

President of the Treasury Board
and Minister of Digital Government



Présidente du Conseil du Trésor
et ministre du Gouvernement numérique

Ottawa, Canada K1A 0R5

Mr. Charles Robert
Clerk of the House of Commons
233-C, West Block
House of Commons
Ottawa, Ontario
K1A 0A6

Dear Mr. Robert:

Enclosed for tabling in the House of Commons, pursuant to Standing Order 32(2) of the House of Commons, are two copies, in both official languages, of the Government's Response to the Fifty-second Report of the Standing Committee on Public Accounts, entitled, *Report on the Message from the Auditor General in the 2018 Spring Reports*.

Yours sincerely,

A handwritten signature in blue ink that reads "Jane Philpott".

The Honourable Jane Philpott, M.D., P.C., M.P.

Enclosures

President of the Treasury Board
and Minister of Digital Government



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Ottawa, Canada K1A 0R5

The Honourable Kevin Sorenson
Chair
Standing Committee on Public Accounts
131 Queen Street, 6th Floor
House of Commons
Ottawa, Ontario
K1A 0A6

Dear Mr. Sorenson:

On behalf of the Government of Canada, I would like to thank the Standing Committee on Public Accounts for its work and report, entitled "*Report on the Message of the Auditor General in the 2018 Spring Reports.*" The Government is grateful for the practical insights of the Committee and the opportunity its work provides to advance and strengthen dialogue on the Government of Canada's accountability regime, best practices for public sector transformations, public service culture and deputy-level tenure. This letter is provided as the Government's response to the Committee's important report.

Response to Recommendation 1

The Government of Canada should explore opportunities to improve the accountability regime, including dealing with gross mismanagement or other very serious discrepancies, and report its findings to the Committee by February 28, 2019.

The Government of Canada is in agreement with this recommendation. Working closely with stakeholders, including bargaining agents, the Government of Canada is committed to recruiting, developing and retaining a high performing public service that demonstrates the behaviours of the Values and Ethics Code for the Public Sector. The Government has launched a review of its accountability regime and performance management program for executives. As the review is an ongoing exercise and will not be completed by February 28, 2019, the scope of this review is presented below in response to the Committee's recommendation.

.../2

The Government supports a high-performing public service that demonstrates the behaviours of the *Values and Ethics Code for the Public Sector* (the Code), including the effective stewardship of public money, property and resources managed by public servants. As a condition of their employment, public servants are expected to abide by the Code and demonstrate the values of the public sector in their actions and behaviour. If a public servant does not abide by the values and expectations in the Code, he or she may be subject to administrative or disciplinary measures up to and including termination of employment.

Deputy heads in the Core Public Administration (CPA) are accountable for identifying and dealing with instances of misconduct and unsatisfactory performance and have two options at their disposal:

1) *Disciplinary Action for Cause*

The *Financial Administration Act* authorizes every deputy head in the CPA to establish standards of discipline and to set penalties, including termination of employment, suspension, demotion to a lower level position, and financial penalties that may be applied in instances where there is a breach of discipline or misconduct. Disciplinary action in these cases is considered to be for cause.

As part of its review of its accountability regime and performance management program for executives, the Government will examine how discipline for cause is applied to executives across the CPA as well as review other jurisdictions' use of termination for misconduct.

2) *Performance Management Program for Executives*

Another avenue for managing the performance of executives, including dealing with unsatisfactory performance, is through the Performance Management Program for Executives (EXPMP). Performance management is an essential component of sound human resource practices, as it drives excellence and improves organizational results. While the EXPMP's primary function is to serve as an accountability accord between executives and their management, it is also a tool for improving the performance and productivity of individuals, teams and organizations.

As part of its review of the policy suite on the management of executives, the Government has already begun a review of the performance management program. As part of this ongoing review, the Government will analyze trends in the administration of the performance management program for executives across departments in the CPA to better address gaps and inconsistencies and examine the policies of other public sector and private sector organizations.

Response to Recommendation 2

The Government of Canada should study and consider applying the five key principles identified in the discussion paper entitled *Delivering for Citizens: How to Triple the Success Rate of Government Transformations* (a.k.a. “the five Cs”) to all major government programs and projects, and provide the Committee with a progress report by May 31, 2019.

The Government is in agreement with this recommendation. There are significant challenges with government transformations and it is not uncommon for these efforts to not meet the intended objectives. As the report states, “around 80 percent of government efforts to transform performance don’t fully meet their objectives.” The Government is committed to ensuring that transformations are given the highest possible chance to succeed.

