The Honourable Kevin Sorenson, P.C., M.P.
Chair, Standing Committee on Public Accounts
131 Queen Street, 6th floor
House of Commons
Ottawa, Ontario
KIA 0A6

Dear Mr. Sorenson:

Pursuant to the Government Response of September 18, 2017 to your
May 2, 2017 Report of the Standing Committee on Public Accounts, entitled,
*Report 1- The Beyond the Border Action Plan, of the Fall 2016 Reports of the
Auditor General of Canada*, I am pleased to provide you details of how the
Treasury Board of Canada Secretariat (TBS) has clarified its guidance on the
management and reporting of horizontal initiatives to ensure that results are
accurately reported to Parliament and Canadians.

This will take effect through the revised and updated *Guide on the Management
and Reporting of Horizontal Initiatives*, a copy of which is included with this
letter, and which TBS intends on issuing by Spring 2018, following extensive
consultations with departments and agencies.

As noted by the Minister of Public Safety in the September Government
Response, the Government accepted all of the Standing Committee's
recommendations as stated in its May 2 report. Recommendation 7 was directed
specifically at TBS, and called for the clarification of the guidance on the
management and reporting of horizontal initiatives, the previous iteration of
which had been promulgated in 2014. TBS agreed with the recommendation, and
has worked since spring 2017 to revise the guidance to facilitate accurate
reporting on Horizontal Initiatives to Parliament and Canadians.

The updated guidance endeavors to promote this through three key mechanisms:
clear governance obligations; a horizontal reporting framework; and a horizontal
financial framework for clear reporting of costing and related financial data.
Supporting each of these three mechanisms, and indeed, flowing through the
guidance document, are clear roles and responsibilities for lead and partner
departments in respect of each.

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Governance Requirements

The revised guidance makes effective governance a requirement, and imposes clear obligations upon lead and partner departments for how this is to be achieved. The required governance structure is built around a senior-level Oversight Committee at the Deputy Minister or Assistant Deputy Minister level, which includes representation from all partners in the horizontal initiative. This Oversight Committee is supported by a subordinate steering-committee as well as additional committees and working groups related to discrete or technical aspects, as needed.

The Oversight Committee makes final decisions and is responsible for the overall coordination of the horizontal initiative and related reporting. It must function for the duration of the initiative and is required to meet regularly to address management and reporting issues. The lead department is required to carry out the administrative and secretariat function for the Oversight Committee throughout the initiative and liaise with TBS, as required, to resolve any management or reporting issues.

The Oversight Committee approves the requirements for regular data collection on performance indicators, results and financial reporting. It is additionally responsible for establishing a dispute resolution mechanism, and carrying out "close-out" reporting upon termination of the horizontal initiative. The "close-out" report summarizes the resources used and the results achieved.

Horizontal Initiative Framework

A Horizontal Initiative Framework will be established by the Oversight Committee for each horizontal initiative. This framework will present shared outcomes, funding and related information in a manner that is clear, accessible and easy to understand. This framework forms the basis for managing and collecting data, and provides a means for Parliament and Canadians to understand what the horizontal initiative intends to achieve, how it is being achieved, and what has been achieved. The guidance states that this framework must be clear, easily understood and informed by meaningful and relevant performance indicators.

The framework is built around three levels of reporting: the overall shared outcome, or outcomes of the horizontal initiative; the "themes" which support the shared outcome(s), and which represent buckets of funding around which the horizontal initiative was conceived; and the individual departmental horizontal programs or activities which fall under each theme.

The framework mandates that there be meaningful indicators for the shared outcome(s) and themes, as well as outcomes and indicators for each horizontal program or activity. The guidance clarifies that targets are required for each indicator. The design of the framework is additionally intended to aid evaluators and facilitate an eventual audit or evaluation of the horizontal initiative.

The framework provides a mechanism for consolidated results tracking and reporting and, as such, serves as an overview of the horizontal initiative for decision makers, central agencies, Parliament and Canadians.

Horizontal Financial Framework

Horizontal initiative financial reporting is crucial to informing decision making and providing evidence of progress toward shared outcomes. However, this financial reporting has traditionally been an area of concern, in large measure a collateral effect of the vertical accountabilities and vertical financial allocations of federal government departments.

While departmental financial management and control mechanisms provide an effective means of reporting vertically, the Office of the Auditor General and the Public Accounts Committee have noted that this does not translate to effective horizontal reporting.

The guidance aims to address this by requiring the development of a horizontal financial framework, which, at its core, represents a costing of the results-focussed Horizontal Initiative Framework. This includes the planned and actual resources spent at the initiative, theme and activity levels.

This horizontal initiative financial framework provides the information to support the Oversight Committee's decision-making in terms of the need for course corrections, reallocation of funds, or changes in program design, as well as to fulfill reporting requirements to Parliament and Canadians.

The guidance makes it clear that the horizontal initiative financial framework must account for all approved funding, including unspent funds.

It also requires cumulative spending to be reported annually, in order to situate each year of funding within the broader expenditure picture of the multi-year horizontal initiative. Furthermore, top-up or incremental funding is specifically broken out from both a results and financial reporting perspective. This enables clear tracking of the horizontal initiative "new" funding component of existing programs or activities.

Clearer Roles and Responsibilities

Effective governance of and collaboration on horizontal initiatives is contingent on a clear understanding of respective roles and responsibilities for lead and partner departments. The guidance endeavours to provide this through clarifying roles and responsibilities for lead and partner departments in each aspect of the horizontal initiative, including in terms of governance, the development of indicators, results and financial tracking and reporting to Parliament and Canadians.

Lead departments are required to be designated by TBS or the Privy Council Office at the Memorandum to Cabinet or Treasury Board Submission stage. There can be only one lead department, and in a departure from earlier guidance, this designation cannot be shared between two departments or agencies.

The lead department is required to ensure the governance functions effectively throughout the initiative, and as noted, performs a key secretariat function for the Oversight Committee. Among its key responsibilities, the lead department defines performance and financial data to be collected by partner departments, and establishes a reporting schedule for partner departments.

