



Treasury Board of Canada  
Secrétariat

Secrétariat du Conseil du Trésor  
du Canada

Canada

# **Expenditure Management, Spending Reviews, the Policy on Results and Other Performance-Related Instruments**

Presentation to the Italian Delegation  
December 2020

# Outline

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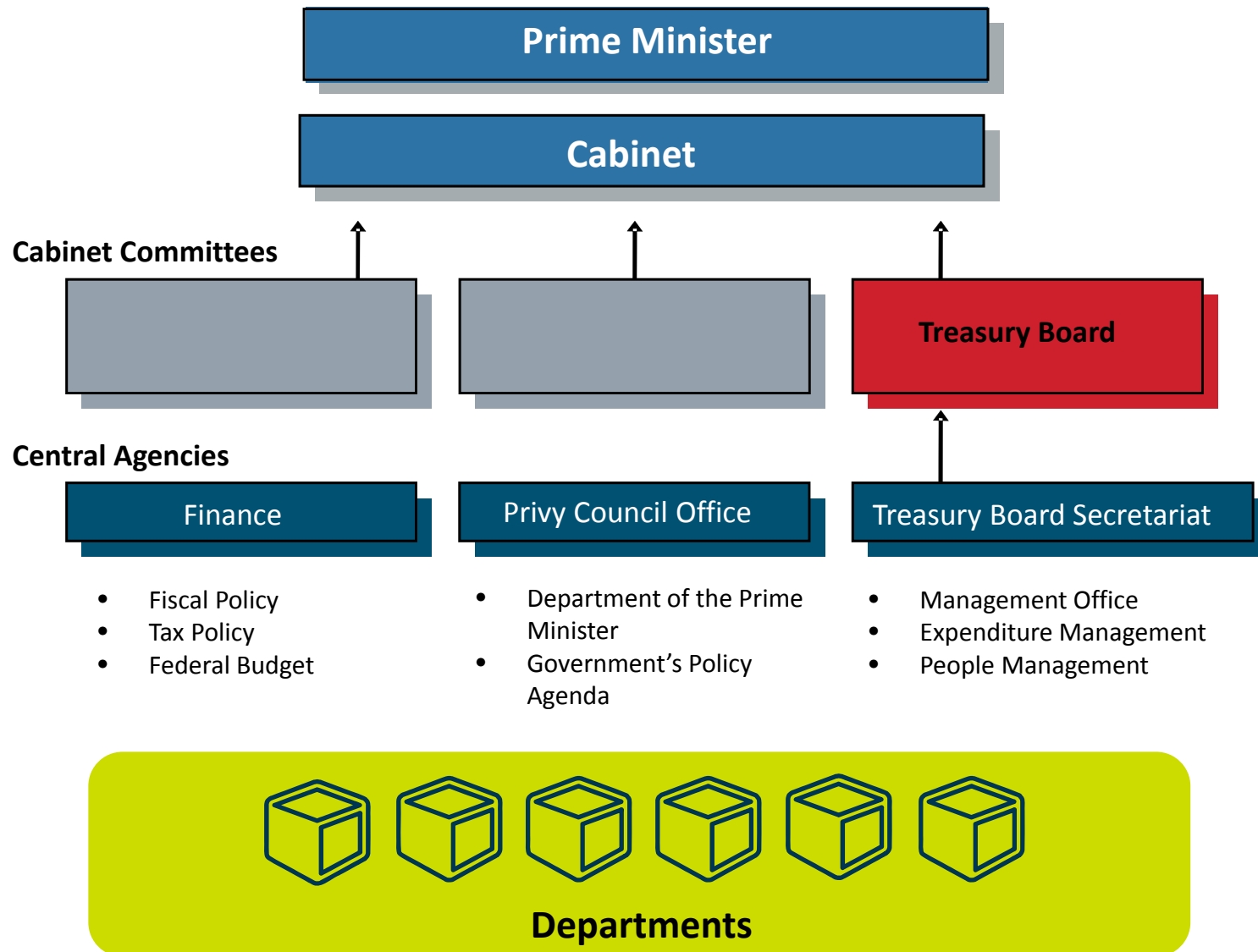
**Policy on Results**

