



Results-Based Management and Expenditure Management: Our Canadian Experience

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OVERVIEW

- ✓ **Canadian Context**
- ✓ **Expenditure Management Overview**
- ✓ **Results-based Management**
 - Policy on Management, Resources and Results Structures (MRRS)
 - Policy on Evaluation
 - Strategic Reviews
- ✓ **Lessons learned & way forward**



Canadian Context

The Canadian Context

- Canada – geographically large, small population
- Highly decentralized federation:
 - 10 provinces, 3 territories
 - Hundreds of federal/provincial agreements and extensive federal programming – weighted toward transfer payments
- **100+ departments and agencies, 45+ Crown Corporations (state-owned enterprises)**
 - 260,000+ core public servants (excluding military and RCMP (federal police))
 - 1,600 points of service
 - 2,500 distinct programs, 350 million transactions
 - Total expenditures of \$251.9B* including \$105.8B* in Direct Program Spending (DPS)

Expenditure Review & Results Agenda in Canada: A History

Today's
Agenda

Improved Reporting to Parliament – moving to whole of government planning and reporting
Renewed Policy on Evaluation – improving quality, capacity, credibility, and expansion of coverage
Management, Resources and Results Structure – regaining detailed program level knowledge
Management Accountability Framework – assessing management performance across government
Federal Accountability Act 2006 - cyclical evaluation of all transfer payment programs
Expenditure Management System Renewal 2007 - management excellence & fiscal credibility

2000

Canada's Performance – linking programs to societal performance
Results for Canadians – results-based management as a stated priority of government
Transfer Payment Policy – performance frameworks and evaluations reviewed by TBS
Modern Comptrollership – investment in management practices and controls

Mid
90s

Program Review – dealing with a large deficit through major expenditure cuts

Departmental Reporting to Parliament – moving to results-based plans and reports on performance
Planning Reporting and Accountability Structures – unsuccessful try at linking resources to results

Late
70's

First Evaluation Policy – government-wide implementation, periodic coverage of all programs



Expenditure Management System

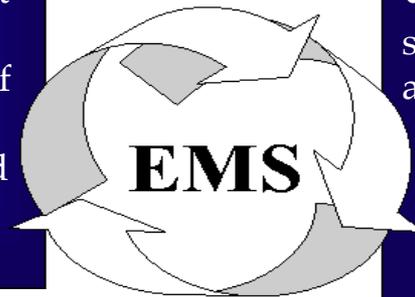
The Expenditure Management System (EMS) in Canada is decentralized among central agencies, each with specific roles...

Privy Council Office

- Support elected government in establishing priorities and meeting these through the effective allocation of spending to government priorities by:
 - Supporting Prime Minister & Cabinet Committees
 - Managing flow of Cabinet business
 - Facilitating broad Gov't policy development

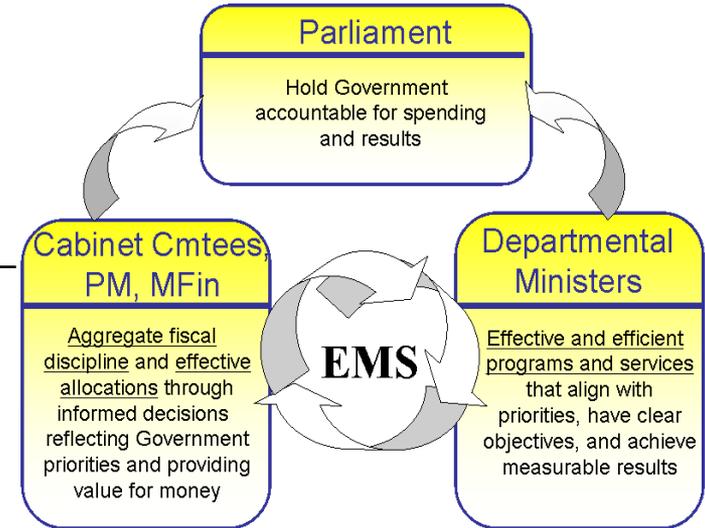
Finance Department

- Ensures aggregate fiscal discipline is maintained by:
 - Establishing fiscal framework & determining total spending levels
 - Budget



Treasury Board Secretariat

- Supports Treasury Board (TB) in effectively allocating spending in a manner that ensures operational efficiency and effectiveness by:
 - Establishing and monitoring adherence to TB management policies (financial & non financial)
 - Supporting TB approval of detailed operational plans & recommendation of resource appropriations for new programs
 - Supporting TB determination of resource needs / investment opportunities for existing programs



Since Renewal in 2007, Results-Based Management (RBM) is central to the renewed EMS, which is based on three key pillars...

