

SECTION 6: IMPROVING THE MANAGEMENT OF FINANCE

- 6.1 Strengthening audit systems (internal)
- 6.2 Accrual accounting
- 6.3 Improving estate management
- 6.4 Improving procurement procedures
- 6.5 Introducing end-year flexibility

6.1 Strengthening audit systems (internal)

It is government policy to audit periodically departmental operations to assess the effectiveness of the management framework in ensuring the achievement of the operating objectives, the economical and efficient use and protection of resources, the integrity of information, and compliance with statutes and policies.

The objective of this policy is to ensure that federal departments have relevant, credible and objective information on the effectiveness of their systems and practices to achieve departmental objectives and that they use that information for the cost-effective and accountable management of operations.

The context for change

The past decade has seen substantial changes in the focus of management in the Public Service. Many factors have contributed to the need for an overhaul of the Canadian Federal Public Service. Among these factors are globalisation of the economy, international competitiveness, the strain of the national economy on federal government programmes, funding pressures to alleviate environmental concerns, public demand for government services and other national issues. The advent of the Increased Ministerial Authority and Accountability and the Renewal of the Public Service (PS 2000) initiatives are some concrete responses to the challenges facing the Public Service today and in the foreseeable future. More so than ever, managers need to know how well their management framework is designed and implemented, and how their operations and programmes are performing.

The profession of internal auditing has taken on an increasingly important role in encouraging empowerment and innovation, quality of service and cost-effectiveness, and accountable management in government operations and programmes. Departmental internal auditors have become more attuned to management priorities and concerns, improving their focus on key relevance, performance and control aspects of operations and programmes. This sense of service to the organisation is reinforced by providing senior managers with greater flexibility in the use of the audit function. However, it is equally important that the auditors remain independent of the activities they audit.

The internal audit policy and standards are designed to guide auditors in their professional practice, and assist departmental senior management in the use of internal auditing. They provide a basis for self-assessment and quality improvement

by departments. They also provide a basis for reliance on the work of internal auditors.

Implementing change

The challenge facing the audit and evaluation system is to deliver timely, credible and relevant information to assist decision-making. The Auditor General recently reported that audit and evaluation can contribute greatly to improving management practices, saving money and measuring the value obtained from government programmes and expenditures, but that it needs improvement in the areas of planning and staffing, and ensuring that all significant programmes and policies are being addressed.

An Action Plan has been designed to strengthen the review functions. To auditors and evaluators this means:

- improve policy and planning;
- attract and train capable people;
- deliver quality products and use quality tools; and
- improve reporting.

Improve Policy & Planning

New Policy

- Defines range of review activities that:
 - gives government credit for the total review effort;
 - allows choice of review to suit varied information needs;
 - situates internal audit and evaluation within the review toolbox, and keeps principles, professionalism and rigour;
- Emphasises alternatives, innovation, finding out what works;
- Clarifies roles and accountabilities of departments and central agencies.

Better Planning

- Improve Central Role by:
 - Planning for government-wide, multi-departmental, and major departmental issues;
 - Conducting and directing centrally-led reviews;
 - Encouraging disciplined self-assessment of performance and controls.
- Improve Planning Within Departments to:
 - Select relevant issues based on analysis of key risks and exposures;
 - Consider the total review effort.

Attract and Train Capable People

Implement A Human Resources Strategy through:

- Innovative recruitment and selection, e.g. rotational assignments; interchange assignments; rigorous selection board;
- Alliances with external organisations for training;
- More active Treasury Board Secretariat role in improving accessibility to the required training.

Deliver Quality Products/Use Quality Tools

- Develop and promote practices and tools that help reviewers:
- Address the right questions, on time, with sufficient rigour;
- Be proactive in key areas; e.g. auditors must embrace information technology to improve their productivity and to advise managers, for example, by providing early input to systems under development;
- Share best practices and lessons learned;

- Organise learning events: methods workshops, networks, publications.

Better Reporting

- Use the reporting process which best provides information where and when needed;
- Use documentation to suit the circumstances, e.g. to fulfil accountability requirements, whether or not in traditional report format;
- Make performance information visible to Parliamentarians and accessible to the public;
- Departments to estimate and publish costs of individual reviews.