The lead department is additionally required to carry out annual reporting on the horizontal initiative through its Departmental Plan and Departmental Results Report. Further, the lead department serves as the liaison with central agencies, and must work closely with TBS on any management and reporting issues.

Partner departments are required to play a key role in governance through membership on the Oversight Committee, steering committee and in any supporting committee. They are responsible for providing support to the lead department, and assist in the development of indicators and the development of the Horizontal Initiative Framework and related Financial Framework.

Partner departments are required to measure the outcomes of their programs and meet all reporting requirements set out by the lead department in an accurate and timely manner. To facilitate financial reporting, they are mandated to track all approved funding, including unspent funding, in their department financial systems.

While TBS has endeavoured to clarify the guidance to ensure that departments have a clear understanding of their roles, responsibilities, governance and consolidated reporting requirements, it must be emphasized that as a central agency, TBS provides guidance, as opposed to direction. Implementation of the guidance is the responsibility of departments participating in a horizontal initiative. Notwithstanding that, TBS will work with departments and agencies to ensure that they have a clear understanding of their roles and responsibilities to support the establishment of appropriate governance for managing and reporting on horizontal initiatives.

Further, and as noted in your report, the coming into force of all provisions of the Policy on Results on November 1, 2017, will further enable TBS to improve its monitoring function to better track performance and costing information of horizontal initiatives, including the imminent integration of the horizontal initiatives database with TBS InfoBase.

Yours Sincerely,

Yaprak Baltacıoğlu

Guide to Departments on the Management and Reporting of Horizontal Initiatives

TBS-SCT

Results Division, Expenditure Management Sector

Treasury Board of Canada Secretariat

January 2018

Contents

1.0   Introduction

1.1   What is the purpose of this guide?

The purpose of this guide is to assist departments in better managing and reporting on horizontal initiatives.

The guide promotes this objective by:

- Clarifying what a <u>horizontal initiative</u> is
- Outlining appropriate <u>governance</u>
- Describing the <u>roles and responsibilities</u> of lead and partner organizations
- Setting out the <u>process for their management and reporting</u>
- Prescribing <u>reporting requirements</u> to Parliament and to TBS

Highlights:

- ✓ A set of recommended <u>governance committees</u> to help ensure that any horizontal initiative is well-coordinated within and across departments;

- ✓ A <u>horizontal initiative framework</u> which helps to better communicate the initiative to TB Ministers and stakeholders;

- ✓ Details on financial tracking obligations for <u>reporting on expenditures.</u>

The guide seeks to provide direction to departments on establishing proper governance and establishing a planning framework for management and public reporting.

While good governance and sound planning are key to any successful horizontal initiative, other factors, (for example, execution), are unique to each horizontal initiative, and will also be drivers of success. Departments should accordingly treat this guide as a starting point.

1.2   What are horizontal initiatives?

Horizontal initiatives usually arise where two or more departments are given funding to pursue a shared outcome, often linked to a government priority. In most cases, funding is significant and runs for a fixed period of time.

- ✓ Two or more departments
- ✓ Shared outcome
- ✓ Significant funding
- ✓ Fixed period
- ✓ Government priority

1.3   How are horizontal initiatives established?

Where it is deemed that a formal horizontal initiative is required, the Privy Council Office (PCO) or the Treasury Board Secretariat (TBS) will typically recommend that the Memorandum to Cabinet (MC) or Treasury Board (TB) submission, respectively, be presented to Cabinet or Treasury Board Ministers for their approval as a horizontal initiative.   The considerations underpinning the decision to designate a formal horizontal iInitiative are within the purview of central agencies and Cabinet, and are therefore not exhaustively dealt with in this guide.

The MC will identify lead and partner departments, timelines, funding and outcomes. TB submissions will include this information, as well as details on the governance and planning of the initiative. A TB Submission seeking to implement an MC on a horizontal initiative must make reference to this designation.

Throughout this process, PCO and TBS work closely with the implicated departments, including advising as early as possible in terms of whether a proposal will be presented to Ministers as a horizontal initiative.

1.4   Who are the major players in a horizontal initiative?

The Privy Council Office (PCO):
- Advises departments on the Memorandum to Cabinet (MC)
- Advises Cabinet on declaring a horizontal initiative
- Advises Cabinet and departments on alignment of the initiative with Results and Delivery Charters
- Identifies the department which will be the lead for reporting

Treasury Board Secretariat (TBS):
- Advises Treasury Board on declaring a horizontal initiative and identifies the lead department, where this was not done at the MC stage
- Sets out requirements for and advises departments on an initiative's TB submission(s)
- Provides guidance and support to departments on managing and reporting on the initiative

Lead Department:
- Acts as the secretariat for approval, management and reporting on the initiative
- Reports high impact issues that affect accuracy or consistency of reporting to TBS, as required by this Guide
- Coordinates and establishes standards for the collection of financial and non-financial performance information
- Coordinates the public reporting of the horizontal initiative via the Departmental Plan and Departmental Results Report

<u>Partner Departments:</u>
- Meet reporting requirements outlined by the lead
- Support the lead department in its secretariat functions
- Collect and provide required financial and non-financial performance information related to the horizontal initiative to the lead department
- Implement their respective activities that are components of the horizontal initiative

1.5   What are the key tools for managing these initiatives?

- <u>Governance</u>: facilitating sound, coordinated management of the initiative
- <u>Horizontal initiative framework:</u> mapping out activities, resources and results
- <u>Reporting</u>: communicating what is achieved and what is spent or not spent

These requirements are described in more detail below.

2.0   Governance

Once an MC or a TB submission designates a proposal as a horizontal initiative, implicated departments are required to set up, at a minimum, a senior-level Horizontal Initiative Oversight Committee.

The lead department is required to convene and support this committee. This should be done as soon as possible, ideally during the formulation of the MC or TB submission, and no later than one-month after the first TB submission associated with the horizontal initiative is approved.

Depending on the importance and risk associated with the initiative, members of the Oversight Committee may be Deputy Ministers (DM), Associate Deputy Ministers, or Assistant Deputy Ministers (ADM).