1. Managing for Results

All Spending

- ✓ *Benchmarking our programs and demonstrating results for Canadians*

2. Strengthening Memoranda to Cabinet

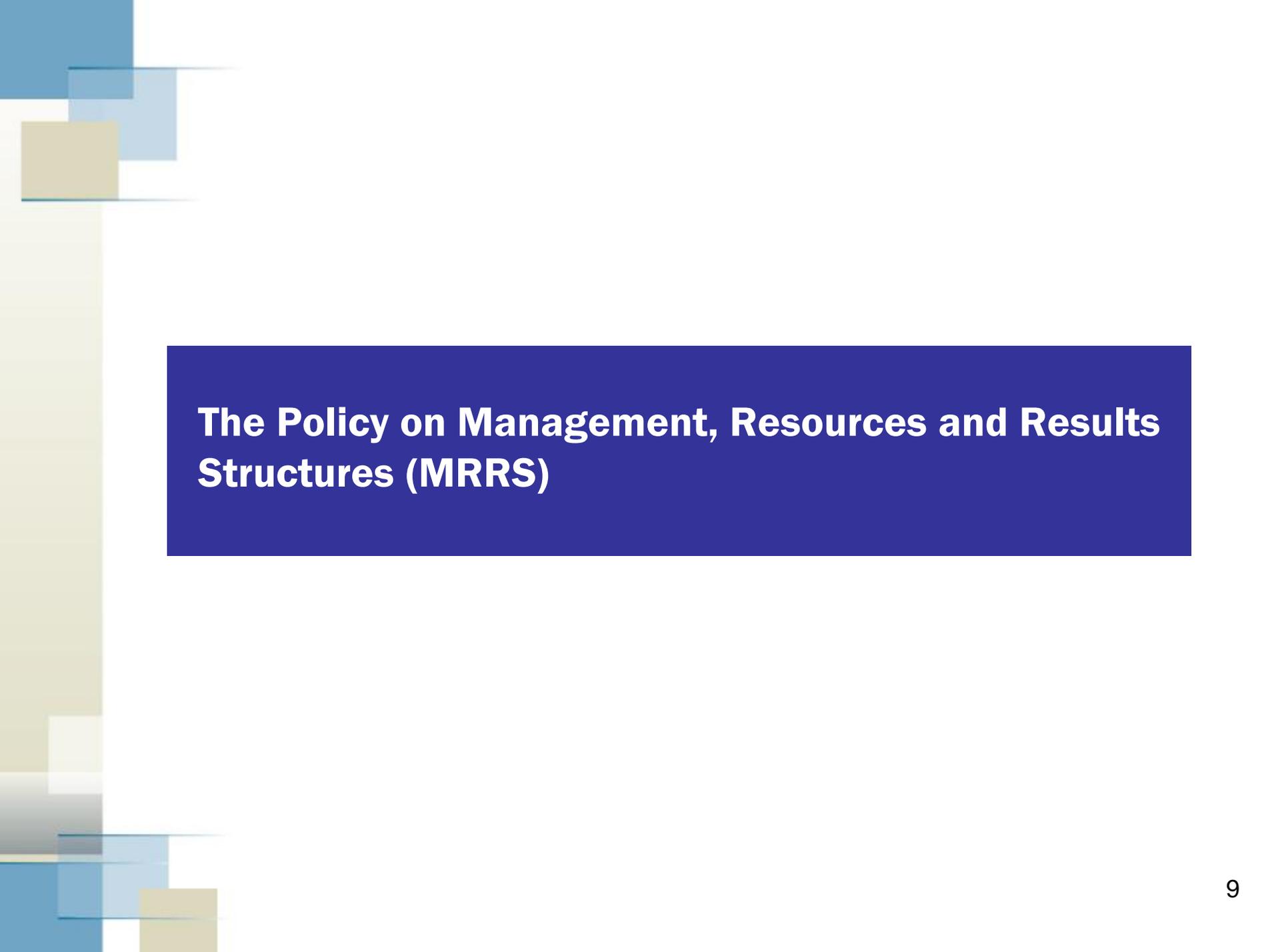
New Spending

- ✓ *Critical information for Cabinet decisions*

3. Strategic Reviews

Existing Spending

