



Strengthening Expenditure Decision- Making through Better Metrics

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Context

Role of the Treasury Board Secretariat (TBS)

Within Canada's overall Expenditure Management System (EMS), TBS supports the Treasury Board (TB) cabinet committee in effectively allocating spending in a manner that ensures efficiency, effectiveness, and accountability by:

- establishing and monitoring adherence to TB management policies (financial & non financial)
- Supporting TB approval of detailed operational plans and recommendation of resource appropriations for new programs
- Supporting TB determination of resource needs and investment opportunities for existing programs

Four Decades of Expenditure and Results Management

Last Ten Years

Deficit Reduction Action Plan – Returning the government to budgetary balance
Financial Crisis – Fiscal stimulus
Cyclical spending reviews – Controlling spending which had grown since *Program Review*

Mid 2000's

Federal Accountability Act 2006 - Cyclical evaluation of all transfer payment programs
Management, Resources and Results Structures – Detailed program level knowledge
Management Accountability Framework – Assessing management performance across government

2000

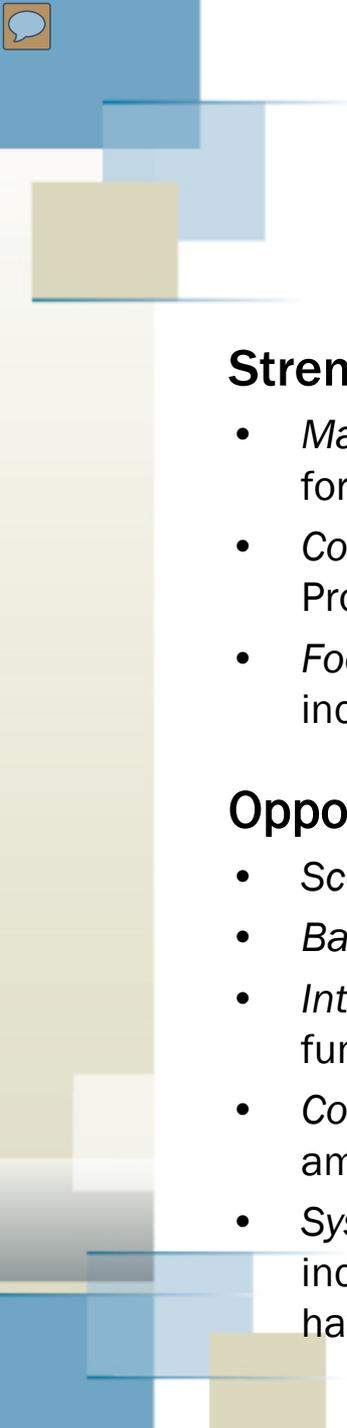
Canada's Performance – Linking programs to societal performance
Results for Canadians – Results-based management as a stated priority of government
Transfer Payment Policy – Performance frameworks and evaluations reviewed by TBS
Modern Comptrollership – Investment in management practices and controls

Mid 90's

Program Review – Dealing with a large deficit through major expenditure cuts
Improved 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 Program Evaluation Policy – Government-wide implementation