✓ Establish governance early in the planning process– in particular the senior-level Oversight Committee will maintain governance throughout the initiative

✓ Ensure governance deals with simple issues and roadblocks

✓ Ensure Oversight Committee reports high risk, high impact issues to TBS

The relative seniority of the committee members should be established at a level commensurate with the size, scope and importance of the initiative or at the level dictated by Ministers.

The Oversight Committee is responsible for ensuring that the initiative is properly managed and that reporting is timely and accurate.

Membership on the Oversight Committee may include the implicated Assistant Secretary of the Program Sectors or appropriate delegate.

Notwithstanding that, when the Oversight Committee becomes aware of issues of sufficient importance, it should report them in writing to the appropriate Assistant Secretaries of the Program Sectors and Expenditure Management Sector, for both lead and partner departments. The senior-level Oversight Committee should meet several times per year.

The Oversight Committee should be supported by a steering committee, composed of ADMs or DGs as appropriate, and one or more horizontal working groups, to address operational, implementation or technical issues.

While this represents the minimum suggested governance structure, departments should tailor their governance to best suit the context of their horizontal initiative.

	Horizontal Initiative Oversight Committee	Steering Committee	Working Group(s)
When is it required?	• Always	• Always	• As needed
Who is on it?	• Deputy Minister, Associate Deputy Minister or Assistant Deputy Minister (ADM) of all departments	• ADM or Director General (DG) of all or some departments	• DG, Director or Analyst for all or some departments
What does it do?	• Ensure the initiative is properly managed • Ensure reporting is timely and accurate • Report issues to TBS • Seek to resolve conflicts within the horizontal initiative or refer these to TBS for support	• Carry out tasks delegated by the senior-level committee	• Carry out technical or difficult tasks • Develops options and recommendations for resolving such issues
How often does it meet?	• Several times per year	• Several times per year	• As needed

The Oversight Committee, supported by its subordinate bodies, is responsible for the governance and coordination of the horizontal initiative, which at a minimum should include:

- Development of results and resource frameworks
- Data collection and consolidation (including criteria on what is considered to be in scope)
- Monitoring of indicators and spending
- Reporting content and frequency
- Unforeseen issues and course corrections that arise during the life of an initiative
- Resolution of disputes

- Liaison and ongoing engagement with central agencies
- Coordination of any horizontal evaluations and audits
- Timing of meetings and agenda
- Communication strategies
- Close-out considerations and approach

2.1   Roles and Responsibilities of Lead and Partner Departments

In addition to establishing the Oversight Committee, a **lead department** is responsible for:

- Co-ordinating the MC and TB Submission approval processes (if applicable)
- Providing administrative support to the Oversight Committee and other governing bodies (including logistics, managing agendas and maintaining meeting notes and records of decision)
- Identifying a secretariat within the department of sufficient capacity to manage coordination efforts
- Co-ordinating the development and maintenance of the Horizontal Initiative Results Framework, including the structured inventory of activities with inputs from partner departments
- Coordinating the collection of financial and non-financial performance information from partner departments
- Ensuring that performance measures are populated with actual and meaningful performance data, and sets data consistency standards
- Communicating the format and frequency of the submission of financial information required for consolidated reporting
- Coordinating the public reporting of the horizontal initiative via the Departmental Plan (DP) and Departmental Results Report (DRR)
- Coordinating the preparation of any required horizontal initiative reports (e.g. Annual or Close Out)
- Collecting and storing data for the initiative in a manner that supports subsequent audits and evaluations
- Coordinating liaison with central agencies, notably in the event a high-impact issue arises

As active members of the Oversight Committee, **partner departments** should:

- Participate in establishing the governance structure and the financial parameters for the horizontal initiative
- Provide a complete list to the lead department of their activities that are components of, or linked to, the horizontal initiative. This information is used by the lead department in developing the structured inventory of activities
- Provide information on relevant departmental activities as required by the Oversight Committee to implement their respective activities that are components of the horizontal initiative, in order to contribute to the achievement of the Shared Outcome(s)

- Collect and provide to the lead department financial and non-financial performance information on all their activities that are components of the horizontal initiative

2.2 Ensure Ongoing Governance

Effective governance requires that this be maintained throughout the life of an initiative, and the focus of governance committees should not wane after the launch of the horizontal initiative. Indeed, it is expected that the involvement and coordination of the Oversight Committee would intensify as the initiative is delivered.

As with all decision-making bodies, maintaining detailed records of decision is key for effective reporting, future audits and evaluations, and lead departments should ensure that this is carried out by the committees.

- ✓ Past horizontal initiatives have experienced governance challenges as a result of declining engagement on the part of governance committees.
- ✓ Lead departments must therefore ensure that governance structures continue to be an effective forum for coordinating efforts and decision-making.

2.3 Dispute Resolution and High Impact Issues

The Oversight Committee is responsible for resolving disputes or any other issues that may arise among horizontal initiative participants. A dispute resolution mechanism should be established, in consultation with central agencies.

As noted, the Oversight Committee is responsible for liaison with central agencies and for ensuring that major reporting issues that arise are reported to TBS throughout the course of the initiative. It is anticipated that this would include those issues that could lead to inaccurate performance or financial reporting. The Oversight Committee, through the lead department, must report any such issue to TBS in a timely manner. This liaison would be facilitated through TBS Program Sector Assistant Secretary membership on the Oversight Committee, as is recommended in this guide.

High impact issue:	Lead department action:
Performance information has been or will be inaccurately reported; and/or	Resolve at the Senior Committee level
Financial information has been or will be inaccurately reported; and/or	Advise TBS on the issue and resolution
	If it cannot be resolved, address with TBS
Questions may arise in an evaluation or audit	

3.0 Horizontal Initiative Framework

Successful management and reporting of a horizontal initiative requires a shared understanding of the outcomes anticipated, the indicators of success, the activities required, and the capacities needed to carry them out.

A robust Horizontal Initiative Framework will provide this, along with a common understanding of departmental roles and responsibilities.

