

Financial Management Institute Workshop

Presenting Financial Information to Senior Government Officials

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Introduction

Workshop Objectives

- **Context for Briefing Ministers/Senior Officials**
- **General Information on Briefing**
- **Special Needs in Technical Briefings**
- **Tips and Techniques**

Workshop Schedule

1. Context
2. General Rules for Briefing
3. Break
4. Keeping it Interesting
5. Techniques for Presentations
6. Wrap Up

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Context

Ministerial Responsibility

“ Ministerial responsibility is the hinge of the constitution.”

- *David Smith*

Ministerial Responsibility

- The doctrine of “Ministerial Responsibility” or “Ministerial Accountability” is the central tenet of the Westminster Model.
- The traditional conceptual definition, the role of the Minister and, by extension, the role of the public service, is very well defined.

Authority, Responsibility and Accountability

“The public’s logic is clear, accountability is meant to promote democratic control, compliance and continuous improvement in the use of public authority and resources. Accountability is central to representative democracy”

- *Aucoin and Jarvis*

Authority, Responsibility and Accountability

Individual Ministers have specific executive authorities and responsibilities assigned by statute.

Three key roles.

The Doctrine of Ministerial Responsibility

- Minister is not allowed to delegate her/his accountability.
- If something goes wrong, a Minister must:
 1. Provide a description/explanation;
 2. Indicate what action will be taken; and,
 3. Justify or defend corrective action.

Delegation of Authority to Officials

- **Ministers delegate their authority to their officials, explicitly or implicitly, and officials act on behalf of their Ministers.**
- **Includes supporting Minister's accountability to Parliament, and providing factual information concerning the conduct of departmental business.**

The Doctrine Described

“They are not to provide a defense or justification of government, programs or ministerial actions. In other words, they are to answer but not to give and ‘account’ because they do not possess authority on their own; they are the agents of their ministers.”

- *Aucoin and Jarvis*

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General Rules for Briefing

Understand Your Ministry/Agency

- **Legislation**
- **Mandate**
- **Your role**
- **Know and respect the roles of Others**

Understand Your Audience

- **Minister**
- **Deputy Minister**
- **Program Head**

Listen and Observe

- Learning styles
- Ensure they “get it”

Time Pressures on Senior Officials

- **Know the time allotment**
- **Know the real time available**
- **Check with support staff.**

Let Them Set Priorities

- **Let the boss set the schedule**
- **Be aware of the implications of rushed briefings**
- **Insert only high priority items**

Other Tips

- **Keep it brief**
- **Focus on main (big) issues**

Know Your Stuff

- Rehearse
- Anticipate Questions

Handling Questions

- Don't fake it
- “I'll get back to you”

Be Flexible

- In time requirement
- In subject focus

Your Unique Role

- Describe
- Be proactive

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Briefing on Financial Issues

Keep it Simple

- **Even those trained in finances may not have the time to decipher complex tables.**
- **Technical terms requiring specialized knowledge do not help your seniors communicate with others.**

Focus on Big or Important Issues

- **Managers may have to limit their attention to one or two issues on each file.**
- **Managers may have to limit their involvement to the items that require “their attention”, leaving other matters to you.**

Prepare Options for Problems

- “Don’t bring me problems – bring me solutions”
- Briefing sessions are not the time for “brainstorming”.
- Show your preparedness to take necessary action as directed.

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Keeping it Interesting

Power Point or Paper

- Small groups versus large
- Tips still apply
- Paper – indicate where you are.

Keeping it Interesting

- Individuals have different ways of taking in information.
- Variety helps to break monotony and add interest
- Simple rules may help

Rule of Three

- People can only process so much information at once.
- Limit points to related items
- Try to limit the number to 2 to 4.

Layer Presentations

- Start with the big picture (forest)
- Add level of detail (trees)
- If necessary, proceed to fine detail (branches and twigs)

Advantages of Layering

- Allows senior to set the pace and determine the priorities
- Sets the context for detailed information
- Shows how pieces fit into a larger view

Example of Layering

- **Section 1: Overall Financial Situation – Bottom Lines**
- **Section 2: Overview of Revenue, Expense, Assets and Liabilities**
- **Section 3: Detailed Analysis of Revenue, Expense, Assets and Liabilities**