Supporting Material

Treasury Board Manual, Internal Audit Volume, Chapter Two

6.2 Accrual accounting

A principle objective of financial reporting by government is to communicate reliable and useful information that is relevant for decision-making by management and for accountability to Parliament and the public. In striving to meet these objectives, a trend has developed in many jurisdictions from simply reporting amounts collected and disbursed (cash basis of accounting) to reporting information about the financial effects of transactions and other events in the fiscal periods in which they occur (accrual basis). The accrual basis is generally considered to produce better information on a government's performance in the management of its financial affairs and resources, and it reports more accurately the annual costs of government programmes.

A study entitled "Elements of the Financial Statements of National Government" issued by the Public Sector Committee of the International Federation of Accountants describes the spectrum of accounting bases ranging from cash to full accrual. Canada is one of the jurisdictions in which a shift towards accrual accounting has occurred. During the past 15 years, the Government of Canada has made a number of changes in accounting policy that reflects this change so that today, Canada follows what is termed "modified accrual accounting". This means that in its annual budget, parliamentary appropriations and audited financial statements, the Government uses accrual accounting to determine the annual deficit, except in accounting for:

- physical assets (which are fully charged to the deficit when acquired);
- prepaid expenses and deferred charges (which are fully charged to the deficit when incurred); and
- tax revenues (which are accounted for on a cash basis, i.e. when taxes are collected and refunds are disbursed).

The context for change

Government financial reporting is used by three major groups:

- parliament and the public;
- central agencies of government that are responsible for government-wide financial and fiscal management; and

- departments and agencies that require financial information to manage their operations.

Canada currently follows "modified accrual accounting" in order to meet a key objective of financial reporting under the "net debt concept". This objective is to report net debt, or net liabilities, of the government that must be met out of future revenues. Under this concept, only assets (termed "financial assets") which will provide cash for debt repayment or for future operations, are recorded to offset liabilities that the government must eventually pay. "Non-financial assets", such as physical assets, prepaid expenses and deferred charges which will not generate or be converted into cash, are not capitalised or set up on the balance sheet, but are fully charged to the deficit when acquired.

This form of reporting is useful to Parliament, the public and central agencies, but it is of limited use to departments in managing their day-to-day affairs.

Implementing change

Accounting policy is developed by central agencies in consultation with departments and agencies. When approved, implementation instructions are issued to departments and agencies.

Time required to develop and implement a new policy varies with the issue being addressed. Experience has shown that those policies which are relatively straightforward and affect a small number of transactions, such as provisioning for loan guarantees, can be developed and implemented within six months. Others, such as capitalisation of assets which involve extensive inventory counts and valuation, are expected to take at least two years. All departments and agencies are required to adhere to a common set of policies.

Because of the limited value of reporting under the net debt concept, the Government of Canada is studying a move to full accrual accounting. Reports are being prepared on capitalisation of assets, on prepaid expenses and deferred charges, and on accruing tax revenues with a view to recommending implementation for the 1996-97.

Currently, in a five-week period following year-end, departments and agencies are required to:

- identify all goods and services (including payroll) received prior to year-end, and record corresponding liabilities;

- account for all non-tax revenue earned before year-end, record necessary accounts receivable and establish a provision for bad debts;
- identify all amounts under cost-shared, grant and entitlement arrangements in which the recipient has met the terms and conditions of the arrangement but for which payments have not been made prior to year-end, and record corresponding liabilities;
- provide an assessment of all loans, investments and advances so that they can be valued at the lower of cost or net realisable value in the accounts;
- provide an estimate of probable future payouts under loan guarantees outstanding at year-end, and record the liabilities in the accounts;
- identify and record any other liabilities of the government which are not recorded in the accounts.

Accrued interest on government debt is calculated and recorded by the Department of Finance.

At the end of each year, the government's actuary estimates liabilities under the various public service pension plans and these liabilities are recorded on the balance sheet. Estimated liabilities are also recorded for accrued employee benefits such as vacation leave and termination pay.