As with a Departmental Results Framework, this collaboratively designed framework forms the basis for managing and collecting data, and for transparent reporting to Parliamentarians and the public.

At its core, the Horizontal Initiative Framework provides a means for Parliament and Canadians to understand what the horizontal initiative intends to achieve, how it is being achieved, and what has been achieved. It should be clear, easily understood, and informed by meaningful and relevant indicators.

The Horizontal Initiative Framework (see Figure 1) should consist of:

- An agreed to name of the horizontal initiative
- Clearly stated shared outcomes (ideally no more than three). These must encompass the full scope of the horizontal initiative
- An alignment of each shared outcome with:
  - a performance indicator
  - a target and target date, a data source
  - a verification of data availability
- An articulation of the linkage of performance indicators to the achievement of outcomes
- A disaggregation of each shared outcome by theme. Each theme should have the same performance information as outlined for shared outcome
- A listing of activities linked to each theme, indicating whether funding is for a new program or is incremental to an existing program
  - Each horizontal initiative activity should be listed under the theme that it most contributes to. If an activity substantially contributes to two or more themes and assigning it to a single theme might create confusion, consider creating multiple activities
- The identification of activities by department; these activities should be linked to departmental programs in each department's Program Inventory
- Relevant performance indicators for all activities and related baselines and targets for clear tracking of progress and for use in any evaluation

Figure 1: Horizontal initiative framework

Horizontal Initiative Name Shared Outcome(s) Total $			
Theme A Outcome(s) Total $	Theme B Outcome(s) Total $	Theme C Outcome(s) Total $	Internal Services
Department A / Activity A (new Program) $total Activity B (top-up) $total	Activity E (top-up) $total Activity F (top-up) $total	Activity I (top-up) $total	Internal Services $total
Department B / Activity C (top-up) $total	Activity G (top-up) $total		Internal Services $total
Department C / Activity D (top-up) $total	Activity H (new) $total	Activity J (new) $total	Internal Services $total

Figure 2: Horizontal initiative framework results tracking table

HI Shared Outcome			Performance Indicator(s)	Target	Date to achieve target	Data Source	Frequency of data availability
First Theme Outcome			Performance Indicator(s)	Target	Date to achieve target	Data Source	Frequency of data availability
Department	TB approved activity under Theme A	Outcome(s) / output(s)	Performance Indicator(s)	Target	Date to achieve target	Data source	Frequency of data availability
Department A	Activity A (new)						
Department A	Activity B (top-up)						
Department B	Activity C (top-up)						
Department B	Activity D (new)						
Department C	Activity E (top-up)						

10

3.1   Roles and Responsibilities

The Oversight Committee is responsible for establishing and maintaining the Horizontal Initiative Framework, and Lead Departments are therefore accountable for the creation and ongoing coordination of the Horizontal Initiative Framework.

This Framework should be developed in collaboration with the partner departments, and lead departments should set clear expectations in terms of performance indicators and data.

Partner Departments are responsible for providing appropriate input, as agreed to with the lead department, including relevant and collectible performance information and credible data sources. Departments should have the appropriate systems in place to capture performance indicators.

This information should be provided to the lead department within the format and timelines requested by the Oversight Committee.

3.2   Performance Measures

As with other types of programming across government, effective management of a horizontal initiative requires the ongoing collection and monitoring of performance data, including measures that help assess progress towards the achievement of its shared outcome(s).

This includes working with the heads of evaluation in each department to ensure that the data collected under the auspices of the horizontal initiative will adequately address planned or potential evaluations.

Performance measures should help inform decision-making by the Oversight Committee and other governance committees and contribute to telling a compelling story in terms of what was achieved and what gaps remain.

The approach to tracking of results should be agreed to before launch of the initiative, and partner departments should commit to relevant, risk-based, and meaningful performance measures. This performance monitoring should aim to facilitate the following:

- Assessment of progress toward stated outcomes
- Decisions on renewal of the initiative and new areas of focus
- Decisions on adjustments to resource allocation
- Reporting to central agencies and Parliament

3.3   Top-Up Funding

Results information should be clarified in situations where additional, or "top-up", funding is provided to an existing Program in the context of a horizontal initiative. The Oversight Committee should specify that Departments are required to identify performance measures for the top-up portion separate from

the Program as a whole, wherever possible. This may include ensuring that evaluations are designed so as to assess the incremental gains of the top-up.

3.4   Alignment with Delivery Charter

Horizontal initiatives should align with government priorities in terms of outcomes. In some cases, this means they fall under a specific Delivery Charter created for a government priority. It is essential that the performance measures for the horizontal initiative, especially at the shared outcome level, are aligned with the applicable charter, including the adoption of identical measures, as required.

Performance measurement for horizontal initiatives must meet the standards set out in the Policy on Results and the related Directive on Results. Please see the Interim Guide on Results for additional information on outcomes, indicators and targets.

3.5   Evaluations of horizontal initiatives

Given the importance of horizontal initiatives in terms of delivering on government and departmental priorities, Oversight Committees and lead departments should work with heads of evaluation and central agencies to determine evaluation needs, timing and objectives.

Evaluation is the neutral and objective assessment of issues such as relevance, effectiveness and efficiency, undertaken by dedicated evaluators under the leadership of a head of evaluation. Evaluations can play an important role in helping horizontal initiatives to understand what results are being achieved, why, and how improvements can be made. Evaluation information also plays an important role in reporting on horizontal initiatives and in informing key decisions including renewals. As per the Policy on Results, evaluation reports are made available to the public.

For more information on how evaluations of horizontal initiatives are undertaken and resourced, please consult with your Head of Evaluation and TBS's Guidance on the Governance and Management of Evaluations of Horizontal Initiatives.

4.0 Tracking Financial Information

Linking the funding appropriated and expenditures of the horizontal initiative with the Horizontal Initiative Framework is essential to effective reporting on the overall performance of the horizontal initiative. This includes the planned and actual resources used at the shared outcomes, theme and activity levels. The Horizontal Initiative Framework forms the basis for the costing framework for the horizontal initiative. This provides some of the information to support evidence-based decision making in terms of the need for course corrections, reallocation of funds, or changes in program design.