Layering

Layer 1

**Surplus/
Deficit**

**Debt/Accumulated
Deficit**

Layer 2

Revenue

Expense

Assets

Liabilities

Layer 3

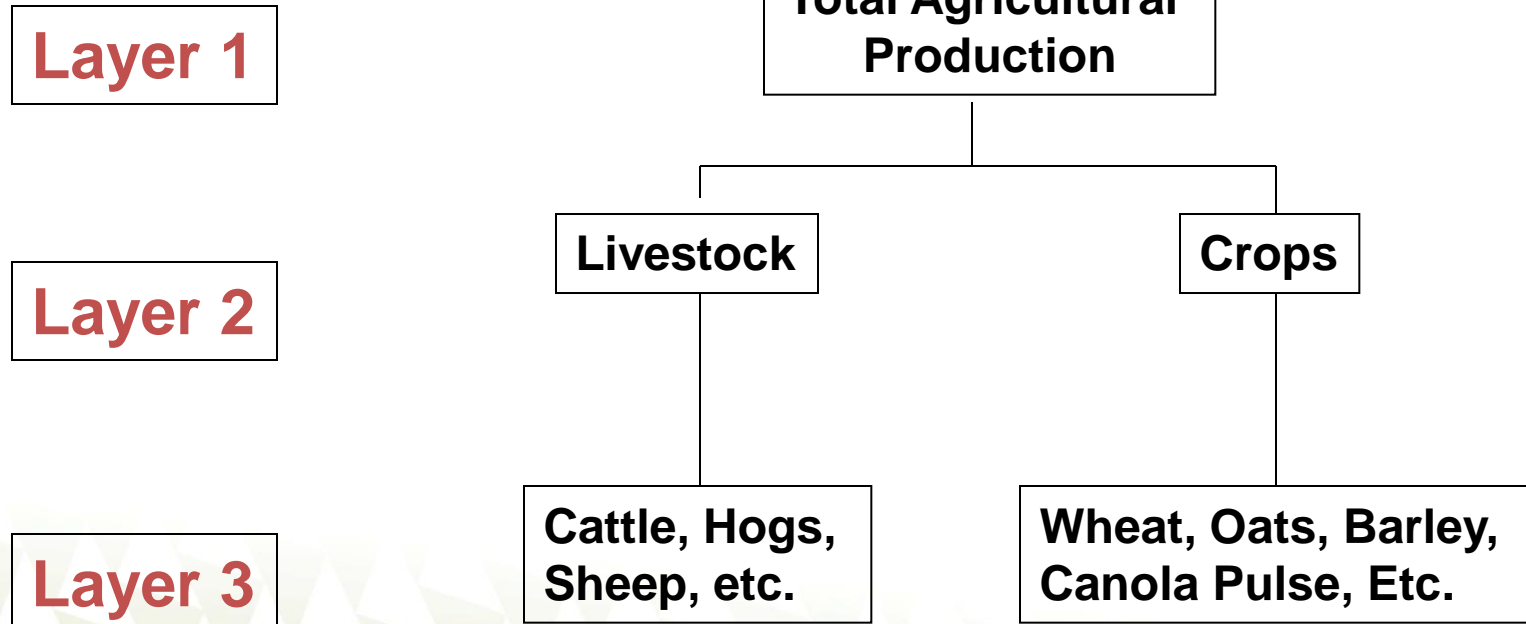
**Revenue by
Code/Source**

**Expense by
Code/Agency**

**Assets by
Category**

**Liabilities
by Type**

Layering



Mix Presentation Styles

- Three types of people:
 - Verbal people
 - Number people
 - Visual people
- Mixing styles help reach all three and keeps interest

Keep it Simple

- Use clear but concise language/tables
- Use lots of white space
- Focus on the main points

Verbal Material

While lengthy and complex sentence structures and paragraphing are expected standards and encouraged in academic literature, in the context of most business applications and, especially, in the process of briefing senior officials, such structural constructs may be of limited practical application. Less verbosity, complexity, repetition and potential redundancies result in uncertainty and obfuscation of the critical information originally intended to be conveyed, thereby reducing the effectiveness of the briefing effort and, potentially, alienating the very audience with which one is initially intending to communicate to the point that continued interest on the part of that audience may be difficult to re-establish or, indeed, to maintain at any level.

Use Bullets

Bullets help to:

- **keep it simple;**
- **keep it concise; and,**
- **organize several related points.**

Using Numbers

- **Keep tables simple and clean**
- **Use round numbers in tables and text**
- **Avoid mixing number formats (dollars, percentages, growth rates, etc.)**

Clean Tables

Consolidated Financial Statements Statement of Operations, 2008-09 and 2009-10 (Millions of Dollars)

	2008-09 Actual	2009-10 Actual	Change from 2008-09
Revenue	\$39,325	\$39,410	\$85
Expense	\$40,256	\$39,886	-\$370
Deficit	-\$931	-\$476	\$455