Supporting material

Financial Management Manual issued by the Treasury Board of Canada

6.3 Improving estate management

This entry looks at the policies regarding the management of federal real property. Recently, there have been significant changes to these policies. Summaries of six of these new policies follow.

The context for change

It is government policy to acquire, manage and retain real property only to support the delivery of government programmes and to do so in a manner consistent with the principle of sustainable development. Within this context, real property must be managed to the maximum long-term economic advantage of the government, to honour environmental objectives, to provide adequate facilities, and to respect other relevant government policies.

The following lists the key departments and agencies that have an impact on the real property activities of custodian departments:

Department of Justice Canada provides legal services to government departments and agencies, including legal advice and opinions on real property matters and transactions; prepares instruments, contracts and other documents (including their settlement and approval as to form and legal content); acts for the Crown in real property transactions of all types; and searches and formulates opinions on real property titles.

Natural Resources promotes energy management in federal government facilities and conducts surveys on Canada Lands.

Environment Canada develops environmental policies and provides advice on environmental matters such as environmental impact assessment, land use and built heritage.

Health Canada is responsible for Public Service health services including monitoring and providing advice to the Treasury Board on its occupational safety and health standards for Public Service work places.

Human Resources Development, under the authority of the Canada Labour Code, develops and ensures compliance with the minimum standards for safety, including fire, and health in federal work places.

National Capital Commission, under the National Capital Act, has certain responsibilities for real property within the National Capital Region.

Government Services Canada, the Minister of Government Services is the designated principal authority for real property contracting with the private sector.

Royal Canadian Mounted Police, on request, reviews and advises on the physical security arrangements for real property that departments administer. It also initiates related government-wide standards, inspects, tests, evaluates and, when necessary, designs physical security equipment or specifications.

Treasury Board of Canada Secretariat, advises the Treasury Board on the real property plans and expenditures of departments and on individual real property projects and contracts; develops government real property policies; co-ordinates maintenance of information on federal real property holdings; reviews the use of real property from a central perspective; develops proposals for alternative uses of federal real property; and assesses departments' performance in relation to government policies and approved departmental plans.

Implementing change

Departments must define and implement a framework for real property management and maintain complete information on the spectrum of their accountabilities based upon an accountability framework. Specific accountability reporting to the Treasury Board will be based on bilateral agreements with departments.

Departments having administration of real property must develop, maintain and apply appropriate organisational authority, technical administrative and financial structures, policies, practices and systems to manage the real property in their custody. Departments are accountable for initiating all actions concerning the acquisition, use and disposal of the real property required to deliver their programmes. They are responsible for the broader overall planning and management of design and construction projects, capital and operational budgets, and operating and maintenance costs, including lease costs and the costs of acquiring and administering leased real property.

Departments must conduct regular reviews of real property under their administration.

Departments must obtain all services related to real property in accordance with the Treasury Board's Common Services Policy, as follows:

- for a mandatory service, by procuring it through or from the appropriate organisation; and
- for an optional service, by procuring it from the designated services organisation or from the private sector, either directly or through the service organisation.

A particular initiative in improving estate management: assignment of administration

It is government policy that, whenever possible, administration of real property be assigned to the relevant programme department and that the real property be limited to that required to directly support its programmes.

Responsibilities are allocated as follows:

Custodian Departments

Custodian departments are those which have been authorised to have administration of real property and have custody of the real property required to deliver their programmes. They are responsible for developing and using strategic plans to relate their real property to programme delivery and for maintaining the required inventory information.

Foreign Affairs and International Trade

Foreign Affairs and International Trade Canada is the designated custodian of all federal real property outside Canada, except for certain National Defence real property.

Government Services

Government Services is the designated custodian of general office facilities provided on a mandatory or optional basis to departments and agencies and federal organisations.

Treasury Board of Canada Secretariat

The Treasury Board has the mandate to co-ordinate the management of the government's real property assets. The Treasury Board Secretariat (TBS) is responsible for ensuring that the administration of real property is assigned to the appropriate department and that real property no longer needed for such purposes is released for other use or disposal. The TBS will monitor and advise the Treasury Board on the real property under the administration of departments, and, if necessary, will arbitrate transfers between custodian departments. The TBS is also responsible for maintaining the Directory of Federal Real Properties and for co-

ordinating the maintenance of information on all federal real property including that of Crown corporations.

