Mr. Kevin Sorenson
Chair
Standing Committee on Public Accounts
House of Commons
Ottawa, Ontario
K1A 0A6

Dear Mr. Sorenson:

Pursuant to House of Commons Standing Order 109, on behalf of the Government of Canada, I am pleased to provide the Government's response to the recommendations of the Fifty-Seventh Report of the Standing Committee on Public Accounts: *Public Accounts of Canada 2018.*

We welcome the findings and recommendations of the Committee's report and would like to thank the Committee for its hard work in this matter. Further, we would like to acknowledge the important efforts of the Committee in its tabling of two previous reports to the House of Commons concerning the pay system. The Government is grateful for the insights of the Committee from these as well as this latest report, and the opportunity its work provides to strengthen the Government of Canada's management of large-scale information technology transformation projects.

Recommendation 1

That the Government of Canada ensure that all information technology transformation projects within the federal government have independent external oversight and that senior management in the departments concerned take into account the potential problems identified by all participants in these projects.

The Treasury Board of Canada Secretariat (TBS) agrees with the importance and value of independent project oversight. As part of the current project approvals process, departments are required to provide a Treasury Board submission for all projects that exceed departmental authority. This authority is derived on the basis of a department's demonstrable capacity to undertake projects (known as the Organizational Project Management Capacity Assessment or OPMCA) as compared to the complexity and risk of the given project (known as the Project Complexity and Risk Assessment or PCRA). As a result, all projects for which the PCRA exceeds the OPMCA are subject to TBS oversight by virtue of the project approvals process.

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Furthermore, as part of this oversight function, digital projects seeking Treasury Board approval must have first been vetted at the Enterprise Architecture Review Board (EARB) which assesses the alignment of the proposed solution to Government of Canada standards and strategic direction. In addition, there is a policy requirement specific to potential investments in digital projects (known as the Mandatory Procedures for Concept Cases for Digital Projects) that applies at the investment proposal stage. As part of the policy requirement, the Chief Information Officer of Canada must endorse the concept case that describes a potential investment in a digital project prior to the department moving forward with the project investment. This process ensures that the problem and desired future state are well understood prior to investing in a digital solution. It also ensures that TBS is aware of upcoming digital investments, so that TBS can work with departments to position them for success from the outset.

The Treasury Board of Canada has also recently approved a new Policy on the Planning and Managements of Investments and a new Directive on the Management of Projects and Programmes. These new policy instruments will result in the adoption of industry best practices in the management, governance and oversight of Government of Canada (GC) projects. The new Directive also includes new authorities for the Chief Information Officer of Canada to conduct oversight on digital (IT) projects that are selected on the basis of complexity, risk and relevance with respect to Government of Canada priorities. For projects identified for oversight, the Chief Information Officer of Canada will have the prerogative to undertake independent reviews where evidence demonstrates that an independent assessment is warranted, and to direct course corrections as deemed necessary to ensure the project remains on track to meet the business outcomes and benefits for which it was established. These additional oversight mechanisms apply to both existing and future projects going forward.

An independent review is a critical assessment conducted by qualified, unbiased, arm's-length experts to assess the likelihood of the project to meet its objectives within its approved cost, schedule and scope parameters.

The goal of the new requirement is to normalize the use of independent reviews, thereby providing greater visibility to senior project leadership on a project's progress and corrective measures needed to keep the project on track.

TBS continues to explore existing public and private-sector models and practices to develop options for the continuous improvement of independent oversight of digital (IT) transformation projects.

Consistent with the Government of Canada's response to recommendation 3 in the Committee's fifty-third report, TBS is also renewing existing independent review guidance and tools that will assist deputy heads and senior executives in leveraging independent reviews to help inform decision making (TBS has committed to providing a follow-up report to the Committee by July 31, 2019). As a result, deputy heads and other senior project executives will be better equipped to steer the project to a successful conclusion, such that the intended business outcomes and benefits are realized.

The recent enhancements to the policy instruments include the introduction of new responsibilities for the project sponsor, the senior official with overall accountability for ensuring that the project delivers the intended business outcomes and benefits. Among these responsibilities is the requirement to track and share relevant project information and governance decisions with all key stakeholders, as well as the requirement to ensure that decisions on whether a project is ready to move forward take into account the interests of all impacted stakeholders. These new measures will effectively address the need to have senior management in the departments take into account the potential problems and risks identified by participants in a project.

Recommendation 2

That the Government of Canada consider including all statutory expenditures, including those related to the Employment Insurance program and the Canada Child Benefit, in the total statutory expenditures in the Main Estimates.

The Government agrees that it is critical to continue to work with parliamentarians and other stakeholders to improve the clarity, transparency, and accountability of the Government's spending plans. While the primary purpose of the Estimates documents is to support the appropriation bills that are voted on by Parliament, expenditures that do not require Parliament's approval annually through the Estimates are still included in these documents for information purposes only.

The Government continually strives to improve its reports to Parliament, including by increasing the clarity and transparency of the estimates to support parliamentarians in their oversight of government spending. In this vein, additional information on statutory expenditures has been included directly in the 2019-20 Main Estimates and online, which Parliamentarians and other stakeholders should find useful. As well, Departmental Plans and Departmental Results Reports now include a table presenting the department's planned and actual spending over time separated into voted and statutory spending, with a narrative that explains any significant past or projected variances.

I would like to again take this opportunity to thank you and the members of the Standing Committee for your important work.

Yours sincerely,

The Honourable Joyce Murray, P.C., M.P.