Visual Presentations

- A picture says a thousand words
- Keep graphs simple
- Label clearly

Bar charts

Consolidated Financial Statements,
Revenue, 2008-09 and 2009-10

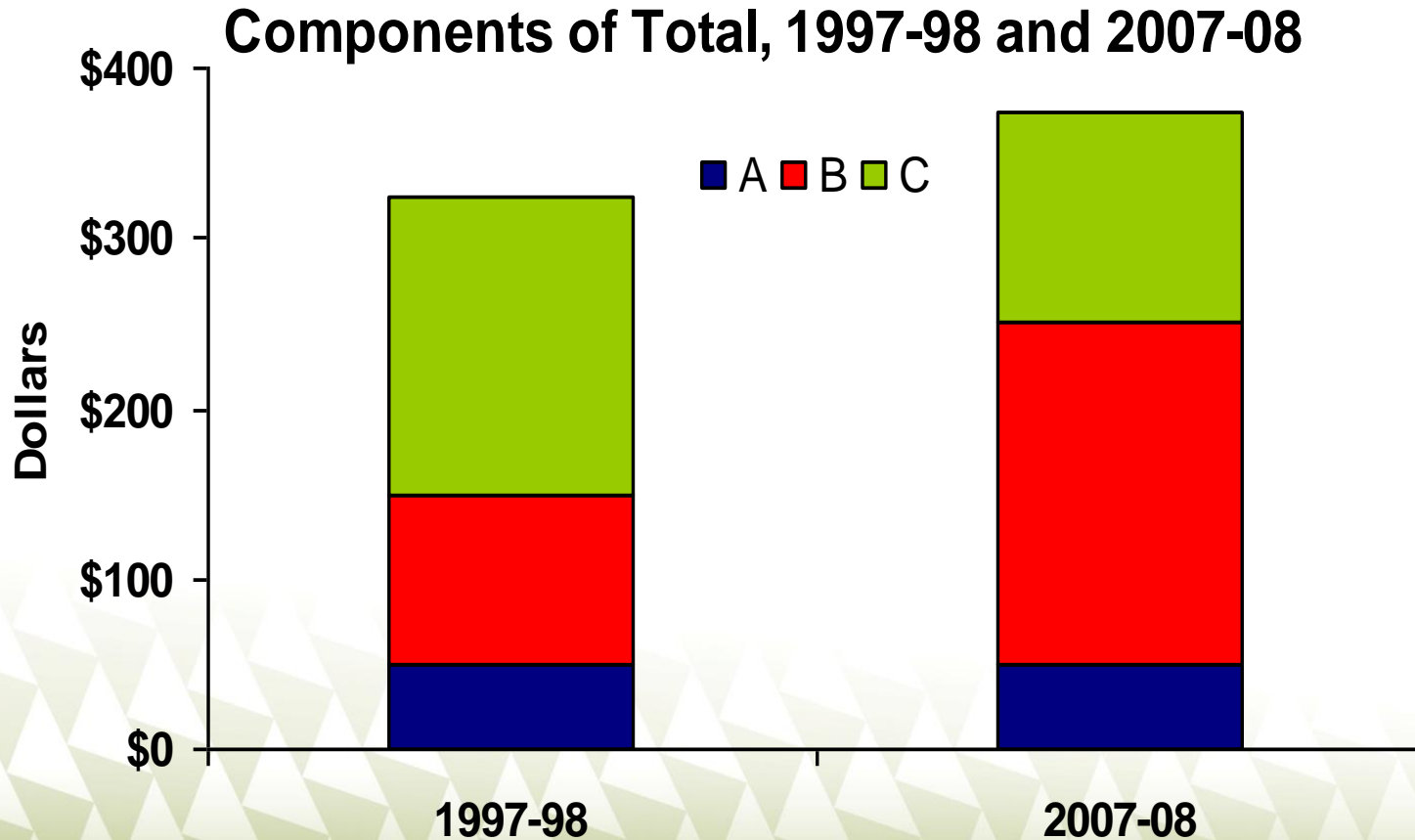


Clustered Bar Charts

Consolidated Financial Statements,
Revenue and Expense, 2008-09 and 2009-10