Evaluation

# TBS and Expenditure Management

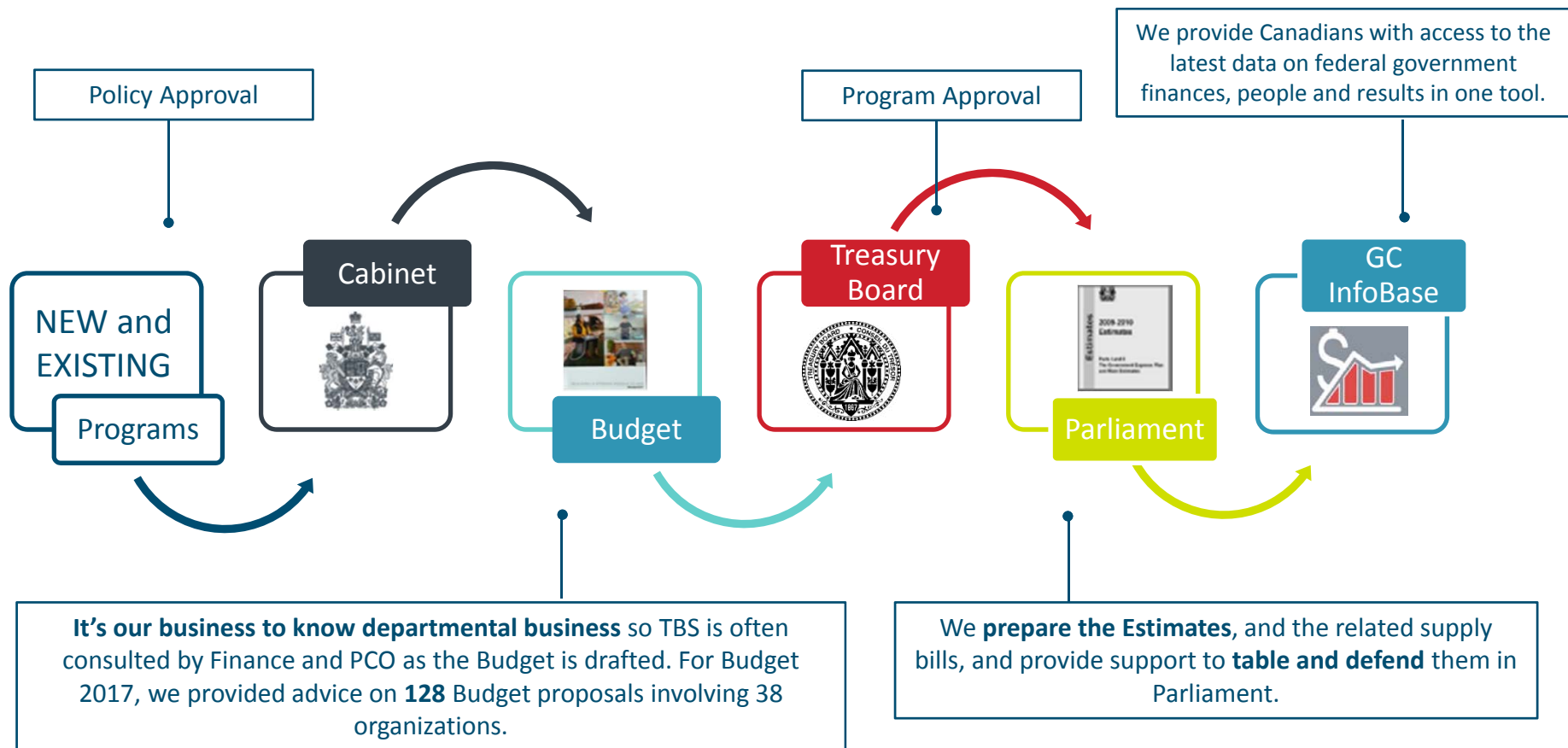


# Treasury Board and the Structure of the Executive Branch



# TBS' Role in Expenditure Management

Provides the Board with **analysis** and **advice**, including **costing** of proposals and supports a **challenge** function to ensure that program delivery is **efficient**, focuses on **results** and is **consistent** with government **priorities**.  
Each year, Treasury Board considers approximately **400** submissions over an average of 25 meetings.



# The Estimates

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- 1) Estimates set out the government's annual spending plan for Parliament
- 2) Part III reports -- Departmental Plans (beginning of fiscal year) and Departmental Results Reports (18 months later when the fiscal year is closed) -- provide the performance plans and results for the proposed spending
- 3) The Estimates form the basis of appropriation bills that have to be approved by Parliament before funds can be spent
- 4) Additional expenditure and performance information is publicly available through [GC Infobase](#)

# **The Policy on Results**

## Performance Measurement, Public Reporting and Decision Making



# The Policy on Results

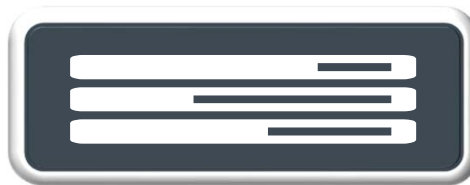
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The Policy on Results (2016) is an important step in instilling a **strengthened culture of measurement, evaluation, and innovation** in program and policy design and delivery.

