renewal
 - Clearly define roles and responsibilities
 - Principles based approach
 - Reduce number of policy instruments
 - » from 100 to 40 instruments (only 5 policies)
 - » some policies have become directives
 - Depts and agencies creating their own policies
 - » Mindset has not changed
 - » Risk aversion



Accountability

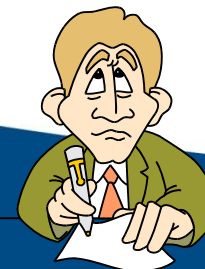
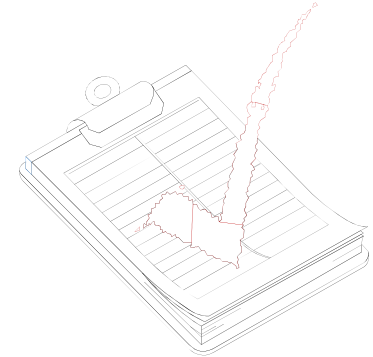
- Chief Financial Officer

- Role

- Financial management and controls
 - Challenge function
 - Strategic advisor
 - Sign offs

- Qualifications

- Education and accounting designation
 - Leadership competencies



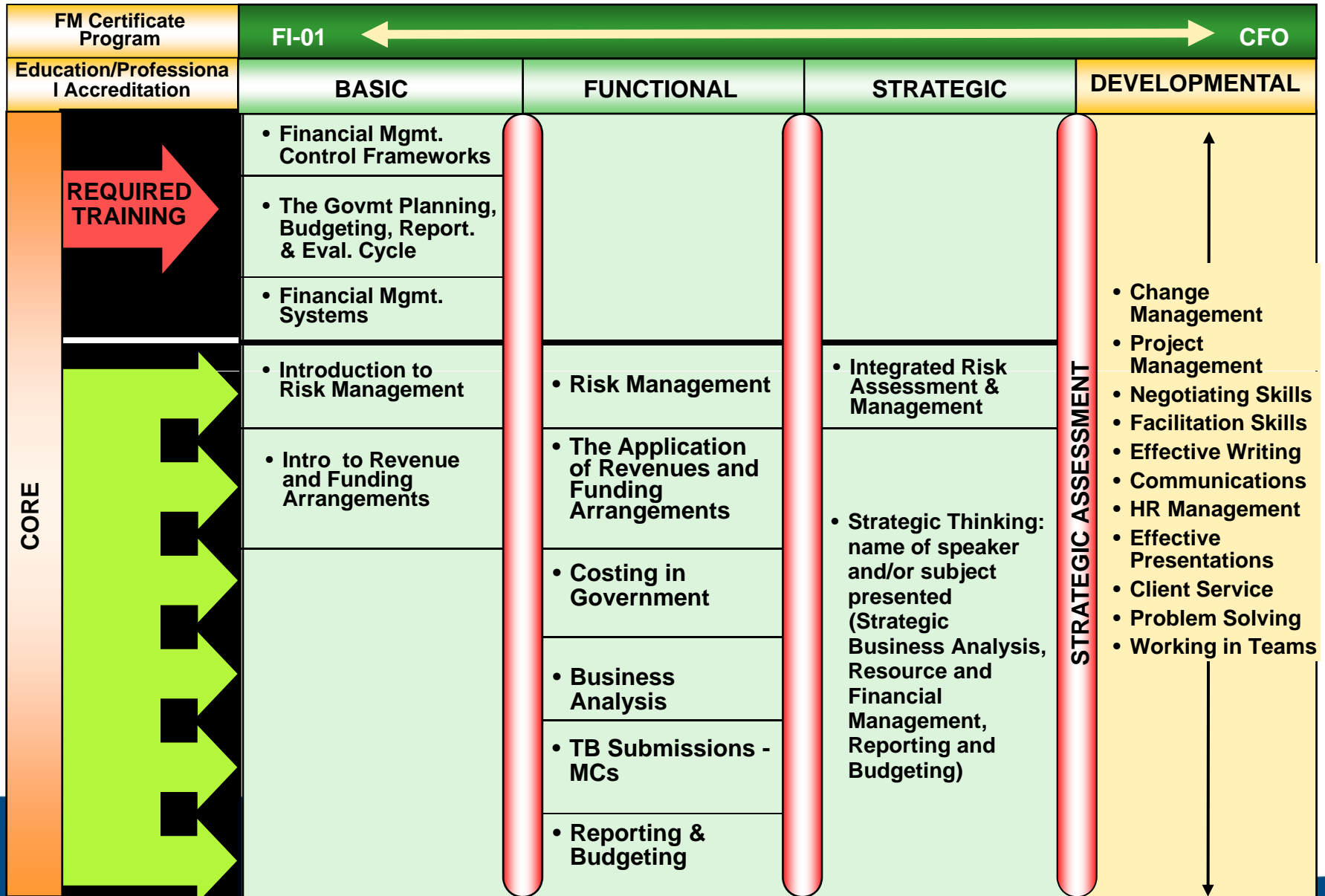
Accountability

- Financial training and education
 - Deputy ministers
 - Financial literacy
 - Program managers
 - Mandatory delegation training and testing
 - Financial officers core curriculum
 - Mandatory and recommended training



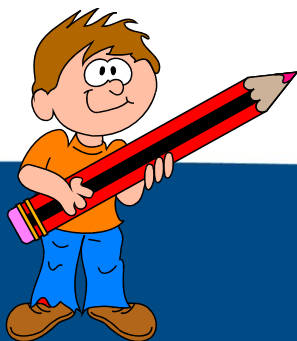
PROFESSIONAL DEVELOPMENT FOR FINANCIAL MANAGEMENT SPECIALISTS

04-24-2009



Accountability

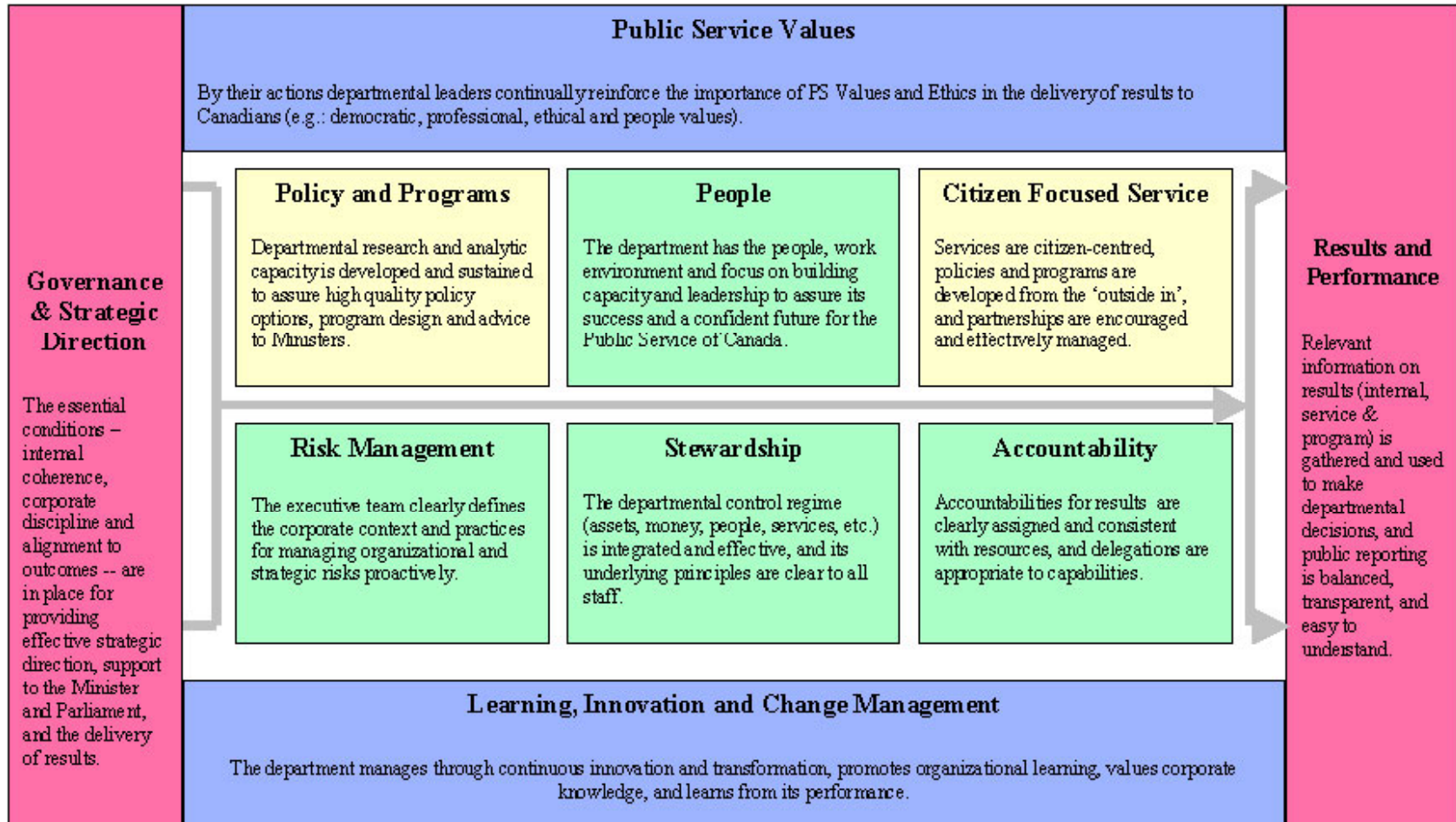
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Accountability