The Government will commit to studying and applying, where possible, the key principles identified in the report. The Treasury Board of Canada Secretariat (TBS) is conducting ongoing reviews of Treasury Board policies, particularly with respect to project management and information technology. The principles in the report from the McKinsey Center for Government (committed leadership; clear purpose and priorities; cadence and coordination in delivery; compelling communication; and capability for change) are being integrated as part of this review.

As referenced by the Secretary of the Treasury Board in his appearance, the Office of the Comptroller General is working with departments to strengthen project management capacity enterprise-wide through a Government of Canada Project Management Strategy. The change management principles described in the recommendation are already reflected in this blueprint for targeted efforts in project management planning and decision-making; knowledge and capacity; policy, data and lessons learned.

For example, TBS is developing changes to existing Treasury Board policies related to investment planning and project management. If approved by the Treasury Board, the change management principles will be better reflected in new policy requirements.

The Government takes its role as a steward of public resources very seriously, making every effort to ensure taxpayers' money is well invested and that major transformations deliver concrete results for Canadians. While the reality is that information technology enabled transformations are high risk, risks should not be disproportionate to the potential benefit and materiality of the investment. The Government has taken steps to strengthen the governance and oversight function with respect to information technology and these steps are aligned with the recommendations in the referenced discussion paper (i.e., committed leadership; clear purpose and priorities).

The public service is also developing a framework for renewal, Beyond2020, which is aimed at examining how public servants can collectively adopt mindsets and behaviours to build a more agile, more inclusive, and better equipped institution. Beyond2020 is grounded in consultations with diverse public servants, and a multitude of public and private sector research, including that of the referenced McKinsey report.

Going forward, we will continue to explore additional opportunities to address the challenges and improve the success rate of major transformative initiatives, and will provide a progress report to the Committee by May 31, 2019.

Response to Recommendation 3

The Government of Canada should study and consider applying the relevant recommendations in the United Kingdom's House of Commons Public Administration and Constitutional Affairs Committee report entitled *The Minister and the Official: The Fulcrum of Whitehall Effectiveness*, specifically pertaining to: 1) the tenure of deputy ministers; and 2) the practices of trust in place, firstly, between ministers and deputy ministers, and secondly, between deputy ministers, senior officials and the public service in general.

The Government has studied the report from the United Kingdom House of Commons with interest and agrees with its premise that Westminster government requires a high performing non-partisan public service, led by senior officials with appropriate tenure, and requires strong relationships of trust among ministers, deputy ministers, officials and political advisors.

The Canadian public service has provided stability and continuity for Canadians over many decades while adapting to changing political landscapes. Its hallmark is the ability to support any elected government with sound advice and effective implementation.

The operating principles of the Canadian model, and clear guidance to ministers, deputy ministers, officials and political advisors, are set out in *Open and Accountable Government*. This document has been refreshed and reissued by successive Prime Ministers. One of its core purposes is to nurture sound relationships among the various actors in our system of government based on trust and clarity of roles.

The Government welcomes the Committee's attention to the key role of deputy ministers. The key feature of the Canadian model is the management of deputy ministers as a community or a portfolio. Under the leadership of successive Clerks of the Privy Council and successive governments, approaches have matured and been continuously updated to develop pools of promotable talent, to seek external recruits from outside the current service, to provide training and leadership development programs, and to provide performance feedback.

The appointment and deployment of deputy ministers takes into account not just a specific vacancy, but the long term development of each individual and the long term development of a strong and diverse deputy minister community. Tenure in position is higher in Canada than in the United Kingdom. Tenure in position is 3.4 years on average or a median tenure of 3.3 years, versus 2 years in the United Kingdom. In Canada, tenure in the community is 8.7 years on average.

As the UK report notes, the effectiveness and resilience of public service leaders depends upon their training and professional development. The Government is mindful of the need for ongoing improvement and the need for agility to adapt to a rapidly changing set of challenges and has reinvested in leadership development programs that had been terminated by the previous Government.

The Government of Canada is committed to sustaining an ethical workplace culture and supporting the integrity of the federal public sector. Continuous and meaningful improvements are being made to the federal disclosure process under the *Public Servants Disclosure Protection Act*. Improvements include enhanced reporting, greater guidance to enhance capacity building for the internal disclosure process, and increased awareness activities and training for public service employees, managers and executives. The Government will consider the recommendations in the report to the extent that they are relevant to the Canadian federal public sector.

I would like to again thank the Committee for its valuable work. The Committee's work will contribute to the ongoing dialogue on the very important issue of workplace culture in the federal public service.

Yours sincerely,

A handwritten signature in blue ink that reads "Jane Philpott". The signature is fluid and cursive, with the first name "Jane" and last name "Philpott" clearly distinguishable.

The Honourable Jane Philpott, M.D., P.C., M.P.