4.1 Financial Information Issues

The objective of the horizontal initiative costing framework is to provide financial information at a level of detail sufficient to inform decision making and provide evidence of progress toward shared· outcomes.

It is not intended to manage each dollar of expenditure, given that departmental systems provide the internal control and stewardship for each of their activities. Notwithstanding that, financial information should be credible and verifiable.

Reporting on funding and spending must cover all approved expenditures for an initiative. In reporting on expenditures, departments are also required to report on all unspent funds, (i.e. if these funds were redirected to another program or lapsed). The total approved expenditures consists of new authorities as well as any departmental existing funds that are specifically allocated to the horizontal initiative. The lead department should collaborate with partner departments to develop the requirements for tracking financial resources, and obtain Oversight Committee approvals for these requirements.

Horizontal initiative financial information should be available at the level of detail required to help support Oversight Committee decision-making and fulfill reporting requirements to central agencies, Parliament and the public. A sufficient level of detail should be determined by the Oversight Committee and communicated by the lead department to all partner organizations.

4.2 Financial Reporting

Departments must report on funds uniquely as part of the horizontal initiative, while also reporting on those funds utilized as part of their normal departmental expenditures.

A robust tracking of horizontal issue financial information should include:

- Budget, forecast and actual expenditures for each departmental activity under the horizontal initiative
- Identification of the budgeted amounts of existing funding prior to the Horizontal initiative, and identification of the amount which is incremental funding
- Financial information by fiscal year
- Indication of any utilization of unspent funds at year end (re-allocation, re-profile, carry forward or lapse)
- Costing of Internal services, Employee Benefit Plan (EBP) and accommodation costs.
- Estimates of internal services contributions in data collection
- A linkage of financial information at the departmental activity level directly or through proration to the departmental Program Inventory (as required under the Policy on proration to the departmental Program Inventory (as required under the Policy on Results)
- Departments are encouraged to use expenditure the tracking tools in 6.1.3 Annex C: Expenditure Templates to collect this data

Internal Services: Internal Services spending should be included in planned and actual expenditures. Internal services planned expenditures could be deemed as spent for the actual expenditures reporting (i.e. the actual expenditures are equal to the planned expenditures).

EBP: EBP costs should be included in planned and actual expenditures, and any variance accounted for.

Accommodation: Accommodation costs should be included in planned and actual expenditures. Planned expenditures could be deemed as spent for actual expenditure reporting

4.3   Financial Data Collection

The Oversight Committee should establish a regime for regular collection and reporting of financial data to support decision-making.

At a minimum, this data should be aligned with the Main Estimates to reflect funding approved, and align with the Public Accounts to reflect expenditures incurred.

Lapsing funds should be reapplied to future years of the horizontal initiative when possible. At minimum the status of unspent funds should be noted as reallocated within the department, carried forward, re-profiled or lapsed.

4.4   Roles and Responsibilities

The **lead department** is responsible for:

- Coordinating the collection and validation of financial information from partner departments
- Ensuring the capacity to roll up financial information at the horizontal initiative, shared outcome, and theme levels by department and by input factor (i.e. salary, Employee Benefits, Accommodation, Operating, Transfers)
- Collecting and storing financial data and records of financial decisions made by the Oversight Committee in a manner that supports subsequent audits and evaluations
- Determining and communicating to Treasury Board any amendments made to horizontal initiative financial framework particular to the initiative
- Maintaining appropriate financial systems to capture horizontal initiative financial information
- Ensuring that the Chief Financial Officer validates and verifies in writing the veracity of the Horizontal Initiative financial information

Partner Departments should:

- Provide all financial information requested by the lead department in the format identified and within the required deadlines, and in particular, within timelines consistent with Main Estimates, Supplementary Estimates or Public Accounts
- Distinguish base reference level funding allocated to the initiative from new or incremental funding
  Derive financial information from Departmental Financial Systems with appropriate internal controls
- Verify, in writing, the accuracy of the budgeted, forecast and actual financial expenditures reported to the lead Department, as well as the financial data associated with departmental performance information, and ensure that this is signed off by the departmental Chief Financial Officer

5.0   Progress Reporting

As custodians of public funds, departments have an obligation to Canadians to demonstrate and take responsibility for performance. This includes both accountability for results, as well as the effective and efficient use of resources employed to achieve them.

An integral part of this obligation is the transparent reporting of progress both internally and to Parliament and the Canadian public.

In order to ensure that reporting on progress and performance is credible, it must be balanced. It should disclose when expectations are not met and articulate what has been learned as a result. Departments are encouraged to use the Progress Report Template in Annex C.

✓ Lead department reports annually to Parliament and to TBS

✓ Focus on having good measurement data for describing achievements and challenges

✓ Determine need for audits and evaluations

Where evaluations have been completed, the associated findings and responsive actions should be incorporated into both internal and public reporting.

5.1   Reporting Issues

Reporting for horizontal initiatives presents a particular challenge, given the requirement to consolidate unique departmental information, systems and cultures. In this context horizontal initiative reporting should strive to be to be consistent, comprehensive and easy to understand. It should endeavour to report at the shared outcome level.

Horizontal initiative reporting aims to improve horizontal decision making, share information with stakeholders, provide transparent performance reporting to Parliament and Canadians, and disseminate lessons learned.

Reports should give stakeholders a sense of how the initiative is progressing, along with any successes it has achieved and challenges it is facing.

Reporting will be based on the horizontal initiative results framework and financial framework and provide a means to compare the consolidated status of the horizontal initiative with the ultimate plan or outcomes. Content should be restricted to the Horizontal Initiative and not include related activities that fall outside the scope of the results framework.

5.2   Progress Reports

The Oversight Committee should determine the frequency, level of detail and audience for Progress Reports, with the exception of any related statutory, Parliamentary or Ministerial requirements. At a minimum, Progress Reports should be presented annually to the Oversight Committee Oversight Committee, and could potentially be made public. Consideration should be given to the presentation of an interim report within six months of each annual report.