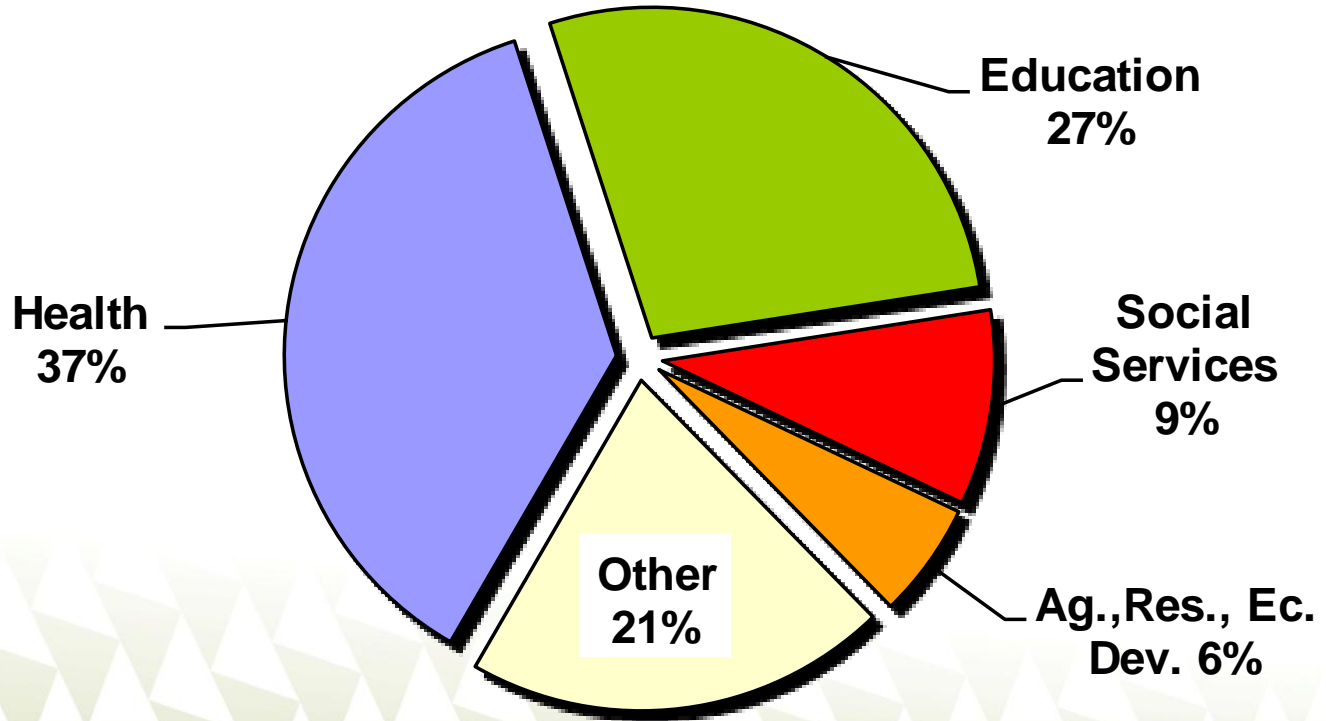


Stacked Bars



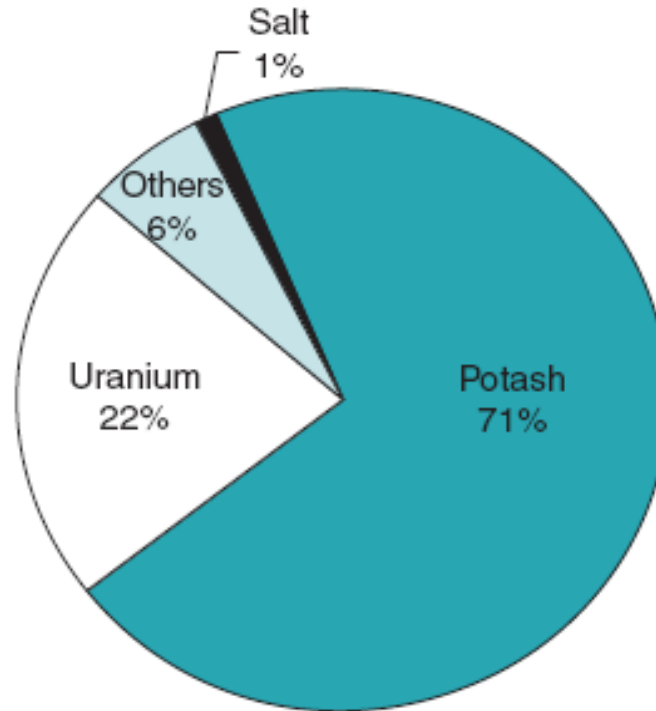
Pie Charts

Alberta Operating Expense, 2009-10



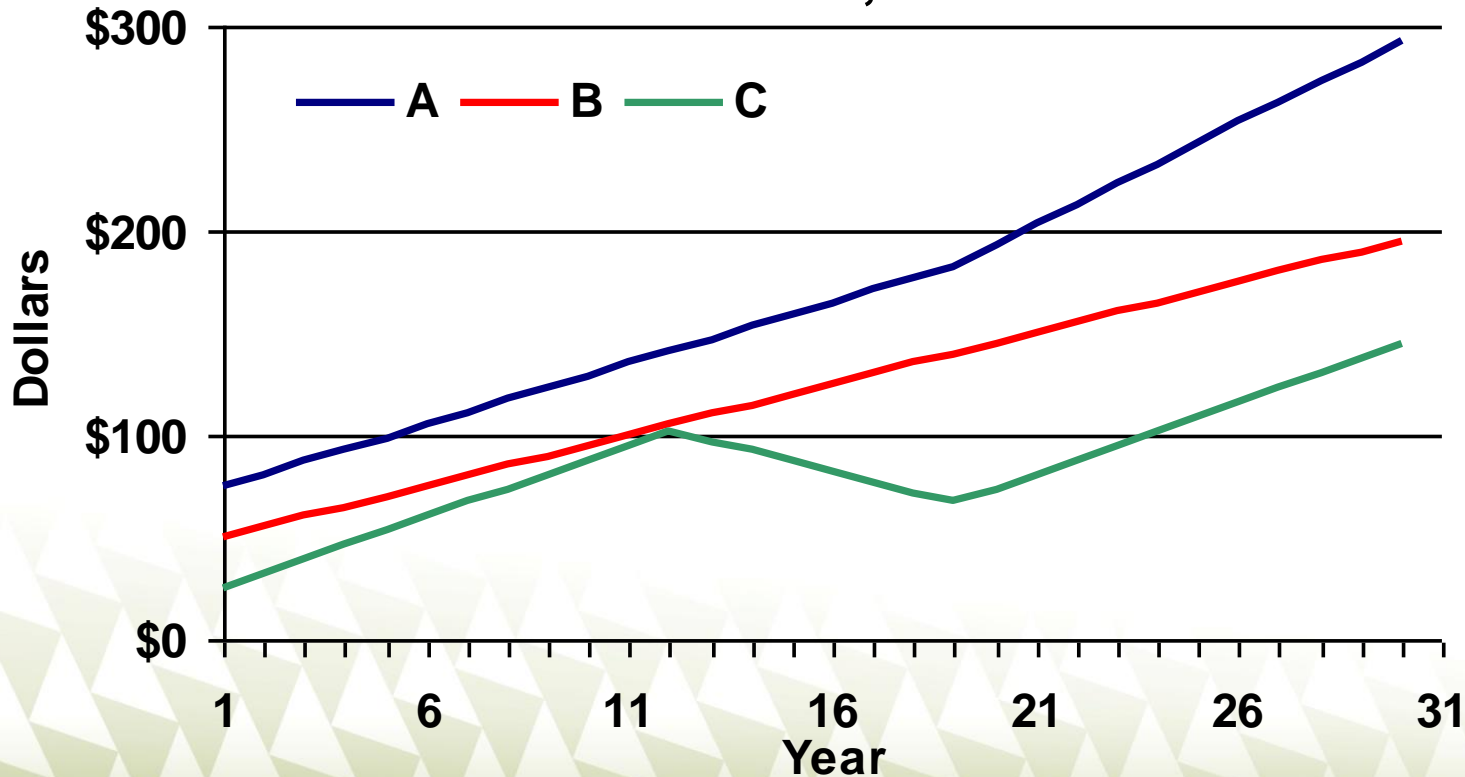
Pie Charts

2006-07 Value of Mineral Sales – \$3.4 Billion



Line Graphs

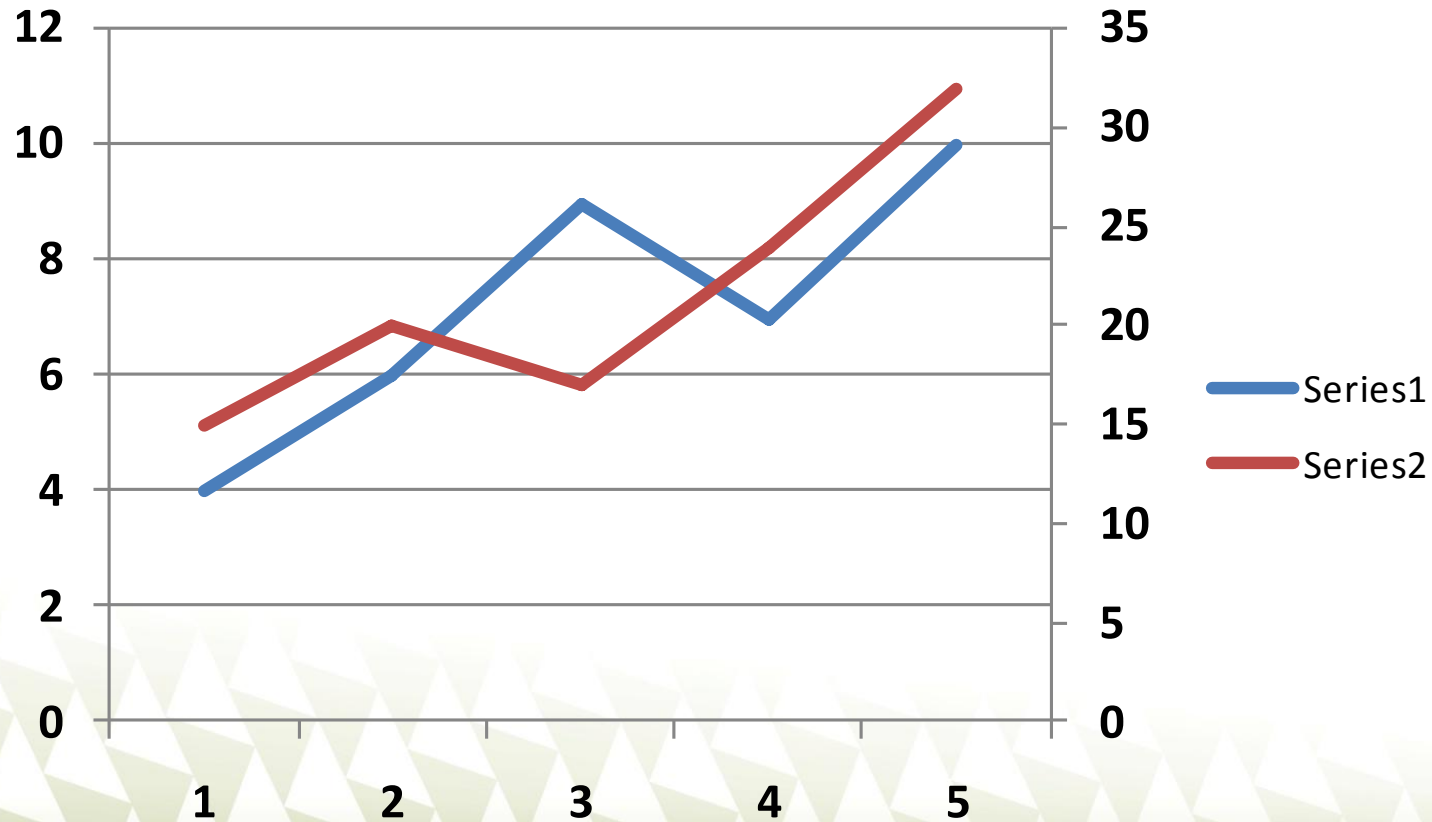
Historical Prices of A, B and C in dollars