Current Strengths and Opportunities for Improvement

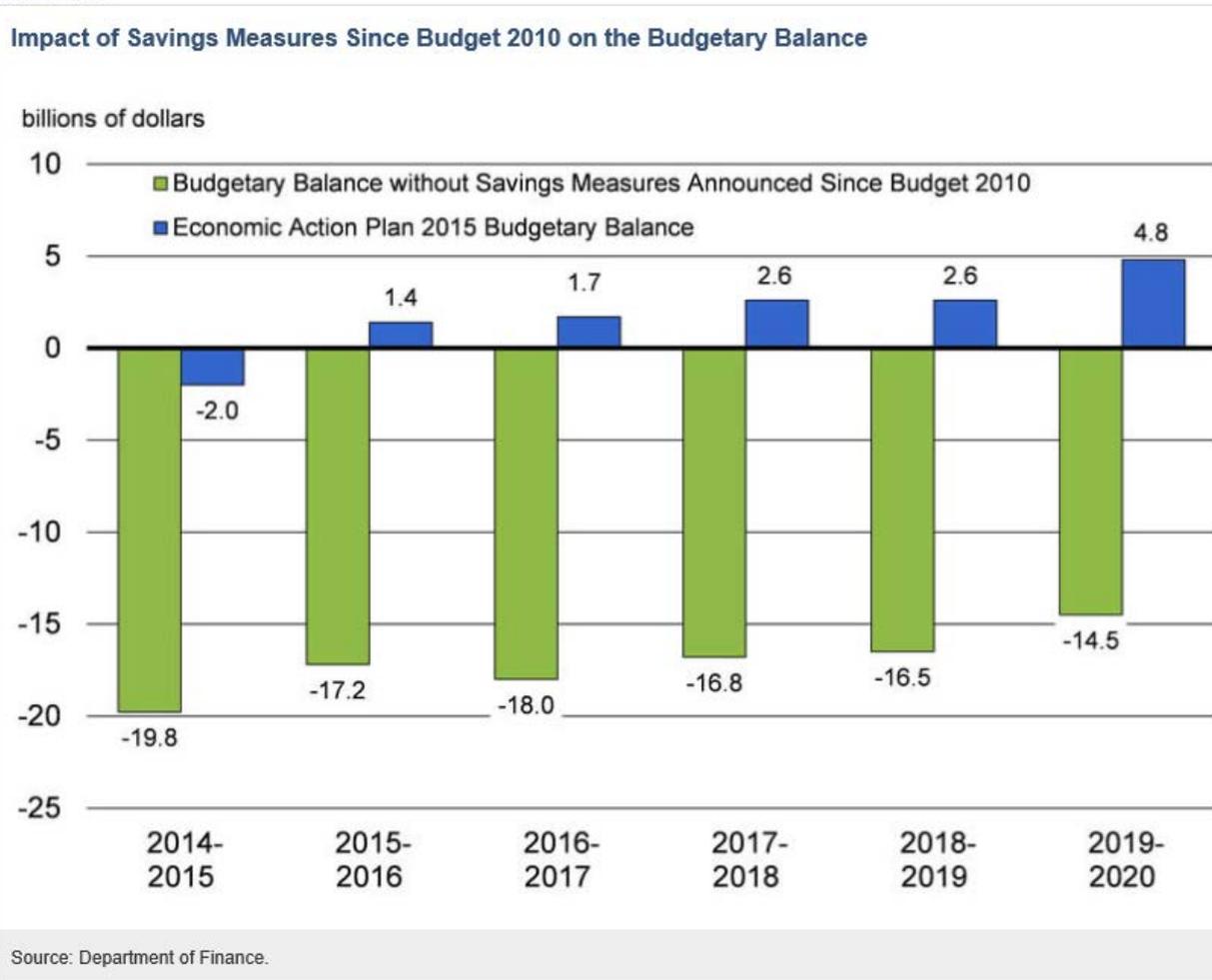
Strengths

- *Management Resources and Results Structure* - Government-wide, logical framework for viewing the allocation of resources and the delivery of results
- *Complementary measuring and performance reporting processes* - Estimates Process, Evaluation Process, and Management Accountability Framework
- *Focused and sophisticated assessments / comparisons* - For example, the federal income replacement / security programs

Opportunities for Improvement

- *Scope of the data set* - Varying quality, not integrated, limited accessibility
- *Back Office* - Limited means of assessing efficiency and effectiveness
- *Integration with upfront discipline* - Large proportion of submissions in support of new funding do not specify a performance framework
- *Comparative information on costs* - Current guidance on costing has some ambiguities, and is unevenly applied
- *System Overhead* - The overall performance measurement system is complex, incoherent to the uninitiated and opportunities for standardization and automation have not been captured