Progress Reports should facilitate early detection of horizontal issues and be understandable to the target audience. They should include:

- An assessment of progress toward outcomes using performance data examined in relation to targets using trend and variance analysis, as appropriate
- Explanations for observed performance
- An update of budget, forecast and expenditure data and an explanation of significant variances
- Highlights of any significant changes to funding levels
- Any changes in contextual environment or assumptions
- Identification of any changes to plans for measuring or evaluating performance (e.g., changes to indicators or targets; new or changes in planned evaluations)
- Articulation of any decisions required
- Updates on implementation of recommendations arising from evaluations or audits

5.3   Reporting to Parliament

The consolidated reporting of summary information on horizontal initiatives to Parliament and Canadians is carried out in Departmental Plans (DPs) and Departmental Results Reports (DRRs) of the lead department based on a consolidation of inputs from all participating departments. The lead department should follow the principles of reporting outlined in the Guide to Preparing Supplementary Information Tables for Departmental Plans and Departmental Results Reports. In addition, TBS will collect this information from departments using data collection sheets.

The Horizontal Initiatives Database is a repository of data reported through the DPs and DRRs. The database provides Parliament and the public with information on horizontal initiatives in a standard format and in one place.

5.4   Close-Out Reporting

By design, horizontal initiatives are meant to achieve outcomes in a specific and relatively short timeframe. Delivery of a horizontal initiative, for all practical purposes, ends once the TB spending authority has ended, even if there remains residual on-going funding to Programs. Lead departments should contact TBS for advice and approval on requirements for Close-Out Reports. TBS will provide individual guidance on the timing and requirements for Close-Out reports on a case-by-case basis.

✓ Reporting ends, but may continue in specific cases

✓ Lead department publishes a formal close-out report

✓ Close-out report summarises outcomes achieved and resources used

Notwithstanding the completion of a close-out report, certain situations would require continued reporting on the initiative, such as in the event:

- Additional time is needed to better measure and determine the outcomes achieved
- Renewal of the initiative is being sought
- The Treasury Board Secretariat requests continued reporting to give clarity on the outcomes being achieved

The close-out report communicates to Parliament that the initiative has ended and summarizes the results achieved, including:

- The shared outcomes achieved
- The resources used versus the approved funding for the initiative
- Information on federal Programs receiving ongoing funding (if applicable)
- Plans for any future audits or evaluations of the initiative
- Lessons learned

This report should be included as a supplementary table in the lead departments DP or DRR. The close-out report should follow the suggested template (included in 6.1.5 Annex E: Close-Out Reporting Template)

5.5   Roles and Responsibilities

The **Lead Department** should:

- Establish the timelines and templates for reporting. This should include clarity on:
    - the nature and scope of information to be reported
    - To whom it is to be reported
    - Timing of reporting

- Collect information from partner departments in a timely fashion to produce reporting as required by the Oversight Committee, TBS and Parliament
- Make reasonable attempts to ensure that reporting on progress is accurate and complete.
- Draft a narrative performance story based on partner inputs
- Coordinate production of any required public reporting (e.g. Annual Report, Close-Out Report)
- Coordinate inputs to DP and DRR documents
- Have in place the appropriate systems for amalgamating departmental input to horizontal initiative reporting

Partner Departments should:

- Respond to the lead department's requests in an accurate and timely fashion
- Demonstrate progress against established targets
- Identify changes to performance measures that may affect reporting
- Have the appropriate systems in place to report on costs and performance down to the Departmental Activity level

6.0   Resources

This guidance sets out minimum expectations. Departments should ensure the guidance is followed within the spirit of which it was intended.

The Results Division, within the Expenditure Management Sector of TBS, is responsible for supporting the management and reporting of horizontal initiatives, and is available to assist departments. If you have any questions or comments about horizontal initiatives or this document, please send an email to: results-resultats@tbs-sct.gc.ca.

6.1   Management and reporting tools

The resources included in the annexes are not mandatory, and are meant to help departments in the management and reporting of the initiative. The financial and performance measurement resources are meant to be used as tools for tracking data.

Horizontal initiative suggested tools	Corresponding step
Annex A: Framework, Governance & Reporting Checklist	All steps
Annex B: Creating Performance Measurement	3.2: Performance Measures
Annex C: Expenditure Templates	5.0: Progress Reporting
Annex D: Progress Report	5.0: Progress Reporting
Annex E: Close-out Reporting Template	5.0: Progress Reporting
Annex F: Definitions	All steps

6.1.1 Annex A: Detailed Checklist for the Framework, Governance & Reporting

Horizontal initiative framework

- ☐ Lead department work with departments to create skeleton framework based on available data
- ☐ Lead and partners add additional information to the framework finalised for the TB submission
- ☐ Shared outcomes are clearly stated
- ☐ Themes to break down the funding into smaller buckets are included
- ☐ All horizontal initiative activities are listed by theme and department
- ☐ Each horizontal initiative activity is listed under one theme that it most contributes to
- ☐ Funding for the full initiative, for each theme, and for each horizontal initiative activity is listed
- ☐ Horizontal initiative activity are identified as top up of existing Programs or as new Programs
- ☐ Internal services expenditures by departments are listed
- ☐ Performance indicators (and related information e.g. targets) of the shared outcome(s) are developed
- ☐ Outcomes, performance indicators and related information for themes and each horizontal initiative activity are articulated
- ☐ The performance measures will give a good idea of the impact of the initiative
- ☐ TBS comments on the performance measures have been factored into the final framework
- ☐ Indicators are attributable to the horizontal initiative activity that make up the initiative
- ☐ The Head of Performance Measurement of each department is satisfied with the outcomes and indicators

Governance

- ☐ Oversight committee, supporting committee to senior-level committee and working groups are created and meeting schedules are planned
- ☐ Departments are attending senior-level committee, supporting committee to senior-level committee and working group meetings as required
- ☐ All efforts to have a single TB submission for the initiative is undertaken
- ☐ An updated horizontal results framework (Figure 1) is included in all TB submissions, where multiple submissions are used for one initiative
- ☐ The TB submission includes a commitment from all partners to provide annual reporting to the lead department
- ☐ Periodic analyses and review of progress towards shared outcomes are undertaken by the Senior committee