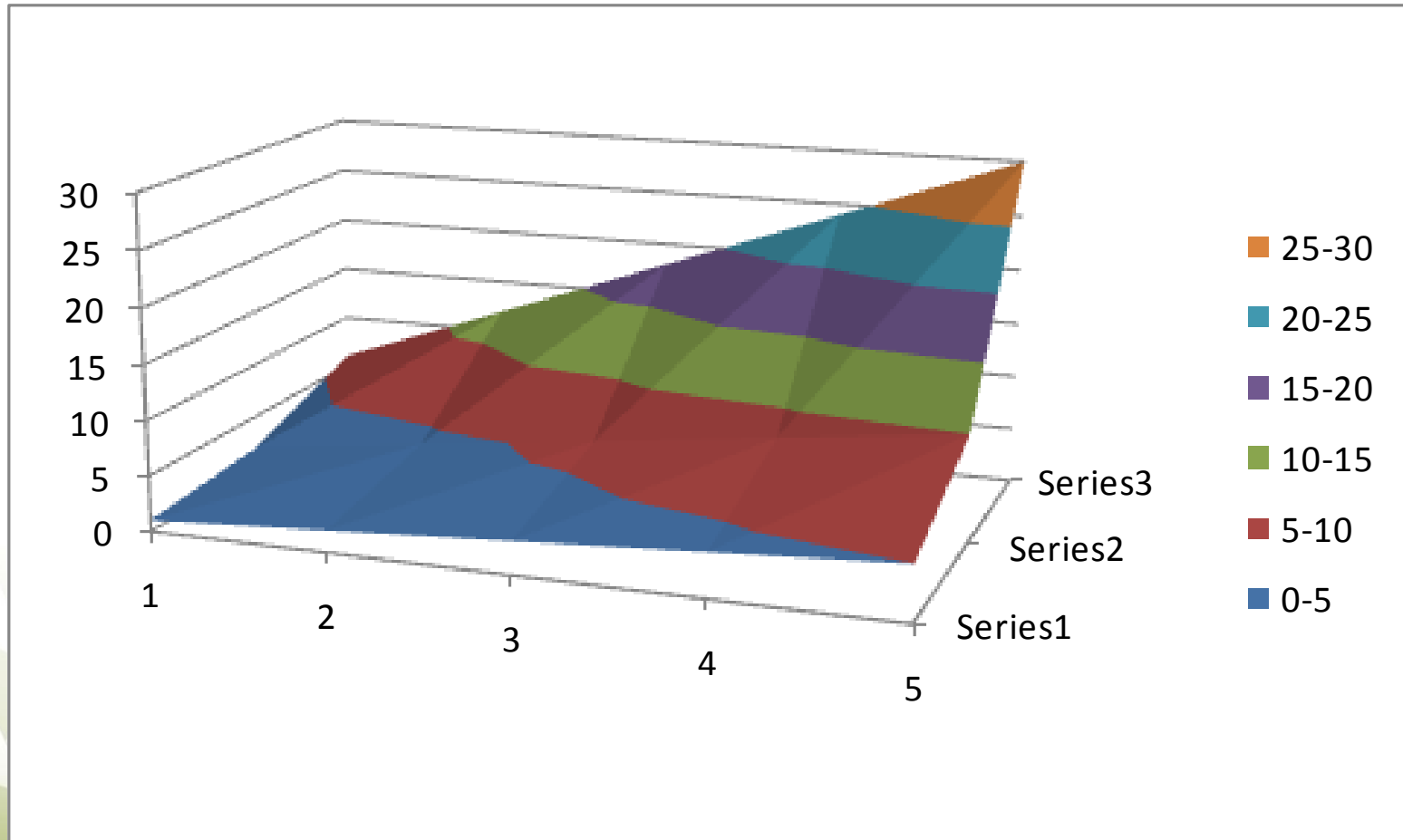
Graphs to Avoid

- **Dual Axes charts**
- **Multi-dimensional charts**
- **Too many data categories**