The Government has Returned to Budgetary Balance

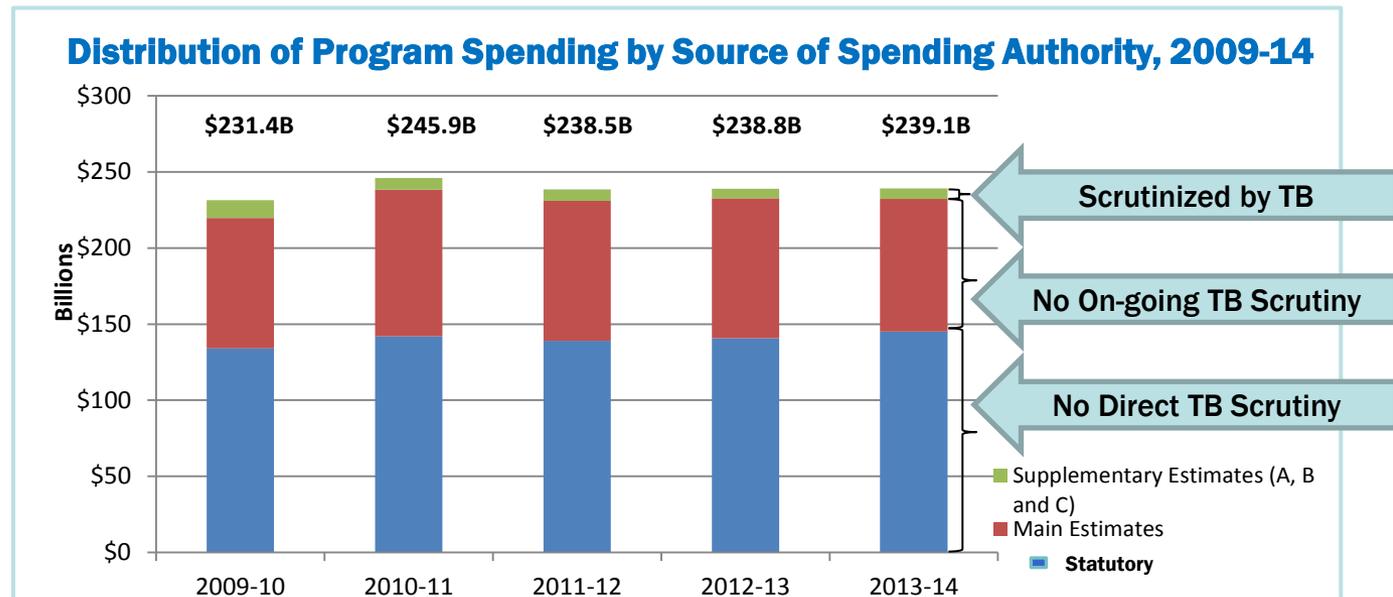


Budget 2015 – Budget Plan, p. 339:

<http://www.budget.gc.ca/2015/docs/plan/budget2015-eng.pdf>

More Comprehensive Tools Are Required to Build on Our Strengths, and Capture Opportunities

- Operating expenditures in departments continue to represent a financial pressure



- **We need better tools for ...**
 - more credible, and regular assessments of key aspects of performance
 - measuring and improving the back office (internal services)
 - comparing performance across disparate organizations and types of programs
 - simplifying the overhead associated with performance measurement

Three Key Elements to Our Approach

1. Metrics

- *What we mean:* Fundamental data and information (e.g., \$, personnel, time, inputs/outputs, etc.).
- Standardized costing (for back-office functions), and standard measures for efficiency, effectiveness, and service