Delivery of the horizontal initiative

- ☐ Departments deliver their horizontal initiative activities to achieve expected outcomes

☐ Lead communicates clear requirements for expenditures and results tracking, so departments can set up their systems accordingly

☐ Departments collect results data against their outcomes/outputs

☐ Departments track all expenditures associated with the initiative

☐ Lead ensures the governance committees meet regularly

☐ Unforeseen issues that arise are addressed by the governance committees

☐ Lead informs TBS of all major issues that arise that could affect the quality and accuracy of reporting

Reporting

☐ Lead communicates reporting requirements for expenditure data to partner departments to account for all approved funds

☐ Lead communicates reporting requirements for results data to partner departments

☐ Departments understand their accountabilities to the lead department.

☐ Lead provides reporting timelines to partner departments.

☐ Lead provides reporting templates to partner departments

☐ Lead and partner departments track expenditure data in the department financial system

☐ Departments provide CFO attestations for all reported expenditure data

☐ Departments submit reporting information on time with adequate explanation of variances between planned and actuals

☐ Annual reporting provides a consolidated view of the expenditures of the horizontal initiative

☐ Annual reporting provides information on the level of achievement of the shared outcome

☐ Lead department obtains TBS agreement on the timing of a close-out report

☐ Lead department prepares the close-out report

☐ Departments submit all required information to the lead as requested for the close-out report

☐ Departments conduct evaluations and audits as decided by the governance committees

6.1.2 Annex B: Performance Measurement

Using Theories of change

Horizontal initiatives are often complex undertakings intended to address a significant societal issues. In these cases, outlining the theory of change – that underlies the logic of the initiative – helps to describe how and why the horizontal activities should influence higher level outcomes. These theories can then be used by departments to help identify performance indicators that demonstrate how activities of the horizontal initiative contribute to movement in the higher-level indicators. Find more information on change theories in the TBS guide on Theory-Based Approaches to Evaluation.

Measuring results of top-up funding

Departmental programs often receive additional funding (so called 'top-up' funding) as part of horizontal initiatives. Measuring the impact of the top-up funding separately from that of the program itself can be difficult. Nevertheless, departments are required to report specifically on the performance of the top-up funding as part of the initiative.

There are three potential types of top-up funding, leading to different measurement approaches, namely:

1. Funding to do more of what the program currently does.
   - Using existing performance as a baseline, the program measures the incremental increase in outcome achievement related to the top-up funding. This is often accomplished by revising performance targets upward.

2. Funding to do more of one specific activity of the program:
   - The approach in item 1 above may still be appropriate
   - The specific program activity could use its past achievement to indicate the increase in achievement expected with the addition of the top-up funding; or
   - A new expected outcome, new indicator and new target could be created, where possible, to measure the performance of this activity.

3. Funding for a new activity:
   - A new expected outcome, new indicator and new target could be created to measure the performance of this new activity.

6.1.3 Annex C: Expenditure Templates

After approval of the horizontal initiative, the lead department should have the following tables clearly filled out to cover the total funding of the initiative:

Figure C1 – Consolidated expenditure template

Horizontal Initiative

Theme	Department	Link to HI activity to PI program	Horizontal initiative activity	Total funding allocation (from start date to end date)	Total top-up funding	Total internal reallocation	FY planned spending	FY actual spending
[Insert name of Theme]	[Insert name of department]	[Insert name of program]	[Insert horizontal initiative activity]	[Insert amount]	[Insert amount if applicable]	[Insert amount if applicable]	[Insert amount]	[Insert amount]
Subtotal				[Insert subtotal for Theme]	[Insert subtotal for Theme]	[Insert subtotal for Theme]	[Insert subtotal for Theme]	[Insert subtotal for Theme]
Internal Services	[Insert name of department]			[Insert amount]	[Insert amount if applicable]	[Insert amount if applicable]	[Insert amount]	[Insert amount]
	[Insert name of department]							
	[Insert name of department]							
Subtotal				[Insert subtotal for Internal Services]	[Insert subtotal for Internal Services]	[Insert subtotal for Internal Services]	[Insert subtotal for Internal Services]	[Insert subtotal for Theme]
TOTAL				[Insert total for horizontal initiative]	[Insert total for horizontal initiative]	[Insert total for horizontal initiative]	[Insert total for horizontal initiative]	[Insert total for horizontal initiative]

Figure C2 – Detailed record of new and existing funding template

Department	New funding ($)						Internal departmental reallocated funding to the initiative ($)						Total funding (New + existing) ($)	On-going funding after sunset ($)
	Year 1	Year 2	Year 3	Year 4	Year 5	Total new funding	Year 1	Year 2	Year 3	Year 4	Year 5	Total existing funding		
Department 1														
Department 2														
Department 3														
Totals														

Figure C3 – Detailed inventory of horizontal activities funding template

Department	Structured Inventory of Horizontal Activities	Funding by horizontal activity ($)						Ongoing funding after sunset ($)
		Year 1	Year 2	Year 3	Year 4	Year 5	Total funding	
Department 1	Horizontal activity							
	Horizontal activity							
	Internal Services							
Department 2	Horizontal activity							
	Horizontal activity							
	Internal Services							
Department 3	Horizontal activity							
	Horizontal activity							
	Internal Services							
Totals								

Department	Horizontal initiative activity	Variance Yr 1					Variance Yr 2					Variance Yr 3					Variance Yr 4				
		Lapsed	Carried forward	Reprofiled	Other	Total	Lapsed	Carried forward	Reprofiled	Other	Total	Lapsed	Carried forward	Reprofiled	Other	Total	Lapsed	Carried forward	Reprofiled	Other	Total
		$	$	$	$	$	$	$	$	$	$					$					
Department 1	Activity 1																				
Department 1	Activity 2																				
Department 1	Activity 3																				
Department 2	Activity 1																				
Department 2	Activity 2																				
Department 2	Activity 3																				
Department 3	Activity 1																				
Department 3	Activity 2																				
Department 3	Activity 3																				