- ✓ *Ongoing advice to Cabinet as part of Budget planning to align spending to government priorities and ensure performance and value for money*



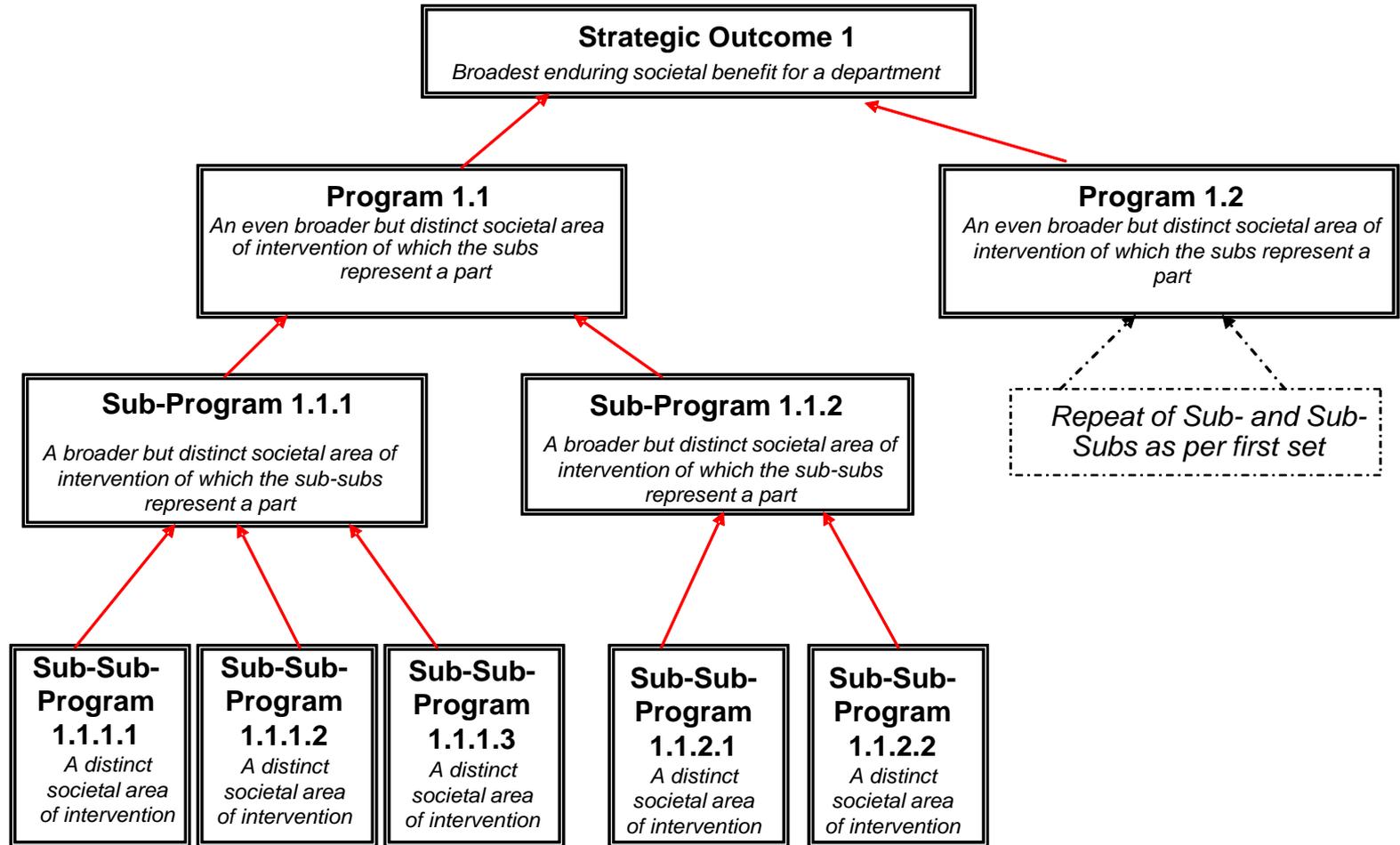
The Policy on Management, Resources and Results Structures (MRRS)

What is the Policy on MRRS?