It supports a strong **focus on results**, enabling Cabinet committees and individual ministers to: ...



*Track and report  
on the progress of  
commitments*



*Assess the  
effectiveness of  
our work*



*Align resources  
with priorities*



# What Does the Policy *Do*?

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## Establishes the core results ‘functions’

- Evaluation
- Performance measurement
- Centrally-led evaluations
- Resource alignment reviews

## Defines the main actors and their responsibilities

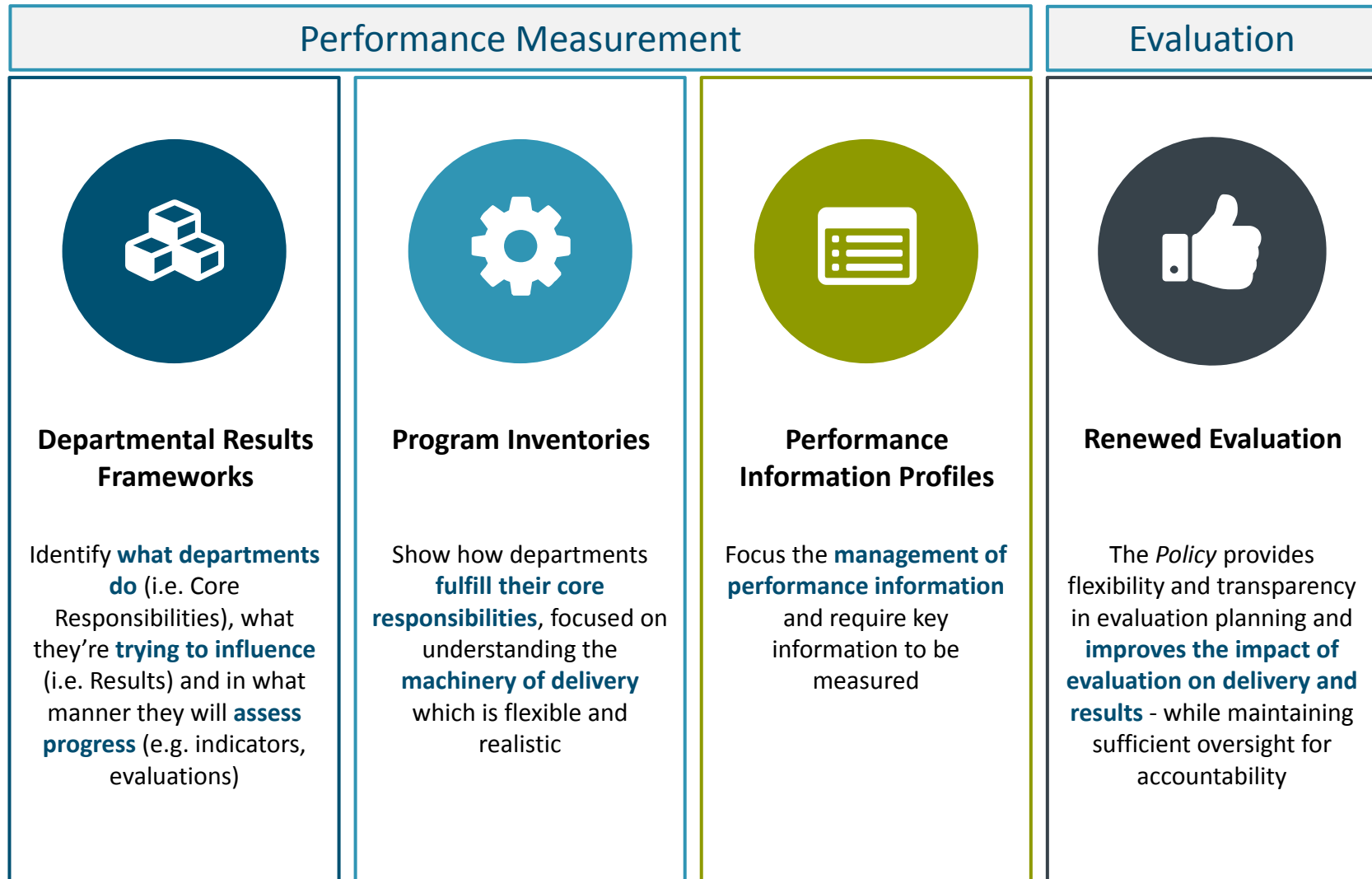
- What they can approve / authorize
- What they are expected to oversee / manage
- Compliance with prescribed competencies
- How they should generally work together