Figure C4 – Variance tracking tool

Figure C5 – Fund tracking and reconcilation worksheet

Department	Horizontal initiative activity	Total funding allocation from Start to end date ($)	Total funding allocation ($)						Actual Spending ($)						Variance ($)					
			Y1	Y2	Y3	Y4	Y5	Cumulative Total	Y1	Y2	Y3	Y4	Y5	Cumulative Total	Y1	Y2	Y3	Y4	Y5	Cumulative Total
Department 1	Activity 1																			
Department 1	Activity 2																			
Department 1	Activity 3																			
Department 1	Internal Services																			
Department 2	Activity 1																			
Department 2	Activity 2																			
Department 2	Activity 3																			
Department 2	Internal Services																			
Department 3	Activity 1																			
Department 3	Activity 2																			
Department 3	Activity 3																			
Department 3	Internal Services																			

6.1.4 Annex D: Progress Report Template (example)

Horizontal initiative Results and Financial Performance to date

Overview of horizontal initiative progress, including:

- Cumulative spending vs total allotted funds for the initiative
- An assessment of progress toward outcomes using performance data examined in relation to actual results and targets.
- Any changes in contextual environment or assumptions.
- Major issues for resolution or decisions required – on results, expenditures or compliance

Fiscal Year Results Performance

Performance last fiscal year, including:

- Identification of any successes and challenges faced in the last fiscal year
- Identification of any changes to plans for measuring or assessing performance (e.g., changes to indicators or targets; new or changes in planned evaluations).
- Performance by themes
- Any data quality issues

Fiscal Year Financial Performance

Financial progress, including:

- An update on planned expenditures and actual expenditures for the year and explanation of significant variances.
- Spending by Themes
- Highlights of any significant changes to funding levels.

Financial Tracking table

Theme A								
Department	TB approved activity under Theme A	Total allocation	Total cumulative planned spending	Total cumulative actual spending	Total FY planned spending	Total FY actual spending	variance
Department A	Activity A (new)						
Department A	Activity B (top-up)						
Department B	Activity C (top-up)						
THEME A TOTAL							

Theme B							
Department	**TB approved activity under Theme B**	**Total allocation**	**Total cumulative planned spending**	**Total cumulative actual spending**	**Total FY planned spending**	**Total FY actual spending**	**variance**
Department A	Activity A (new)						
Department A	Activity B (top-up)						
Department B	Activity C (top-up)						
THEME B TOTAL							
HORIZONTAL INITIATIVE TOTAL							

Explain any significant changes to funding levels

6.1.5 Annex E: Close-out Reporting Template

Horizontal Initiative Close-out Report

Name of horizontal initiative:

Start date: **End date:**

Lead department: **# of times renewed:**

Partner departments: **Other non-federal partners:**

Expenditures:
Total federal funding from start to end date (Authorities and Actual):

Themes and Internal Services	Authorities (as per the TB submission)	Actual Spending	Variance(s)
Theme A			
Theme B			
Internal Services			
Totals	$	$	$

Results:
Performance indicator(s) and trend data for shared outcome(s):

Performance indicators	Trend data
Shared outcome	
Theme A outcome	
Theme B outcome	

Brief explanation of performance:

Programs receiving ongoing funding :

Program	Ongoing funding	Purpose
Total	$	

Plans (including timelines) for evaluation and/or audit:

6.1.6 Annex F: Definitions

Actual spending: the actual expenditures of a horizontal initiative activity in given time period.

Carry-forward: funds that were not spent within the allocated fiscal year, but will be used in the next fiscal year.

Horizontal initiative activity: the specific activity that is being funded as part of a horizontal initiative.

Department: (as defined by the Financial Administration Act) means:
      (a) any of the departments named in Schedule I,
      (a.1) any of the divisions or branches of the federal public administration set out in column I of Schedule I.1,
      (b) a commission under the Inquiries Act that is designated by order of the Governor in Council as a department for the purposes of this Act,
      (c) the staffs of the Senate, House of Commons, Library of Parliament, office of the Senate Ethics Officer, office of the Conflict of Interest and Ethics Commissioner and Parliamentary Protective Service, and
      (d) any departmental corporation; (*ministère*)

Horizontal initiative: one in which two or more federal organizations receive common funding to achieve a clearly defined shared outcome, which has been designated a horizontal initiative by Cabinet or the Treasury Board.

Horizontal initiative framework: summarises key planning information, such as the structure of the initiative, in an easy to understand visual presentation, outlining what the initiative seeks to achieve, how it intends to measure progress, and the resources it plans on using, broken down by department and activity.

Internal Services: comprise only those service categories defined in the Guide on Recording and Reporting of Internal Services, including Human Resources Management, Information Technology, Legal, Communications, etc.

Lapses: funding that was planned to be spent within a fiscal year, but was not spent.

Lead department: the federal organization charged with the responsibility to be the secretariat for a horizontal initiative, including responsibility to report on it.

Partner departments: federal organizations who have been identified as participants in a horizontal initiative.

Planned spending: funds that are intended to be spent in a given time period.

Shared Outcome: the outcome that a horizontal initiative seeks to achieve

Themes: Themes are the division of the initiative into a limited number of smaller and logical outcome areas. They are effective in communicating areas of funding that are part of an initiative. For example, an Olympic Games horizontal initiative may have "Sporting Activities" "Hospitality and Diplomacy" and "Ensuring Safety" as three of its themes. Themes should be self-evident. They are often announced by the government when an initiative is made public or appear in an MC or TB Submission. As part of the horizontal framework each program must be linked to one theme only.

Top-up funding: funding that has been added to the allocation of existing Program funding as part of a horizontal initiative.

Top-up Program: a Program Inventory program which has received additional funding as part of a horizontal initiative, contributing a horizontal initiative activity as a result of the top-up.

Variance: The difference between planned spending and actual spending or planned and actual results.