- **The Policy on MRRS provides a common approach to the collection, management, use and reporting of financial and non-financial performance information.**
 - Provides detailed information on all government programs
 - Establishes the same structure for both internal decision-making and external accountability
 - Helps to link resources and results - planned and actual
- **Main Elements***
 - **Strategic Outcomes (SO):** measurable, long term and enduring benefits to Canadians
 - **Program Alignment Architecture (PAA):** an inventory of programs linked to Strategic Outcomes
 - Includes a supporting **performance measurement framework (PMF)** setting out the expected results to be achieved and the specific outputs to be produced by a program

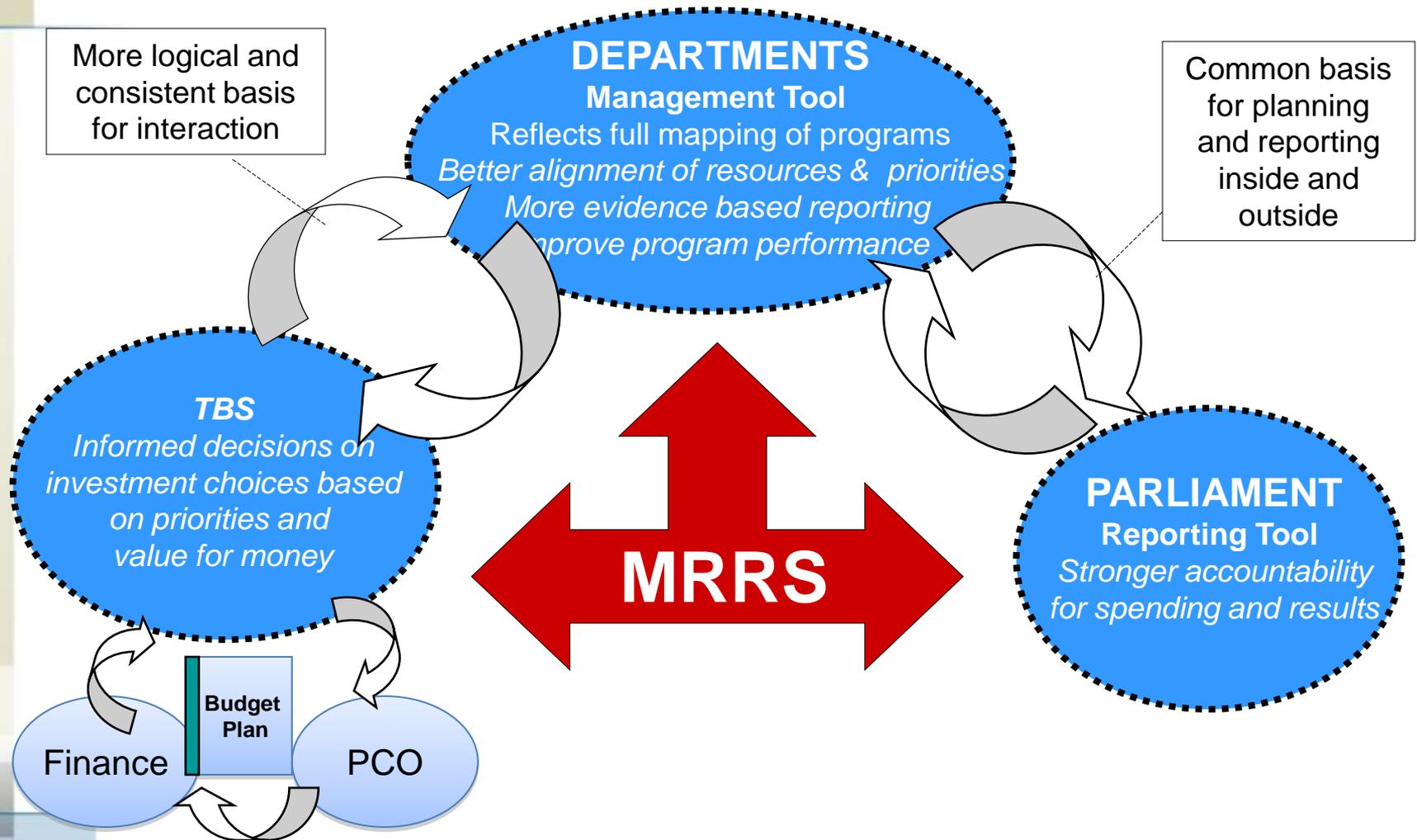
***Examples of elements of MRRS included in binder provided**