## Requires that specific ‘structures’ be put in place

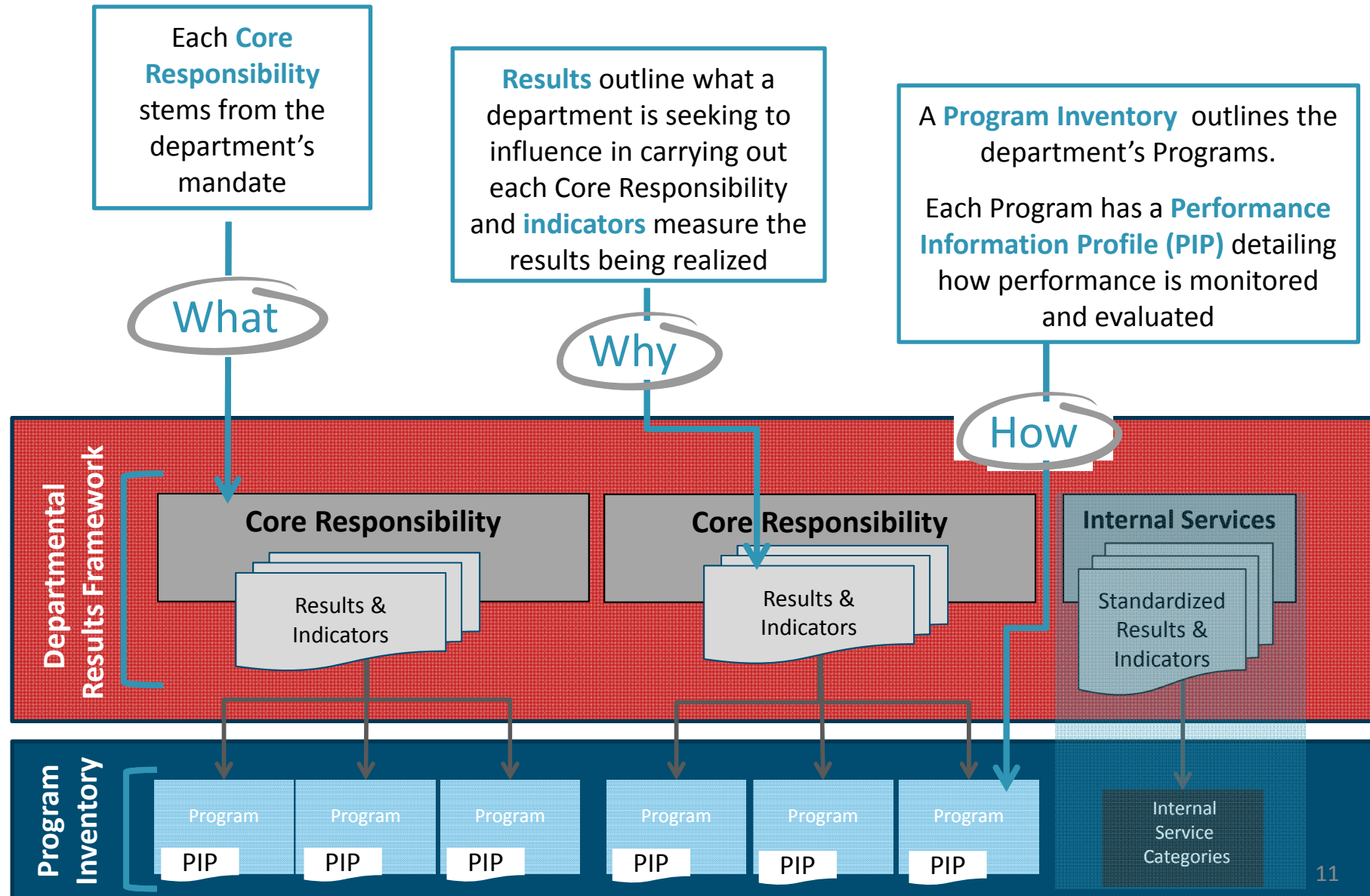
- **Departmental Results Frameworks (DRFs)**
- Program Inventories (PIs)
- Performance Information Profiles (PIPs)
- Performance Measurement and Evaluation Committees (PMEC)
- A neutral evaluation function that reports directly to the deputy head
- Five-year Departmental Evaluation Plans (DEPs) – i.e., for large departments

**NOTE:** The Policy and Directive on Results should be read together – both are Treasury Board instruments, with the same standing (mandatory compliance!)