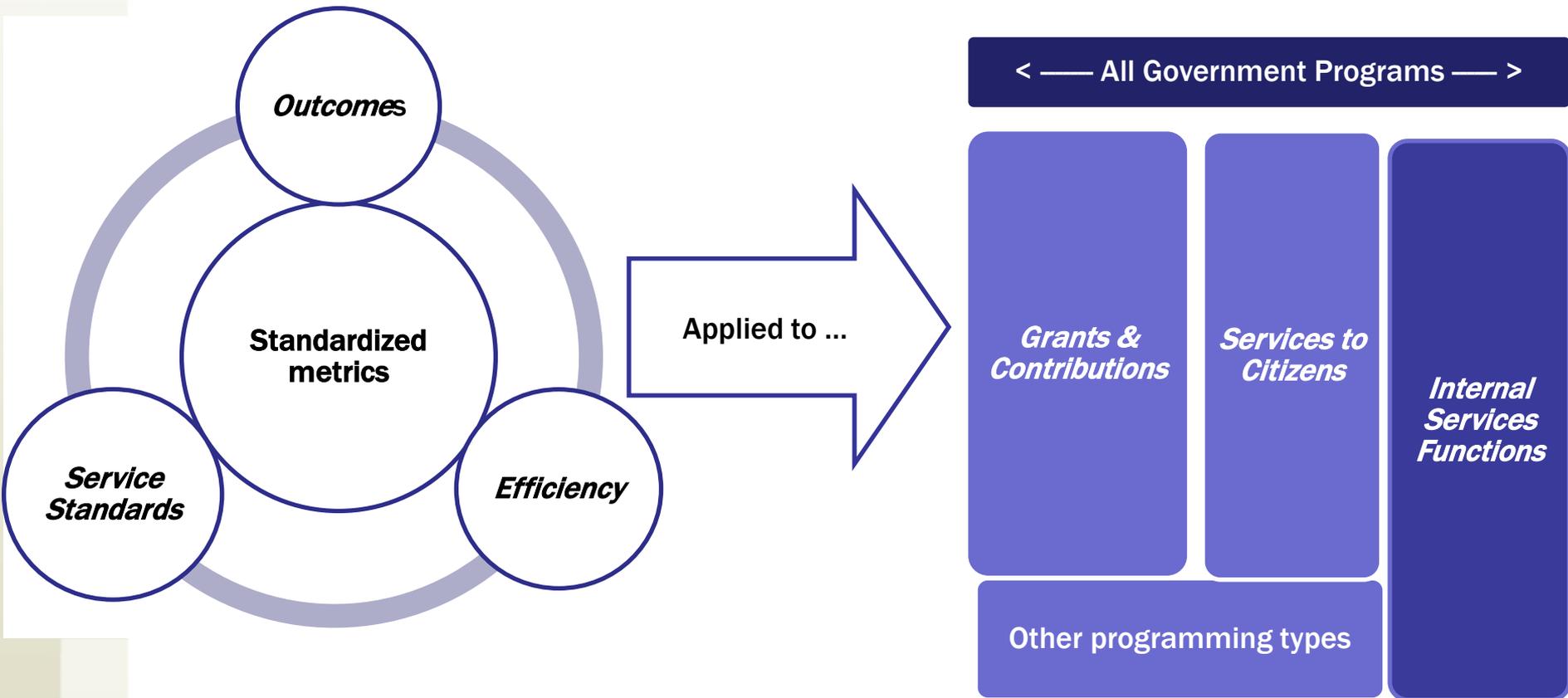
2. Analytics

- *What we mean:* Information derived from metrics (e.g., roll-up indices, correlations, etc.), and tools for comparing like with like (benchmarking).
- For departmental management, and the budget office

3. Information Products

- *What we mean:* Incorporating the metrics and analytics into existing data systems and tools which support decision-making
- Extending the breadth and depth of routine oversight within departments, and by central agencies of government

Moving forward with a 'Metrics Agenda'