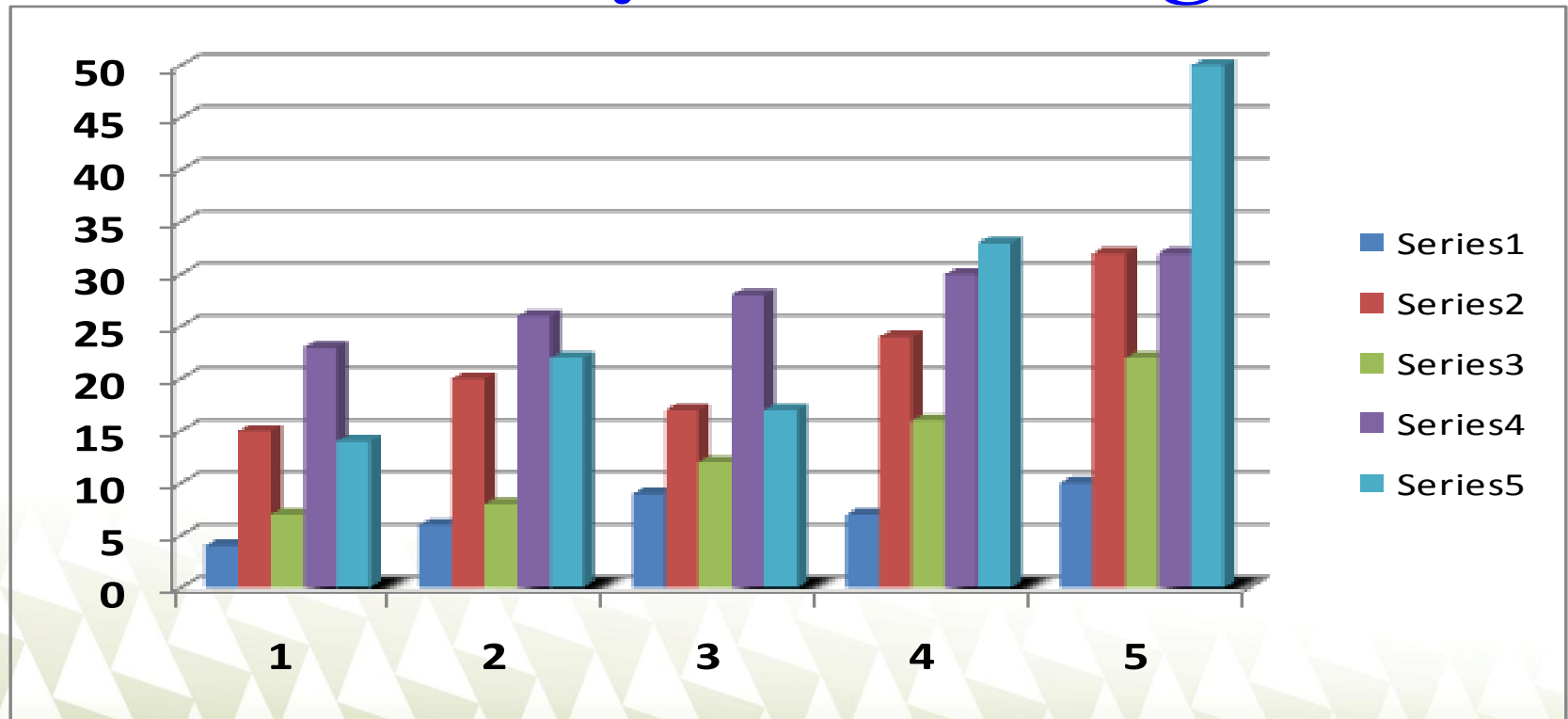
Dual Axes Graphs



Multi-dimensional Graphs



Too Many Data Categories



Summary

- **Do not assume deep understanding from your audience**
- **Layer presentation focussing on main points in each layer**
- **Mix verbal, visual and numeric approaches**

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Applied Techniques



Freedom To Create. Spirit To Achieve.

Consolidated Financial Statements

of the Government of Alberta

Annual Report
2009–2010

Consolidated Statements of Financial Position

As at March 31

	2010	2009
	<i>In millions</i>	
Financial assets		
Cash and temporary investments (Schedule 5)	\$ 10,765	\$ 13,888
Accounts and accrued interest receivable	4,962	4,311
Portfolio investments (Note 13 and Schedule 6)	35,296	34,560
Equity in commercial enterprises (Schedule 7)	2,416	2,317
Loans and advances (Schedule 8)	8,893	7,470
Inventories for resale	66	44
	<u>62,398</u>	<u>62,590</u>
Liabilities		
Accounts and accrued interest payable	10,102	9,785
Unmatured debt (Note 6 and Schedule 9)	4,779	2,064
Debt of Alberta Capital Finance Authority (Schedule 10)	8,100	6,812
Pension liabilities (Schedule 11)	9,481	10,239
Other accrued liabilities (Schedule 12)	1,194	1,109
Liabilities under public private partnerships (Note 7)	1,425	880
	<u>35,081</u>	<u>30,889</u>
	<u>27,317</u>	<u>31,701</u>
Net financial assets		
	<u>33,944</u>	<u>30,031</u>
Non-financial assets		
Tangible capital assets (Schedule 13)	152	139
Inventories of supplies	121	105
Prepaid expenses	34,217	30,275
	<u>\$ 61,534</u>	<u>\$ 61,976</u>

Net assets

Contractual obligations and contingent liabilities (Notes 8 and 9)

Endowment funds (Note 13)

The accompanying notes and schedules are part of these consolidated financial statements.

Consolidated Statements of Operations

Year Ended March 31

	2010	2009
	<i>In millions</i>	
Revenues (Schedule 1)		
Income taxes	\$ 12,631	\$ 12,960
Other taxes	3,746	3,817
Non-renewable resource revenue	6,768	11,915
Transfers from Government of Canada	5,342	4,578
Net income from commercial operations (Schedule 7)	2,259	2,211
Net investment income (loss) (Note 12)	3,541	(1,888)
Premiums, fees and licences	1,914	2,603
Other	3,209	3,129
	39,410	39,325
Expenses by function (Schedules 2 and 3)		
Health	14,636	13,674
Education	10,967	10,438
Social services	3,807	3,417
Transportation, communications and utilities	2,306	2,436
Agriculture, resource management and economic development	2,247	2,287
Protection of persons and property	1,458	1,412
Regional planning and development	800	1,005
Recreation and culture	398	620
Housing	559	677
Environment	369	414
General government	1,697	1,535
Debt servicing costs	214	208
Pension provisions (Schedules 4 and 11)	428	2,133
	39,886	40,256
Annual deficit	(476)	(931)
Net assets at beginning of year (Note 1(b))	61,976	63,005
Other (Note 14)	34	(98)
Net assets at end of year	\$ 61,534	\$ 61,976

The accompanying notes and schedules are part of these consolidated financial statements.

Consolidated Statements of Change in Net Financial Assets

Year Ended March 31

	2010	2009
	<i>In millions</i>	
Annual deficit	\$ (476)	\$ (931)
Acquisition of tangible capital assets and inventories of supplies	(5,579)	(4,812)
Public private partnership and donated capital	(654)	(340)
Amortization of tangible capital assets and consumption of inventories of supplies	2,290	2,128
Net gain on disposal and write-down of tangible capital assets	(33)	(4)
Proceeds on sale of tangible capital assets	72	32
Increase in prepaid expenses	(16)	
Accumulated unrealized (losses) gains (Schedule 7)	(77)	86
Increase in endowments (Note 13)	102	22
Consolidation adjustments relating to SUCH sector	(37)	(50)
Other	24	(139)
Decrease in net financial assets	(4,384)	(4,008)
Net financial assets at beginning of year	31,701	35,166
Changes to opening net financial assets due to SUCH sector		543
Net financial assets at end of year	\$ 27,317	\$ 31,701

The accompanying notes and schedules are part of these consolidated financial statements.

Consolidated Statements of Cash Flows

Year Ended March 31

	2010	2009
	<i>In millions</i>	
Operating transactions		
Annual deficit	\$ (476)	\$ (931)
Non-cash items	2,336	4,143
	1,860	3,212
(Increase) decrease in receivables	(667)	1,316
Increase in payables	316	319
Other	(65)	(103)
Cash provided by operating transactions	1,444	4,744
Capital transactions		
Acquisition of tangible capital assets and inventories of supplies	(5,579)	(4,812)
Proceeds on sale of tangible capital assets	72	32
Cash applied to capital transactions	(5,507)	(4,780)
Investing transactions		
Purchase of portfolio investments	(27,305)	(15,547)
Disposals of portfolio investments	26,819	19,605
Loans and advances made	(4,282)	(3,990)
Repayment of loans and advances	2,682	2,645
Cash (applied to) provided by investing transactions	(2,086)	2,713
Financing transactions		
Debt retirement	(10,635)	(10,200)
Debt issues	14,801	10,964
Repayment of Teachers' Pension Plan Obligation	(1,186)	-
Repayment of liabilities under capital leases and public private partnerships	(11)	(11)
Other	57	165
Cash provided by financing transactions	3,026	918
(Decrease) increase in cash and temporary investments	(3,123)	3,595
Cash and temporary investments at beginning of year	13,888	10,293
Cash and temporary investments at end of year	\$ 10,765	\$ 13,888

The accompanying notes and schedules are part of these consolidated financial statements.