The Program Alignment Architecture



The PAA represents the programs in a department in a logical relationship to each other

Well Structured Information Helps Decision-making





The Policy on Evaluation

The 2009 *Policy on Evaluation* assigns clear roles and responsibilities to enhance the base of evaluation evidence

Policy Objective:

To create a comprehensive and reliable base of evaluation evidence that is used to support policy and program improvement, expenditure management, Cabinet decision making, and public reporting

Three policy instruments:

Policy on Evaluation
(Deputy Head's Responsibilities)

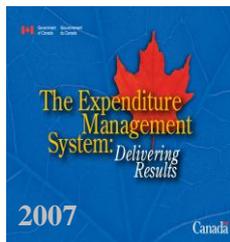
Directive on the Evaluation Function
(Head of Evaluation & Program Manager's Responsibilities)

Standard on Evaluation for the Government of Canada
(Practitioner's Responsibilities)

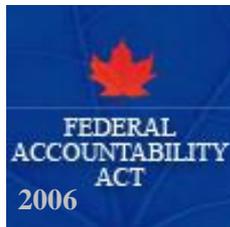
Drivers of the 2009 Renewal of the Policy on Evaluation



Canadians and their Parliamentarians want government to ensure that they are getting value for money from high quality services and programs delivering results at a reasonable cost



Commitment to informing priority setting and decision-making through a renewed EMS, including: Strategic reviews to ensure that government is investing in programs that are relevant, effective and efficient; and evidence-based decision-making on expenditures including use of performance measurement and evaluation information.



Requires all Transfer Payment Programs (also called Grants and Contribution (G&C) programs) to be evaluated for relevance and effectiveness once every five years (i.e. by end of 2011)



CEE diagnostics, reviews and evaluation of the health of the evaluation function and needs of evaluation users across the government of Canada.



Office of the Auditor General of Canada
Bureau du vérificateur général du Canada

Audits of the Evaluation Function - 1993, 1996, 2000, 2009

The policy is designed to improve information available to support expenditure management decisions, while continuing to support policy and program improvement

Key Features of the 2009 Policy on Evaluation

- **focusing evaluations on value-for-money issues**
 - All program evaluations assess relevance, effectiveness, efficiency and economy (core issues)
- **expanding evaluation coverage** (includes all ongoing direct program spending and the administrative component of major statutory spending, once every five years)
- **improving credibility and quality through:**
 - neutral governance of the evaluation function
 - evaluation standards
 - clear requirements for performance measurement to support evaluations
 - competency requirements for departmental heads of evaluation
- **strengthening Treasury Board Secretariat's capacity to lead the government-wide function**
 - Secretary of the Treasury Board exercises functional leadership for the Evaluation Function across federal organizations
 - TBS monitors capacity and use of evaluation across government, notably in Strategic Reviews, TB submissions, MCs

The Head of Evaluation serves as a trusted strategic advisor to the Deputy Head and Senior Management

- **Meets competency requirements, as specified by TBS**
- **Develops 5-year departmental evaluation plan**
 - Covers all direct program spending
 - Tailors evaluation approaches and level of effort for individual evaluations based on risk, program characteristics and availability of performance measurement information
- **Directs individual evaluations, ensures a focus on value-for-money issues and that standards are met for evaluation quality, neutral manner of conduct and competency of evaluation team**
- **Submits evaluation reports directly to Deputy Head and the Departmental Evaluation Committee and ensures that approved reports are posted on the departmental website**
- **Provides advice on:**
 - Program performance and relevance, as per evaluation findings
 - Accountability & performance provisions in Cabinet documents
 - MRRS' departmental Performance Measurement Framework
 - State of performance measurement in support of evaluation (annual report to DEC)



Strategic Reviews

What are they?