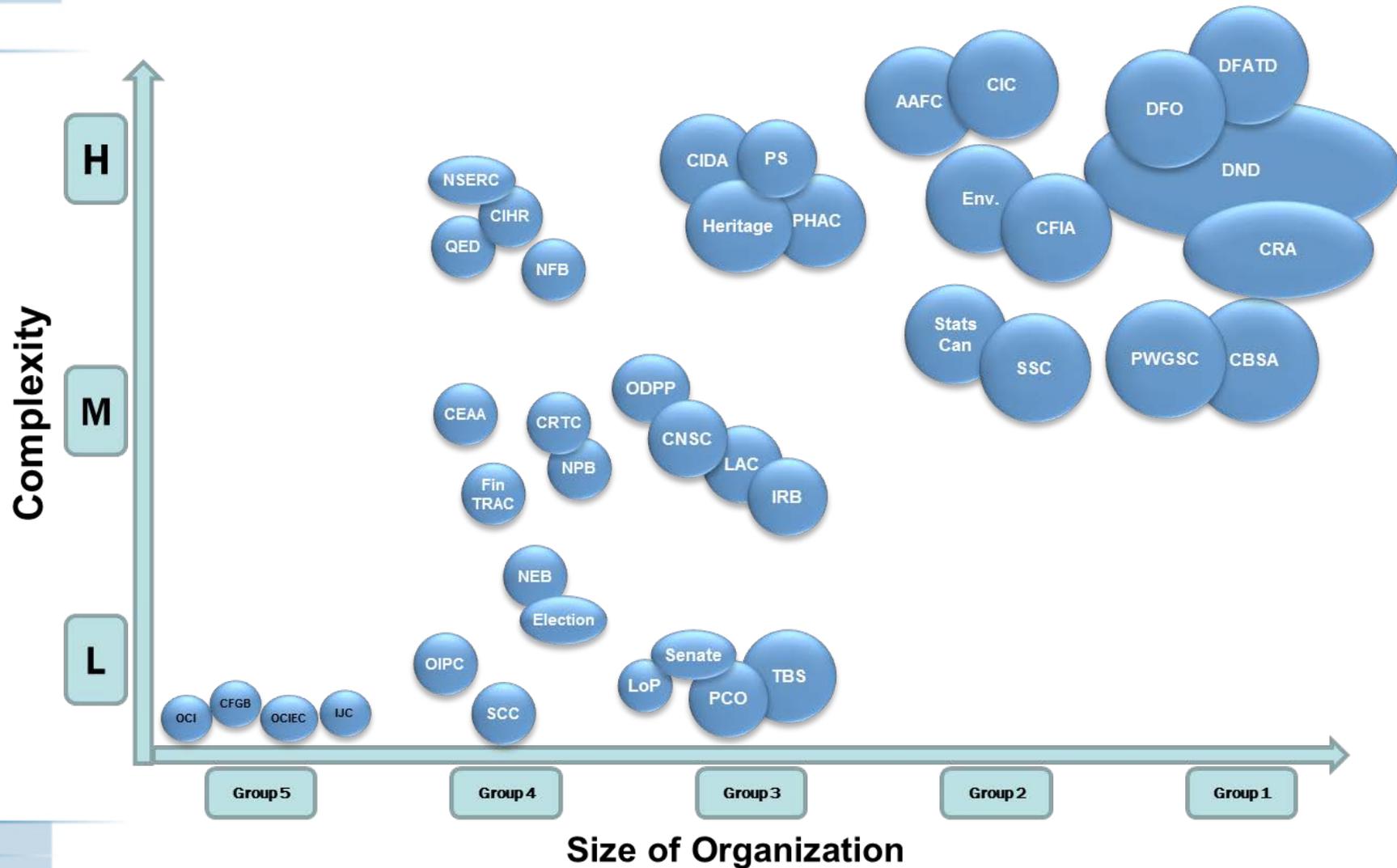
Standardization work is well advanced on *back office/internal services functions*, and is being followed-up for programs which administer *grants & contributions* and *service-oriented programs*

Initial Focus on the Back Office

To support the development and use of comparable information on the back office, the government has:

- issued a *Guide on Internal Services Expenditures: Recording, Reporting and Attributing* which is being modified to better support comparison of like-with-like
- updated draft standard performance measures for 7 of the 10 categories of internal services for implementation in fiscal 2016-17, and with an initial emphasis efficiency measures
 - *operating cost of the function / operating cost of the department*
 - *personnel delivering the function / personnel in the department*
 - see Annex for full list
- taken a maturity model approach—few initial effectiveness and service standard measures but more will be implemented over time

Framework for Benchmarking Based on Size and Complexity





The 'Metrics Agenda' is part of our increasing focus on data-driven decision making

Manage operations better - Better context on departments' operating situations = better assessment/challenge of their spending proposals

Shape government-wide policy together - Everyone has the same starting point, the same snapshot of current conditions

Take stock of enterprise-wide trends - Impact of specific measures or initiatives at the government level can sometimes be best identified and understood through graphical presentation styles

Contacts

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Annex A: IS Measures Overview