Departments must be able to link the real property under their administration to their programme requirements through integrated strategic and operational plans.

Departments with administration of real property must maintain accurate records of it, including recording certain information in the Directory of Federal Real Properties.

Departments must, as part of their regular reviews of the real property under their administration, confirm that their current use of it remains appropriate.

Transfers of administration must be signed by both the transferring department or corporation and the accepting department or corporation to indicate their consent to the transfer. Such transfers must be countersigned by the Department of Justice to ensure that the proper parties sign the transfer/acceptance and that the description of the property is sufficient.

A particular initiative in improving estate management: investment planning

It is the policy of the government that custodian departments acquire, maintain, preserve, and dispose of real property to the maximum long-term economic advantage of the government.

Responsibilities are allocated as follows:

Custodian Departments

Departments having administration of real property are responsible for developing and implementing long-term capital plans and capital and operational budgets covering the costs of acquisitions (including leasing), maintenance, preservation, renewal and disposals (including lettings).

Treasury Board of Canada Secretariat (TBS)

Treasury Board Secretariat is responsible for establishing guidelines for investment planning, assisting custodian departments to understand government as a whole, encouraging departments to use good real property investment practices and coordinating and monitoring those practices. The TBS also provides advice to the Treasury Board on departments' long-term plans and on individual projects.

Custodian departments must systematically assess the condition of the real property in their inventory and act when necessary to maintain, preserve and renew its value and usefulness consistent with their programme need.

Custodian departments must, through the use of appropriate long-term capital plans, invest in real property consistent with both their strategies for meeting operational requirements and their real property accountability framework. Such investments include acquisitions (including leasing), maintenance, preservation, renewal and disposals (including lettings).

Custodian departments with approved long-term capital plans must report on performance expectations in accordance with the criteria in their approved plans. Custodian departments that do not have Treasury Board-approved plans must provide annual information to the Treasury Board about their real property plans and objectives, related performance expectations, and results achieved since their previous report.

Custodian departments must, as a minimum, submit to the TBS evaluations of the real property aspects of their long-term capital plans either just before their Plans expire or in mid-term if the plan is over a longer than normal period of time. Departments must also report annually on their plans when such plans vary significantly from those approved by the Treasury Board. Departments have considerable flexibility in negotiating reporting requirements for their long-term capital plans with the TBS.

Custodian departments must base the priorities (i.e. selection and ranking) they assign to their real properties on their contributions to the achievement of their long-term capital plans and the accountability framework.

A particular initiative in improving estate management: revenue from real property

It is government policy that:

- custodian departments seek opportunities to earn revenue from the real property they administer; and
- revenues received from the sale, transfer, leasing or licensing of government real property reflect its market value.

This policy is intended to ensure that revenue earned or other financial benefits gained through the sale or other disposition of real property is consistent with current market practice.

Responsibilities are allocated as follows:

Natural Resources

Natural Resources issues, manages, transfers and registers federally-owned mineral rights in the provinces, and oil and gas rights for frontier land areas not covered by regional boards.

Government Services

Government Services is the designated common service agency for disposing of real property within Canada. As such, when acting on behalf of another department in a transaction, the authority of the Minister of Government Services may be applied.

Custodian departments that no longer require particular real property for their programme delivery must dispose of it by sale or transfer.

Custodian departments must seek opportunities to earn revenue through the wider use of the real property they administer for their programmes. In doing so, departments must make certain that in implementing such opportunities they do not cause a negative impact on their programmes and that the wider use is compatible with applicable land use controls.

All dispositions of federal real property must be at market value. This principle applies to:

- sales, leases and licences;
- transfers of administration from one department to another that do not include the transfer of programme responsibility;
- transfers of any interest in real property between the federal government and federal Crown corporations; and
- transfers of administration and control of any interest of the federal government.