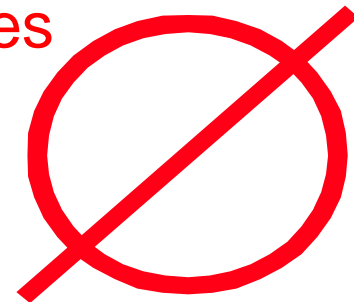
- Management Accountability Framework
 - Regular assessment of management by the Treasury Board Secretariat
 - 10 elements
 - Linked to performance evaluation of deputy minister

Management Accountability Framework



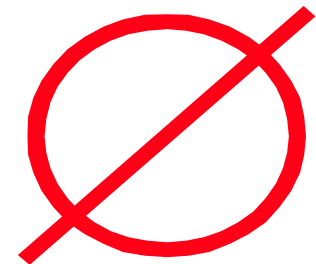
Accountability

- Management Accountability Framework
 - Regular assessment of management by the Treasury Board Secretariat
 - 10 elements
 - Linked to performance evaluation of deputy minister
 - Issues with assessment methodologies
 - Moving targets



Transparency

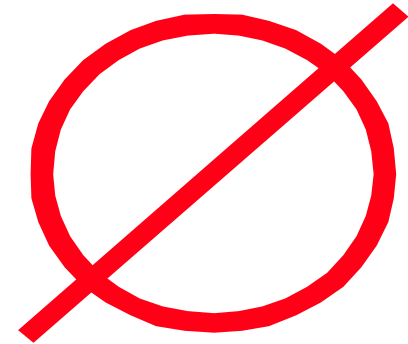
- Parliamentary Questions
 - Written requests for information
 - Hundreds of questions
 - No restrictions
 - Fishing expeditions