Alberta Financial Statements, 2009-10

Compared to last year:

- the net assets are down \$442 million;
- Liabilities are up \$4.2 billion;
- the operating deficit is down \$455 million;
- revenue is up \$85 million; and,
- expense is down \$367 million.

Alberta Financial Position

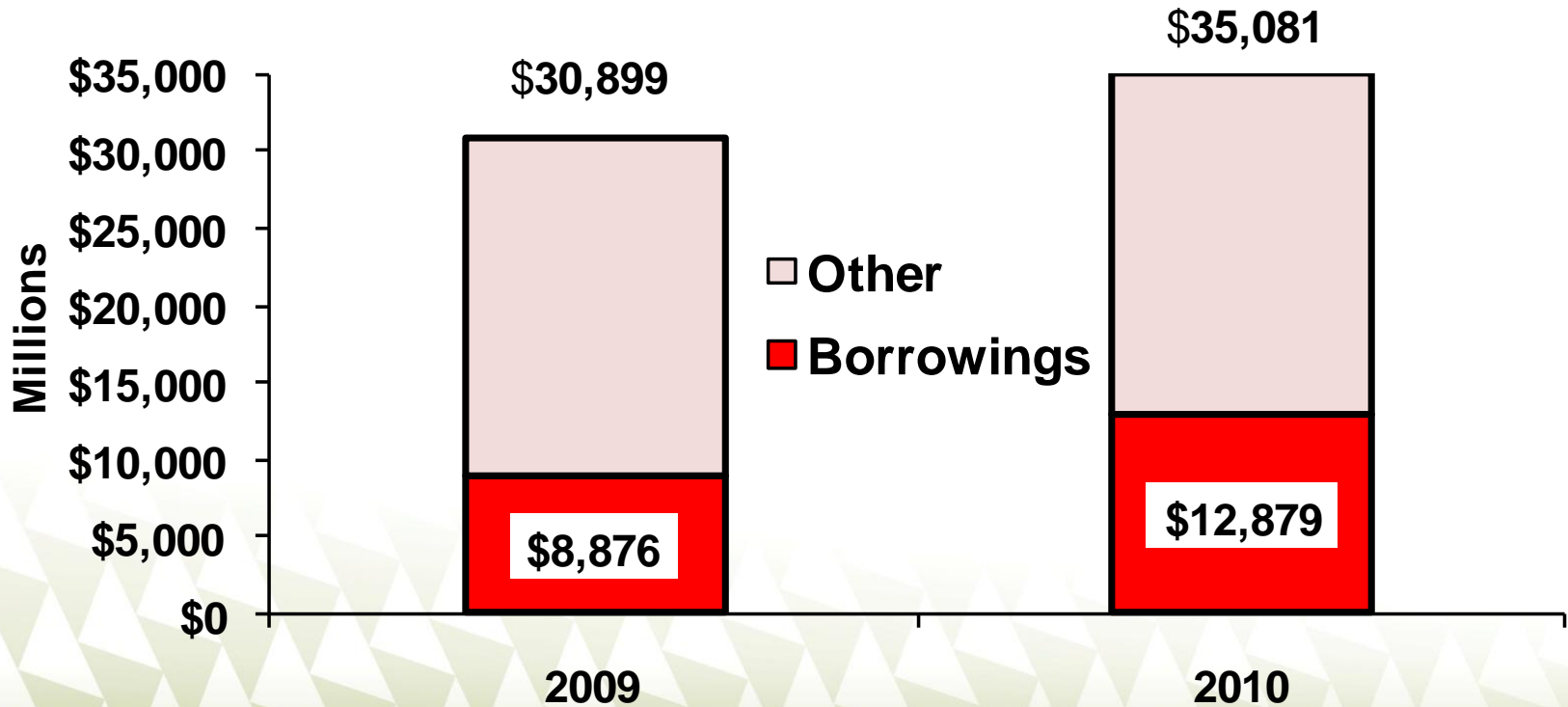
Consolidated Financial Statements Statement of Financial Position

at March 31, 2009 and 2010
(Millions of Dollars)

	2008-09 Actual	2009-10 Actual	Change from 2008-09
Assets	\$92,865	\$96,615	\$3,750
Liabilities	\$30,899	\$35,081	\$4,182
Net Assets	\$61,966	\$61,534	-\$432

Alberta Liabilities

Comparison of Liabilities, 2009 and 2010



Operations Highlights

Compared to last year:

- Operating deficit is down \$455 million;
- Revenue is up \$85 million; and
- Operating expense is down \$370 million.

Revenue and Expense

Consolidated Financial Statements

Statement of Operations, 2008-09 and 2009-10

(Millions of Dollars)

	2008-09 Actual	2009-10 Actual	Change from 2008-09
Revenue	\$39,325	\$39,410	\$85
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Revenue and Expense