A particular initiative in improving estate management: access to real property

It is government policy to provide barrier-free access to and use of real property it owns or leases, to ensure that persons with disabilities can gain access to, and use, federal real property.

Responsibilities are allocated as follows:

Custodian Departments

Primary responsibility for ensuring accessibility to persons with disabilities, and for planning appropriate capital and maintenance programmes to ensure implementation of the accessibility policy, rests with custodian departments.

Treasury Board of Canada Secretariat (TBS)

To ensure that policy issues relating to accessibility improvements are appropriately and expeditiously addressed, TBS:

- consults with representatives of tenant and custodian departments and other interested parties, especially persons or groups concerned with accessibility issues;
- ensures consistency where practicable in departmental access improvements; and
- prepares a report to the Treasury Board providing an overview of the plans submitted.

Accessibility Sub-Committee

The Accessibility Sub-Committee of the Treasury Board Advisory Committee on Real Property is responsible for:

- advising on policy issues concerning improvement of accessibility within Crown-owned or leased real property;
- addressing departmental concerns about achieving policy objectives;
- reviewing recommendations from the Inter-departmental Technical Committee on Accessibility addressing design standard or other technical issues; and
- reporting to the Treasury Board Advisory Committee on Real Property semi-annually about its activities.

Inter-departmental Technical Committee on Accessibility

The Inter-departmental Technical Committee on Accessibility is a committee comprised of persons with technical knowledge about accessibility for persons with disabilities which:

- provides a forum for departments and agencies to consult with each other, persons or groups with disabilities, and Public Works Canada about accessibility;

- consults interested parties on the development of technical standards;
- advises departments about the technical standard or variations to it;
- advises departments on retrofit leniency;
- identifies problems regarding access and egress;
- advises departments on accessibility, improvements, interpretations, and the application of standards which may be supplementary to the technical standard; and
- reports to Treasury Board Secretariat semi-annually on its activities and provides any additional reports requested by the Secretariat during the year.

Government Services

Government Services provides technical support in architectural and engineering services as they apply to accessibility for disabled persons. Specifically, it maintains a technical library for use by the federal government and other interested parties. In its role as the government's advisor on architectural and engineering services it chairs the Inter-departmental Technical Committee on Accessibility.

Custodian departments must ensure that their real property, both Crown-owned and -leased, meets access and use requirements of persons with disabilities.

A particular initiative in improving estate management: heritage buildings

It is the policy of the federal government to protect the heritage character of Crown-owned buildings.

Responsibilities are allocated as follows:

Custodian departments

Custodian departments are responsible for all decisions which affect the heritage conservation of federal buildings under their administration. In this regard, departments have the authority to deal with any issues arising from a review by the Federal Heritage Buildings Review Office about an intervention.

Minister of the Environment

The Minister of the Environment is responsible for approving the heritage designation of federal buildings.

The Federal Heritage Buildings Review Office

The FHBRO co-ordinates information related to heritage buildings, makes recommendations to the Minister of the Environment about the designation of such buildings and assists departments to implement this policy.

The National Capital Commission (NCC)

Within the National Capital Region, the NCC reviews all designation proposals made by the FHBRO and makes recommendations to the Minister of the Environment about these proposals.

Environment Canada must establish criteria for the designation of heritage buildings. The criteria must permit distinction between classified and recognised buildings. The FHBRO must use these criteria to formulate their heritage designation recommendations to the Minister of the Environment.

A classified building means a federal building to which the Minister of the Environment has assigned the highest heritage designation. A recognised building means a federal building to which the Minister of the Environment has assigned the second highest heritage designation.