Transparency

- Proactive disclosure

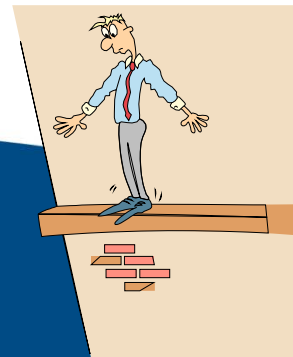
- Travel and hospitality for senior executives
- Grants and contributions
- Contracts over \$10,000
- Internal audit reports
- Position reclassifications
- Wrongdoing



– Has not reduced requests for information or had any significant impact on business processes

Risk Management

- Integrated risk management
 - Identification and assessment of risks
 - Risk mitigation strategies
 - On-going monitoring of risks
 - Consideration of risks in management planning and decisions
- Challenges
 - Seeing the big picture
 - Risk ownership



Internal Controls

- New Policy on Internal Controls
- Annual Statement of Management Responsibility Including Internal Control Over Financial Reporting
 - Attestation by Deputy Minister and CFO
 - Internal controls assessed and operating
 - Identify gaps / weaknesses
 - Describe action plan to address gaps
 - Submit to Treasury Board Secretariat



Internal Controls

- Issues
 - Policies are one size fits all & not risk based
 - Over reliance on automated systems controls
 - Inadequate documentation
 - Staff turnover – knowledge transfer
 - Reluctance to disclose gaps
 - Small agencies limitations
 - Huge initial effort



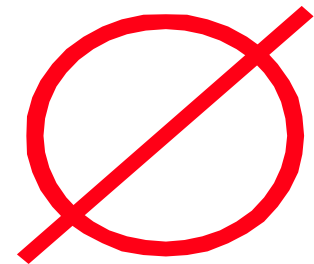
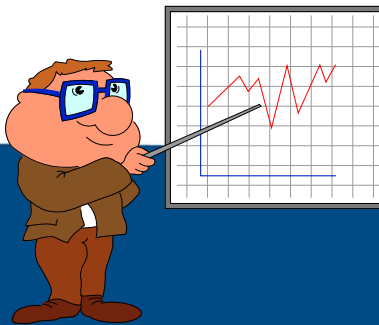
Financial Reporting

- Audited financial statements
 - Brings visibility to assets and liabilities
 - Opening balances
 - Significant effort to record all accruals
 - Undergoing the external audit
 - Only for selected depts and agencies
 - Others = auditable financial statements



Financial Reporting

- Period 9 financial forecasts
 - Estimate year-end position (lapses)
 - Help Dept of Finance forecast government's financial position
 - Reliability and accuracy of forecasts
 - Need to explain significant variances
 - Hidden agenda ?

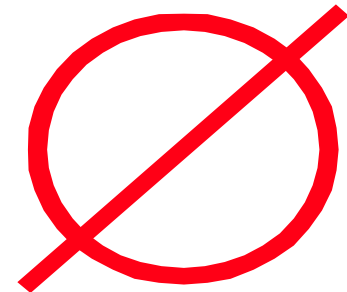


Financial Reporting

- Quarterly financial statements
 - Show spending against approved appropriations
 - Provide more timely info to Parliamentarians
 - Includes:
 - Revenues and expenses (cash basis)
 - Comparative data
 - Management discussion
 - » Operating context
 - » Risk assessment
 - » Explanation of variances

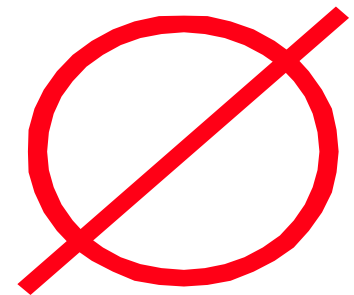
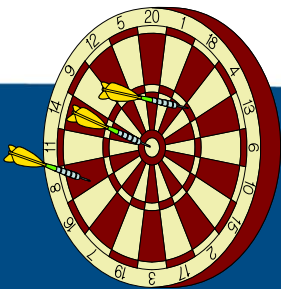
Financial Reporting