# The Policy on Results' Key Components



# The Link Between the DRF, the PI and the PIPs



# How Results Are Being Used



## Public Reporting



## Monitoring and Management



### Canadians & Parliament

Helps provide an understanding of how money is spent and helps hold the government to account

### Deputy Heads

Provides information on what is working and what needs to be improved

### Program Managers

Helps monitor and manage programs

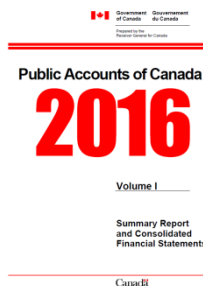
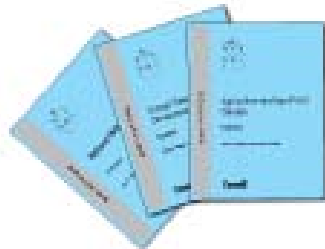
### CFOs & Financial Managers

Helps monitor and validate departmental expenditure and costing by programs

### Central Agencies

Helps to make decisions on allocating resources to departments

# Reporting to Parliament: Key Documents



- **Main Estimates**
  - Part I: Government Expense Plan
  - Part II: Main Estimates (in support of the Appropriation Act)
- **Part III – Departmental Expenditure Plans**
  - **Departmental Plans (DPs)**, supports committees in reviewing supply
  - **Departmental Results Reports (DRRs)**, actual achievements against the expected results in the DP
- **Supplementary Estimates**
  - Usually three per year
- **Public Accounts**
  - In three volumes, covers financial performance for the most recently completed fiscal year

# GC InfoBase: Interactive Information Platform



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## GC InfoBase

Find the latest information on all government finances, people and results



*The United Kingdom  
wrote an article  
on GC Infobase:  
[Canada shows the way  
on government financial  
transparency](#)*

FINANCES



PEOPLE



RESULTS



# Proposals to Cabinet: Supporting Results Information

CONFIDENCE OF THE QUEEN'S PRIVY COUNCIL

Memorandum to Cabinet

TITLE

Date

Minister of XXXXXX

CONFIDENCE OF THE QUEEN'S PRIVY COUNCIL

- **Memoranda to Cabinet**
  - Ministers decide on broad government policy and initiatives
  - Must include a Results and Delivery Strategy


CONFIDENCE OF THE QUEEN'S PRIVY COUNCIL  
CONFIDENCE DU CONSEIL PRIVÉ DE LA REINE

Treasury Board of Canada  
Conseil du Trésor du Canada

T.B. Number / N° du C.T.

TREASURY BOARD SUBMISSION	PRÉSENTATION AU CONSEIL DU TRÉSOR
<b>TITLE AND SYNOPSIS</b>	<b>TITRE ET SOMMAIRE</b>
<b>AUTHORITIES SOUGHT FROM THE TREASURY BOARD</b>	<b>AUTORISATIONS DEMANDÉES AU CONSEIL DU TRÉSOR</b>
<b>BACKGROUND</b>	<b>CONTEXTE</b>
<b>RATIONALE</b>	<b>JUSTIFICATION</b>
<b>EXPECTED RESULTS</b>	<b>RÉSULTATS ESPÉRÉS</b>
<b>DESIGN, DELIVERY AND IMPLEMENTATION</b>	<b>CONCEPTION, LIVRAISON ET MISE EN ŒUVRE</b>
<b>RISK AND RISK RESPONSES</b>	<b>RISQUES ET RÉACTIONS AUX RISQUES</b>

Signature \_\_\_\_\_ Date \_\_\_\_\_

(BIO-CT) (BIO-CT) (11-2019) 

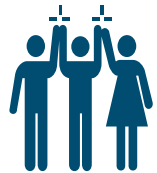
- **Treasury Board Submissions**
  - Treasury Board approves specific authorities
  - Must include:
    - How proposal fits within existing reporting structures, including financial information by Program
    - Past performance and evaluation information
    - Detailed expected results and performance indicators
    - Plans for performance monitoring and future evaluations

# Purpose of Results Sections in TB Submissions

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Provide TB Ministers with information on how the expenditures sought will be used to deliver expected results identified through other documents like MCs, Mandate letters, Departmental Plans



Assure that the design and implementation plans of the initiative have taken into account past performance information, including from previous evaluations and on GBA+



Document how the initiative will be systematically tracked to support accountability functions, and report on the progress of commitments made in TB submissions