Consolidated Financial Statements, Revenue and Expense, 2008-09 and 2009-10



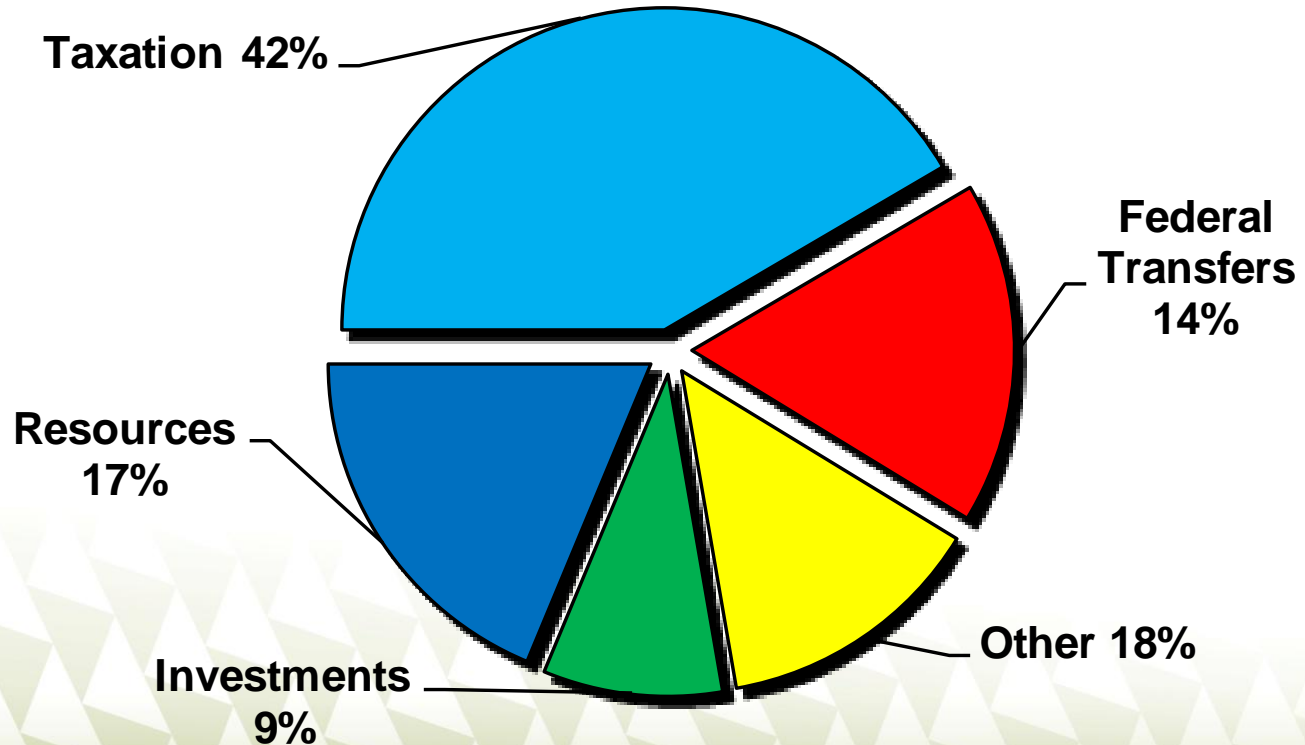
Revenue Growth

Revenue is up \$85 million over last year:

- **Investment income up \$5,429 million;**
- **Federal transfers up \$764 million;**
- **Resource revenue down \$5,147million, and;**
- **Other Revenue down \$961million.**

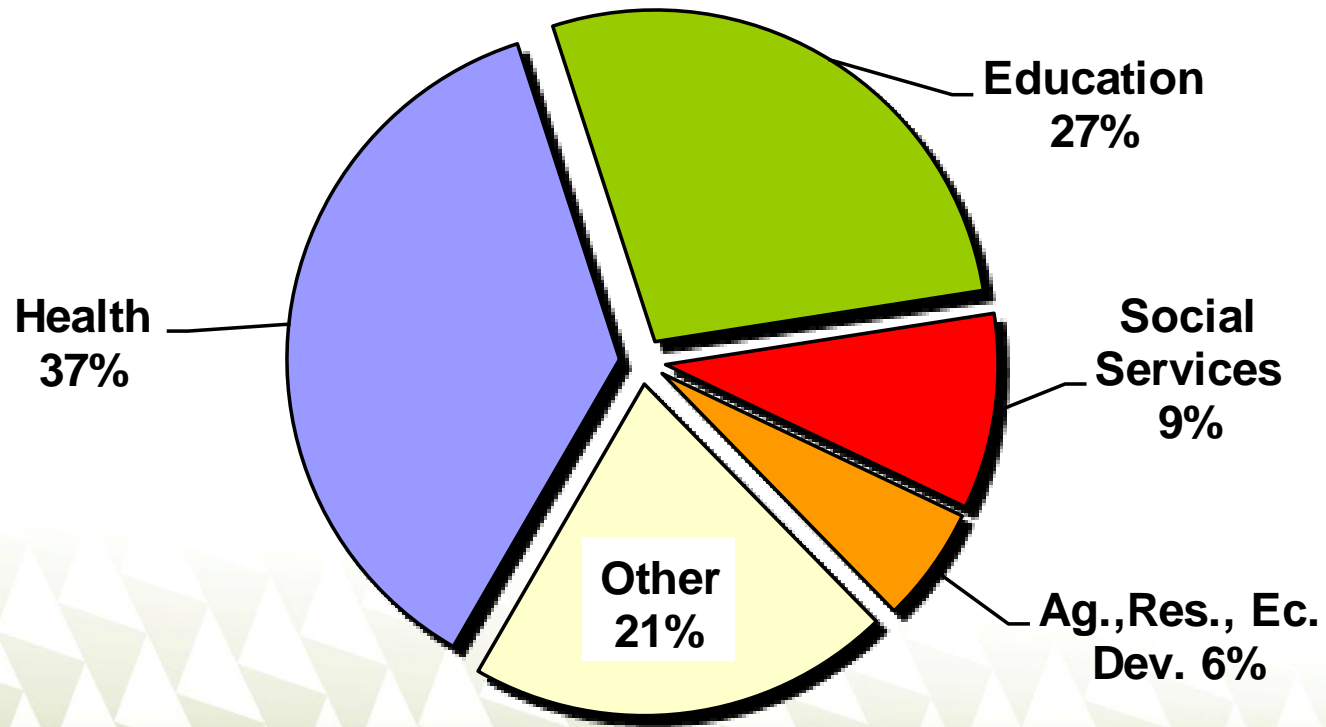
2009-10 Revenue Composition

Alberta Revenue, 2009-10



2009-10 Operating Expense

Alberta Operating Expense, 2009-10



Overview of Statements

Revenue is up slightly and spending is down significantly, leading to a smaller deficit.

Liabilities are up \$4.2 billion mainly due to increased borrowings of \$4.0 billion and deficit of \$0.5 billion.

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Summary and Overview

Overview

In this session we have discussed:

- **the context for briefings**
- **general rules for briefing senior officials;**
- **briefing on financial issues;**
- **keeping briefings interesting; and,**
- **specific applications of techniques.**

Context

- **Ministerial accountability**
- **Legislated responsibility**
- **Role of officials**

General Rules

- Understand your audience
- Respect time pressures
- Let the audience set priorities
- Keep it brief
- Focus on main points
- Be flexible in time and subject focus

Briefing on Financial Issues

- Keep it simple
- Focus on big issues
- Prepare options for problem areas

Keeping it Interesting

- Rule of 3
- Layer presentations
- Mix presentation styles
- Different charts for different purposes

Objectives

- ✓ **Context for Briefing Ministers/Senior Officials**
- ✓ **General Information on Briefing**
- ✓ **Special Needs in Financial Briefings**
- ✓ **Tips and Techniques**

Wrap up

- Understanding financial issues is very important to good management.
- Not all senior managers have a financial focus.
- Presenting information well helps managers manage.