- Quarterly financial statements
 - Cash basis vs accrual basis
 - Will this info really be used by anyone?
 - Role of Parliament vs Ministers / Deputy Ministers
 - Level of effort



Financial Reporting

- Future oriented financial statements
 - Future year forecasts
 - Based upon Main Estimates
 - **Not realistic / misleading**
 - **Too many known changes not disclosed because they are not yet approved or cannot be accurately calculated**
 - **Unpredictable political decisions**



Auditing

- Departmental audit committees
 - External members
 - Independent advice to deputy minister
- International standards on auditing (ISA)
 - Timing of financial statements and audit work
 - Documentation requirements
 - Changes to audit report



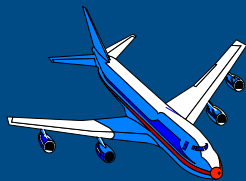
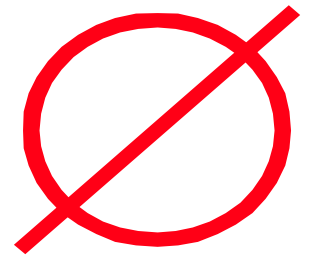
Resource / Budget Management

- Expenditure Restraint Act - 2009
 - Salary increases limited to 2.0%, 1.5% and 1.5% for next 3 years
 - **Predictability**



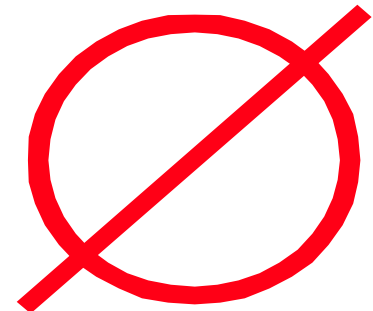
Resource / Budget Management

- Spending cap on travel, conferences and hospitality
 - Budget frozen for 3 years at 2008-2009 expenditure level
 - Rigid approval process for exceptions to exceed cap – TB Ministers
 - New directive to increase scrutiny
 - Does not consider operational requirements
 - Important activities curtailed unnecessarily
 - Year-end spending increases



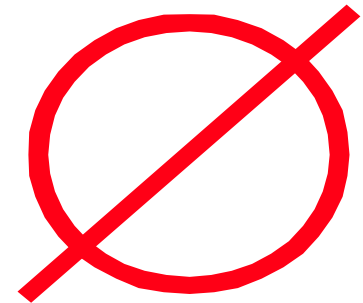
Resource / Budget Management

- Operating budgets frozen for 3 years at 2009-2010 level
 - Must absorb salary increases internally
 - Salary costs unknown for 2011-2012 and 2012-2013
 - Difficult to budget / plan
 - Significant impact on programs
 - Salaries = biggest part of budget
 - Cumulative impact



Resource / Budget Management

- Strategic reviews
 - Review all departments over 4 year cycle
 - Identify 5% lowest priority spending for reallocation
 - No longer can propose internal reallocation
 - Expected savings not fully realized
 - No significant program changes
 - Tough political decisions not made
 - No incentive for managers



Resource / Budget Management

- Corporate administrative services review
 - Reduce costs and improve efficiency of internal services (i.e. HR, Finance, Admin, IT)
 - Results to be communicated in Budget 2011
 - Will likely propose centralization of certain administrative functions into common services organization
 - Has been studied and discussed for years and no major changes have been implemented
 - Lack of leadership



Resource / Budget Management

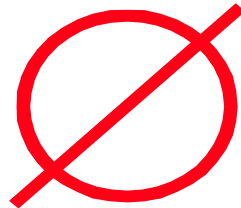
- Investment Plans & Project management
 - Multi-year plans
 - Capital assets, major projects, acquired services
 - Basis for approval of project authority delegation
 - Capacity and risk based model
 - Better planning = higher delegation
 - Has good potential



Scorecard



Successful = 7



Failed = 9



To be determined = 6

Conclusion



Canada 