- ***Strategic Reviews are an exercise undertaken by federal organizations on a cyclical basis for which the resulting recommendations feed into the Budget planning process.***
- **A Strategic Review was comprised of:**
 - **A comprehensive review of all programs and spending in the organization to assess:**
 - Whether each program was aligned with government priorities and core federal roles, was effective and efficient, and provided value for money
 - Whether there were more effective and efficient ways for each program to be delivered
 - **An identification of reallocation possibilities**
 - The Strategic Review exercise had a five percent reallocation target
 - Flowing from the comprehensive review, organizations identified:
 - ✓ The lowest-priority and lowest-performing programs
 - ✓ Areas for improvements are identified to support management excellence
 - **Arm's length expert advice to challenge proposals and alternatives**
 - Each organization engaged external advisors who submitted analysis in final reports



Some Lessons Learned & Efforts For Our Way Forward

Decision Making for Results: Key Support from PM & Evaluation

Responsible and Effective Spending

Aggregate Fiscal Discipline

Effective government-wide allocations

Operational Efficiency and Effectiveness

Integrated Budget Decision Making

Expenditure Reviews

MCs and TB Submissions
(Integrated information on new and existing spending)

Strategic Advice to Support Decision Making for Results

MRRS/PAA
(Program Activity Architectures and related performance measurement information)

Renewed Evaluation Function

Expenditure performance management, oversight and accountability for results

Renewed Audit Function

Financial management, control and oversight

Stronger Information Base to Support Departmental Management, Decision Making and Reporting for Results

EMS Renewal Outcomes

EMS Renewal Outputs & Inputs

Parliamentary Reporting Cycle

APRIL MAY JUNE JULY AUG SEPT OCT NOV DEC JAN FEB MAR

Year One

Planning
Year

Economic
and Fiscal
Update

Budget

RPPs

Main
Estimates

Interim Supply
(3/12)
-covers April to
June
-tabled in March

Year Two

Implementing
Year

Full Supply (9/12)
- July to March

Supplementary
Estimates B

Supplementary Estimates A

Supplementary
Estimates C

Year Three

Reporting
Year

Public
Accounts

DPRs

RBM tools serve as the basis for improved reporting to parliament

- The **Policy on MRRS** facilitates the linking of financial and non-financial planned and actual results in reporting documents (e.g., RPP/DPR)
- The **Policy on Evaluation** helps to ensure that reporting is based on credible, evidence-based performance information
- **Strategic Reviews** help sharpen the departmental performance story, making it more in line with government priorities

Challenges regarding Performance Information

- **Wide range of experiences to-date has demonstrated that challenges continue to exist in systematically capturing and using performance information**
- **We need:**
 - Clear leadership
 - Cultural change – getting buy-in across the organization – moving towards a “culture of performance”
 - Capacity within departments
 - Basic application and understanding of performance measurement and data interpretation
 - Performance information that is relevant to end-users
 - It is not about feeding the beast or filling in the boxes as part of a paper process
 - Performance information to fulfill multiple needs
 - Departmental, program, central agencies
 - The use of performance information throughout the decision-making process
 - Starts with planning...ends with incorporating lessons learned to drive continuous improvements and future performance

... and our way forward to continue progress with evaluation

- **Ensure access to skilled evaluators to ensure quality evaluations**
- **Collection of adequate performance measurement data by program areas to effectively support evaluation**
- **Continue increasing coverage, capitalizing on the policy's flexibility for calibrating evaluations, but also ensuring sound results**
- **Continue to expand use of evaluation and broaden its applications for sound expenditure management and strategic decision making in policy and departmental programming**



Question ?