# Spending Reviews



# Reviews Since 2007

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- **Strategic Reviews (2007-2010)**
  - Systematic comprehensive review of federal organizations; reviewed 98% of direct program spending over four years, producing ~\$3B in ongoing savings
  
- **Strategic & Operating Review (2011/2012)**
  - One-time fiscally-driven review of most federal organizations; produced \$5.2B in ongoing savings
  
- **Departmental & Horizontal Reviews (2016-2019)**
  - Departmental Reviews: no savings targets; focused on alignment with priorities, improved results, and stronger management
  - Horizontal Reviews: focused on rationalizing approach to a policy or management area

# Common Review Lenses

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- Is the program a government priority?
- Is the program consistent with core federal roles?
- Does the need for which the program was designed still exist?
- Is the program achieving expected results?
- Is the program achieving results efficiently?
- Are there opportunities to reduce overlap and duplication to achieve greater efficiencies and savings?
- Can improvements be made to internal services to maximize efficiencies?

# Strategic Reviews (2007-2010)

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- Subset of federal organizations reviewed each year for four years
- Selected organizations undertook a comprehensive review of all programming to identify savings
  - First two cycles allowed organizations to submit proposals to reinvest savings within the organization; final two cycles did not
- Facilitated a better understanding of federal organizations, their outcomes and the programs in place to achieve them
  - An effective way to identify duplication, inefficiencies and ineffectiveness, as well as strategies to address those issues
  - Helped embed the tools of “results-based management” in the budget process
- Produced ~\$3B in annual ongoing savings

# Strategic and Operating Review (2011/12)

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- Emphasis on fiscal restraint: Government announced intent to achieve at least \$4 billion in ongoing savings within three years
- One-time review of most federal organizations covering about \$75 billion of direct program spending
- Looked at both department-specific and cross-cutting opportunities for savings
  - Emphasis on reducing operating costs – organizations encouraged to examine full range of options, including more fundamental ways to re-engineer their business models
- Ministers required to present 5% and 10% savings scenarios
- Resulted in \$5.2B in ongoing savings

# Departmental & Horizontal Reviews (2016-2019)

## DEPARTMENTAL

- Self-administered: assessments and recommendations are developed by review departments
- Focus is on alignment with priorities, improved results, and stronger management – no savings targets
- Recommendations to TB are made by the review department and TBS

### *Examples:*



**Canada Border Services Agency (2017-18)**  
Options to address financial management challenges



**Canada Revenue Agency (2018-19)**  
Improve services and communications to Canadians



**Canada School of Public Service (2017-2019)**  
Governance and delivery of core curriculum

## HORIZONTAL

- Joint approach: driven by a dedicated TBS team collaborating with multiple departments
- Focus is on rationalizing government's approach to a policy or management area
- Recommendations to TB are made by TBS based on evidence gathered during the review

### *Examples:*



#### **Innovation Review (2017-18)**

Consolidate and simplify programming to enable and support Canadian innovators



#### **Skills Review (2018-19)**

Ensure federal skills programming aligns with policy priorities and offers emerging opportunities to Canadian workers.