Under government policy:

- Custodian departments shall manage buildings under their administration so as to conserve their heritage character;
- Before custodian departments can alter, dismantle, alienate or demolish a federal building 40 years old or older, they must identify the building to the Federal Heritage Buildings Review Office (FHBRO) for evaluation;
- Any custodian department proposing to acquire a building 40 years old or older must first obtain the advice of the FHBRO about its potential heritage designation. A department may also request the FHBRO to estimate the cost of maintaining such a designation;
- Custodian departments must protect the heritage character of buildings designated as classified using standards and guidelines developed by the FHBRO in consultation with custodians. Any intervention with respect to a classified building must only be undertaken after full consultation with the FHBRO. An intervention refers to any action which may affect the

heritage character of a heritage building, including alienation from federal ownership, alteration, dismantlement or demolition;

- Custodian departments must protect the heritage character of buildings designated as recognised. Departments must obtain appropriate heritage advice before any intervention with respect to a recognised building. In the case of an alienation, dismantlement or demolition of a recognised building, however, departments must consult with the FHBRO;
- Environment Canada must operate a Federal Heritage Buildings Review Office to assist departments in implementing this policy. Upon request, the FHBRO must provide a report of its activities to the Treasury Board Secretariat.

Supporting material

- (i) Financial Administration Act, subsections 7(1) and 9(2)
- (ii) The Manager's Deskbook, Treasury Board of Canada, Third Edition
- (iii) Treasury Board Manual, Real Property Management Volume, Chapters one, four, six and nine

6.4 Improving procurement procedures

This entry provides an overview of public service policy concerning procurement. There is a complete volume in the Treasury Board Manual dealing with contracting, the purpose of which is to bring together in one document all related regulations, directives and guidelines for procurement contracting by departments and certain agencies of the Government of Canada. It deals with all aspects of procurement for goods and services, construction and leasing.

It is government policy to conduct contracting in a manner that will:

- ensure that operational requirements are met;
- stand the test of public scrutiny for prudence and probity, encourage competition, and reflect fairness in the spending of public funds; and
- where appropriate, support long-term industrial and regional development and other appropriate national objectives.

The objective of government procurement contracting is to acquire goods and services and to carry out construction in a manner that results in best value or, if appropriate, the best balance of overall benefits to the government and the Canadian people.

Managers must ensure that the contracting practice of their organisations meets the requirements of other government policies or agreements that have an impact on contracting.

Examples of such policies are: employment equity, official languages, GATT agreements on government procurement and preventing technical barriers to trade, the Canada-United States of America Free Trade agreement, the Common Services policy, contracting with current and former public service employees and non-nationals and the Risk Management policy.

Before contracting out, managers should ensure the following:

- that contracting out is the more cost-effective means of programme delivery when the knowledge, expertise, resources of facilities required are available in-house;
- that a proposed contract will contribute to achieving an objective or solving a current problem; and

- that the purpose of the contract is within the department's mandate.

When contracting, managers should ensure the following:

- that they have provided clear, accurate, and comprehensive descriptions of the goods or services required to the contracting officer (to enhance competition, descriptions should be generic rather than specific);
- that they have determined the selection criteria in advance and followed them when bids or proposals are evaluated;
- that contracts are awarded in accordance with departmental and Treasury Board dollar limits; and
- that the goods or services delivered meet the terms and conditions of the contract.

A particular initiative in improving procurement procedures: Public Works and Government Services Canada

The pressure for change

As a common services agency, Public Works and Government Services Canada (PWGSC) provides procurement and contracting activities for both materiel and real property; maintains the government's infrastructure - offices, buildings, bridges, highways and museums; and also pays the government's bills and collects funds due.

PWGSC's Mission Statement was developed to reflect specifically the goal of being attuned to the needs and desires of its clients. Taking the basic elements of best practices, the Department focused on lessons learned to create initiatives geared specifically to client satisfaction with a goal of maintaining a truly continuous cycle of improvement.

The delivery of service in relation to the changing needs of client departments had to be managed better, along with the demands of technological change and current fiscal realities. Reducing the costs of service delivery in today's climate, as well as simplifying and speeding up the means by which services are delivered, have been driving forces in the re-engineering of PWGSC's business.