Financial Management Indicators		
Outcome	Lapse forecast	Variiances between the department's P3, P6 and P9 lapse forecast and the actual end of fiscal lapse in Public Accounts
	Access to budget (MAF)	Number of days elapsed before the department or agency managers at the lowest levels got access to their approved budget relative to the start of the fiscal year.
Service Standard	Payable (MAF)	Percentage of times the following service standard is met: Invoices from suppliers are paid as per the terms of payment or within 30 days of receipt of the invoice or goods/services, whichever is later.
Efficiency	\$ proportion	Actual gross operating expenditures on Financial Management Internal Services category as a percentage of departmental actual gross operating expenditures as stated in Public Accounts
	FTE proportion	Financial Management Internal Services category FTEs as a percentage of total department FTEs

Annex A: IS Measures Overview

Human Resources Indicators		
Outcome	Time to staff	Average time to staff a vacant position during fiscal year
	Acting renewals	Average number of times acting positions have been renewed
Service Standard	Service standard measure to be developed through MAF process	To be determined
Efficiency	\$ proportion	Actual gross operating expenditures on Human Resources Management Internal Services category as a percentage of departmental actual gross operating expenditures as stated in Public Accounts
	FTE proportion	Human Resources Management Internal Services category FTEs as a percentage of department FTEs

Annex A: IS Measures Overview

Information Management Indicators		
Outcome	Paper disposition (MAF)	Percentage of planned disposition for paper information resources records completed
	Capture of E-records (MAF)	Percentage of unstructured electronic information resources records maintained in designated corporate repositories.
Service Standard	Service standard measure to be developed through MAF process	To be determined
Efficiency	\$ proportion	Actual gross operating expenditures on Information Management Internal Services category as a percentage of departmental actual gross operating expenditures as stated in Public Accounts
	FTE proportion	Information Management Internal Services category FTEs as a percentage of department FTE

Annex A: IS Measures Overview

Information Technology Management Indicators		
Outcome	System availability	System availability percentage for mission critical applications
Service Standard	Service standard measure to be developed through MAF process	To be determined
Efficiency	\$ proportion	Actual gross operating expenditures on Information Technology Management Internal Services category as a percentage of departmental actual gross operating expenditures as stated in Public Accounts
	FTE proportion	Information Technology Management Internal Services category FTEs as a percentage of total departmental FTEs

Annex A: IS Measures Overview

Real Property Management Indicators		
Outcome	Density of Utilization	Utilization of general purpose office space as measured by average rentable square metres per FTE
	Building condition (MAF)	Percentage of Crown-owned buildings rated in Poor or Critical condition
Service Standard	Service standard measure to be developed through MAF process	To be determined
Efficiency	\$ proportion	Actual gross operating expenditures on Real Property Management Internal Services category as a percentage of departmental actual gross operating expenditures as stated in Public Accounts
	FTE proportion	Real Property Management Internal Services category FTEs as a percentage of total department FTEs

Annex A: IS Measures Overview

Materiel Management Indicators		
Outcome	Asset condition	Percentage of materiel capital assets that are in serviceable condition
	Surplus	Percentage of total materiel assets declared surplus
	Disposed	Percentage of surplus materiel assets that are disposed
Service Standard	Service standard measure to be developed through MAF process	To be determined
Efficiency	\$ proportion	Actual gross operating expenditures on Materiel Management Internal Services category as a percentage of departmental actual gross operating expenditures as stated in Public Accounts
	FTE proportion	Materiel Management Internal Services category FTEs as a percentage of total department FTEs

Annex A: IS Measures Overview

Acquisitions Management Indicators		
Outcome	Standing offers (MAF)	Percentage of all department or agency contracts that used mandatory and non-mandatory standing offers
	Competitive bids (MAF)	Percentage of all department or agency contracts over \$25K awarded through a competitive bidding process
	Acquisition cards (MAF)	Percentage of low-dollar acquisitions (under \$10K) that make use of acquisition cards
Service Standard	Service standard measure to be developed through MAF process	To be determined
Efficiency	\$ proportion	Actual gross operating expenditures on Acquisitions Management Internal Services category as a percentage of departmental actual gross operating expenditures as stated in Public Accounts
	FTE proportion	Acquisitions Management (procurement) Internal Services category FTEs as a percentage of total departmental FTEs