# Policy on Results Evaluation

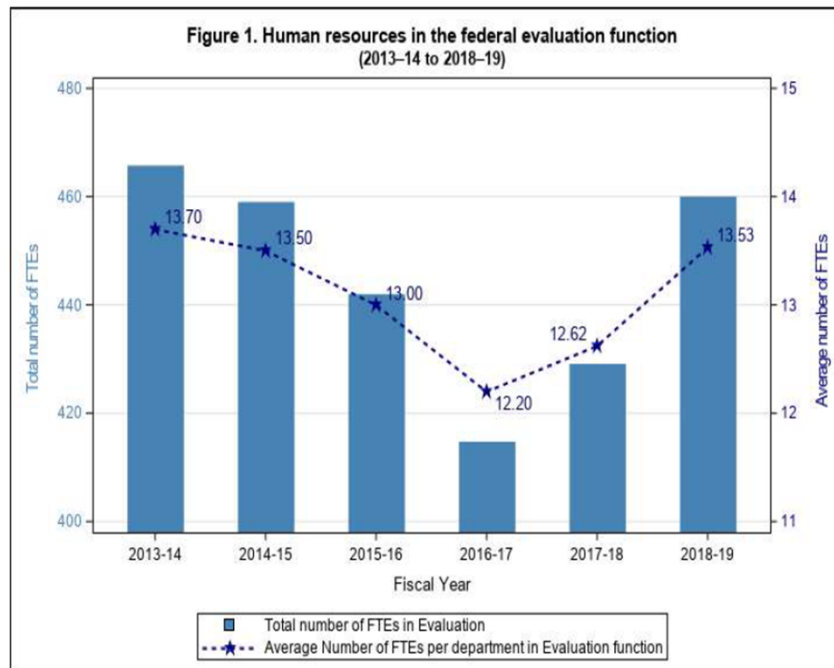


# Evaluation: Dedicated Resources

## Key facts

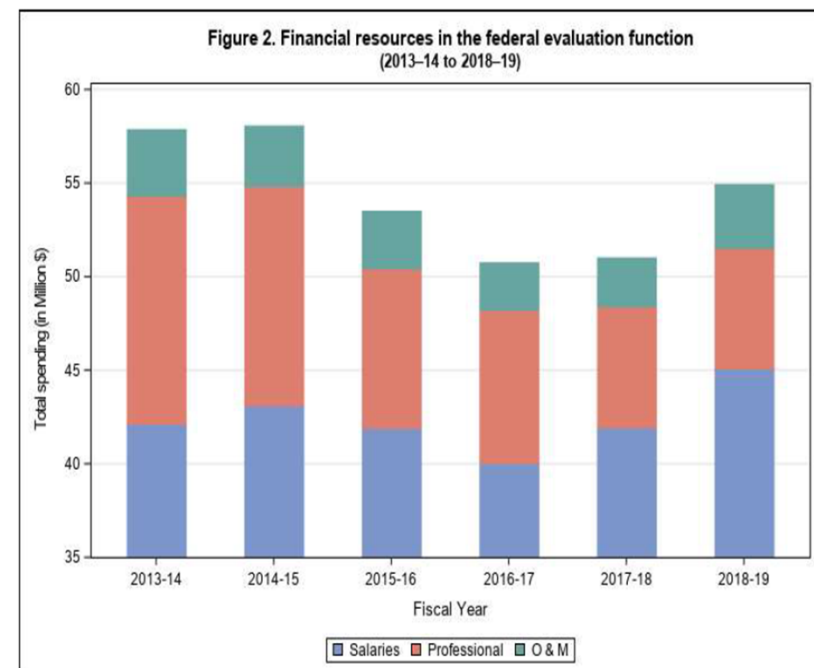
- ✓ 400 federal employees work in the evaluation field
- ✓ 125 evaluations/year

## Employees (FTE) – 9% increase in 2018-19



Note that total FTEs were adjusted to include all 34 LDAs in every fiscal year.

## Financial Resource – 8% increase in 2018-19



: that total spending was adjusted to include all 34 LDAs in every fiscal year.



# Evaluation and the Policy on Results

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- All organizational spending should be evaluated periodically; however, departments have flexibility to plan their evaluations based on need, risk and priority
- All ongoing programs of Grants & Contributions (G&Cs) with five-year average actual expenditures of \$5M or more per year are required to be evaluated as per [FAA](#) requirement; Gs & Cs that fall below this threshold should be considered for 'periodic' evaluation
- Evaluations may also be required to fulfill other legislative requirements, commitments and TB Secretary-required evaluations
- Relevance, effectiveness, and efficiency are considered 'primary evaluation issues', but there is flexibility on what issues are addressed
- Evaluations – including management responses, action plans, and summaries of evaluation reports – are to be released publicly within 120 days following approval by the Deputy Head