An improved service

Resources allocated to commercially available, off-the-shelf procurement for goods and standard services, both within PWGSC as well as in our client departments, have been costly, and the turnaround time required to provide the service has not been deemed acceptable. It was recognised and accepted that clients have long felt the need for authority to purchase their own off-the-shelf goods quickly and with minimal red tape; especially where price and delivery are the common denominators. Using the elements of best practice, Public Works and Government Services Canada has introduced its client departments to a FASTRACK electronic purchasing gateway that operates on basic 286 computer hardware with modems. PWGSC clients now have access to electronic catalogues with an initial count of over 50,000 line items with pricing, quantity and delivery detail. These electronic catalogues, based on standing offers and supply arrangements provided by PWGSC, are the vehicles used by clients to create their own electronic purchase orders that are issued to Canadian suppliers via fax or EDI. The intermediary (PWGSC) is no longer obtrusive; delivery time has been reduced by more than a week; and strides have been made in eliminating much of the paper process.

Systems, particularly in contracting, have had to move from "administrative overhead" to "strategic resources". PWGSC has achieved this transfer along with enhancing its mandate of government procurement based on fairness and competition. An Open Bidding Service (OBS), provides for the publication of requirements for goods valued at over \$25,000.00, as well as construction, maintenance, leasing, and architectural and engineering opportunities valued over \$60,000.00, on an electronic bulletin board.

Through the use of subscription services, suppliers are in a position to make their own decision as to which opportunities best suit them. The Government is no longer the initial decision-maker, pre-determining who is eligible to bid. Tender packages are available in electronic, as well as traditional paper formats. A contract cost history data base has recently been added to the Service in order to provide up-to-date information regarding previous pricing, quantities and usage. A bid-matching service that automatically scans the data base for a match in requirements and faxes the opportunities to suppliers has also been introduced. OBS also transmits supplier orders for technical bid documents to local printing companies across Canada who will print and distribute them.

Advertising of requirements began in 1989 with the installation of the Procurement Opportunities Bulletin Board and in 1992 the service was enhanced and further developed into the current Open Bidding Service.

The Department began work on the FASTRACK electronic gateway, approximately sixteen months prior to introducing the first pilot to an initial grouping of clients in June of 1993.

New systems, such as an automated buyer environment and an electronic payments system are currently being developed; additional enhancements are continually being sought in order to ensure first-class service to clients.

Some context

Most of the enhancements and changes in outlook were spirited by the Canadian Government's Public Service 2000 initiative launched in 1989. The goal was to "renew the public service of Canada - to bring it into line, in structure and in processes, with the requirements of this decade and the next". Three central themes emerged:

Service: Senior managers must lead a process of cultural change focused squarely on the provision of high quality service and citizen satisfaction.

Consultation: The public service must become more engaged, more open, more visible and more consultative with the public.

People: Managers must lead in creating a public service in which people are valued for their skill, dedication, energy and loyalty.

Supporting material

- (i) The Manager's Deskbook, Treasury Board of Canada, Third Edition, February 1993
- (ii) Treasury Board Manual, Contracting Volume, 1990, and subsequent amendments
- (iii) Public Service 2000, Service to the Public, Report in Brief, 12 October, 1990

6.5 Introducing end-year flexibility

Under the operating budget regime introduced in 1993-94 departments were originally authorised to carry forward up to two per cent of their operating budget from one fiscal year to the next. This provision is now being increased to five per cent.

Departments may carry forward from one fiscal year to the next up to five per cent of the operating budget approved through the Main Estimates. The entitlement to carry forward is granted automatically based on lapses reported in Public Accounts.

The reason for implementing the carry-forward provision was to promote sound cash management across fiscal years. The former system lacked flexibility. Spending decisions were driven not only by best use of funds considerations but by whether the funds would lapse. It was for that reason that Treasury Board introduced the original two per cent carry forward provision and subsequently increased it to five per cent. Based on the results of the operating budget pilot projects in 1992-93, the carry forward was deemed successful.

The carry-forward provision is part of the overall objective of providing incentives for efficient management. Capital funds amounting to up to five per cent of a capital vote can also be carried forward subject to acceptable justification to Treasury Board and affordability considerations.

Senior departmental management will be expected to ensure that all operational managers participate fully in the increased carry-forward provision to maximise value-for-money gains inherent in the Operating Budget regime.

Supporting Material

- (i) 1994-95 Estimates, Part I, the Government Expenditure Plan, Chapter five
- (ii) The Manager's Deskbook, Third Edition, February 1993, Treasury Board of Canada