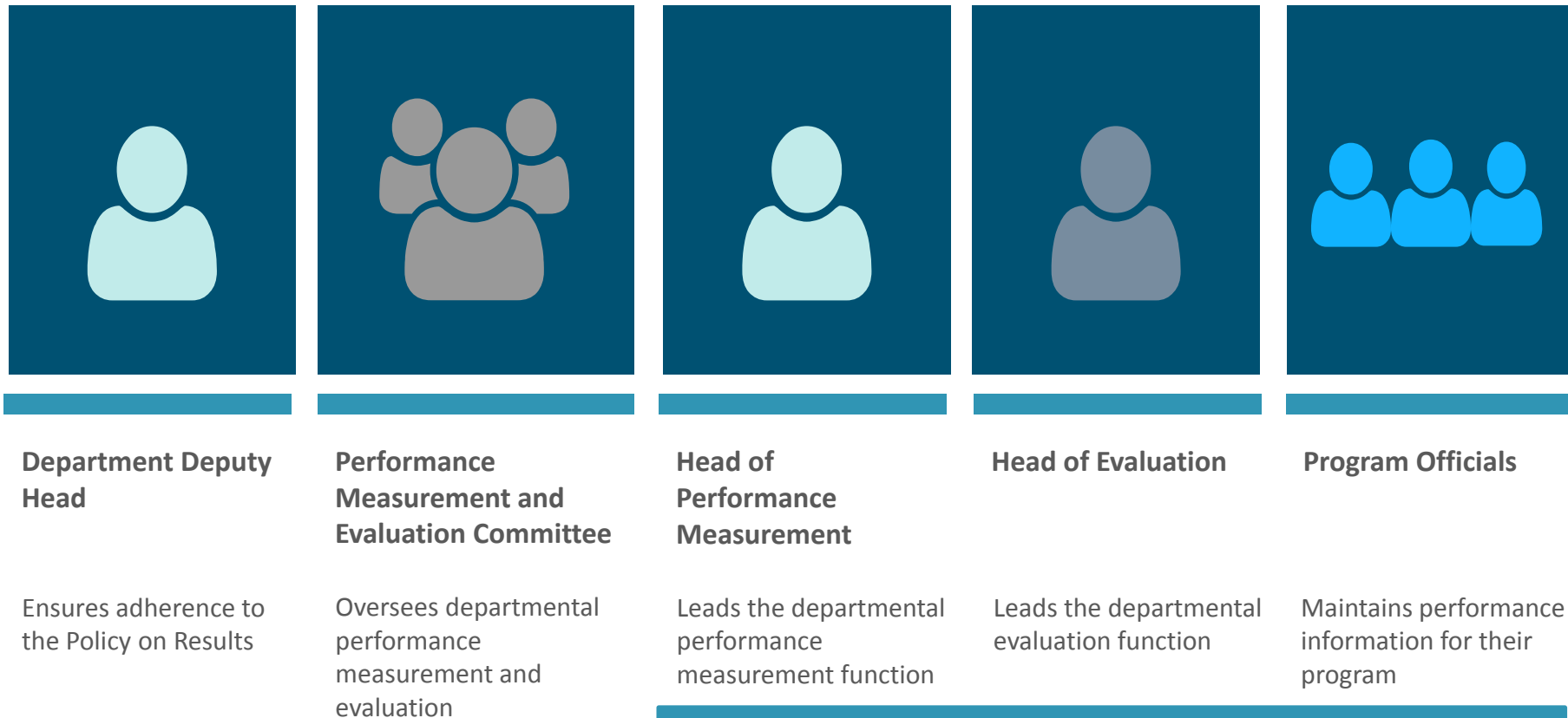
# Departmental Evaluation Plans (DEPs)

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- A formal Departmental Evaluation Plan (DEP) is an information and management tool produced annually by large departments to:
  - Identify evaluations and evaluation activities planned for the next five years
  - Identify what spending/programs are not planned for evaluation and why
  - Report on the status of evaluations planned for completion
- Deputy Heads of large departments must approve an annual five-year DEP and provide it to TBS.
- Heads of Evaluation are responsible to assess evaluation needs through an annual planning exercise and develop an annual five-year DEP in accordance with the Mandatory Procedures for Evaluation
- Large departments and agencies must consult with central agencies in the development of their annual DEPs
- Small departments and agencies are responsible for ensuring that an annual evaluation planning exercise is undertaken to determine evaluations needs; however, a formal DEP is not required

# Defined Roles and Improved Governance and Visibility







Increases the **visibility** of performance measurement among senior management through the creation of new governance mechanisms



Establishes clear accountabilities between the various roles to guide how they **interact** with and **support** one another

# Performance Measurement and Evaluation Committee

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- The Policy on Results prescribes an **oversight committee**, the Performance Measurement and the Evaluation Committee (PMEC), for all aspects of **performance measurement and evaluation** in departments and agencies to **advise Deputy Heads** on **planning, resourcing, coordination, and use of performance measurement and evaluation**.
- Chaired by the Deputy Head and composed of senior officials, PMEC is responsible for the following:
  -  Reviewing and advising the Deputy Head on the establishment, maintenance and implementation of the DRF and Program Inventory with its related PIPs
  -  Reviewing and advising the Deputy Head on departmental evaluation planning and activities
  -  Reviewing evaluation reports and summaries, including management responses and action plans, and recommending approval to the Deputy Head
  -  Monitoring follow-up on evaluation recommendations and action plans and advising the Deputy Head of any related issues
  -  Reviewing and advising the Deputy Head on the availability, quality, utility and use of performance information including evaluation
  -  Reviewing and advising the Deputy Head on the neutral assessment of the evaluation function