



Restoring trust in Canada's government

Prime Minister Stephen Harper's mandate to strengthen auditing and accountability within government is opening the door for CMAs who want to pursue other opportunities

By Alan Young

Canada's recent political history is littered with the remains of scandal: from the emigration of Iraq's Ambassador to the United States, Mohammad Al-Mashat, in 1991 to the so-called "billion dollar boondoggle" in 2000, from serious cost overruns at the Firearms Registry reported in 2002 to the February 2004 Auditor General's report on the Sponsorship Program. Even though the "billion dollar boondoggle" at Human Resources and Social Development Canada has since been found to be an \$87,000 boondoggle, the accumulated effect of the scandal and numerous others over the past few decades has significantly damaged the public's trust in government.

At the same time, they have had a serious impact on the federal government itself. New rules and regulations often accompany the revelation of each new transgression, resulting in an ever-expanding web of new compliance processes that can be debilitating to the efficient functioning of government. Furthermore, increasingly blurred lines of responsibility between public servants and their political masters have raised serious questions about accountability within the Government of Canada.

New Act restores accountability

Accountability is now a seminal word in Ottawa. The Harper government came to power in January 2006 with a promise to bring greater accountability to government. The government's flagship legislation, the *Federal Accountability Act* (FAA), assented in December 2006, was symbolically introduced as the Harper administration's first substantive bill.

The FAA was a sweeping, omnibus bill making substantial changes to some 45 statutes and amend-



ing over 100 other laws. Among other things, it strengthened the role of the ethics commissioner, significantly toughened rules regarding lobbying, created a new parliamentary budgetary authority to support an MP's understanding of economic and fiscal issues, established a new, independent tribunal to protect whistleblowers within the federal government, expanded Access to Information Act coverage, broadened the powers of the Auditor General of Canada, designated deputy ministers as the accounting officers for their departments, and created a new, independent director of public prosecutions to prosecute criminal offences under federal law.

Government activities under the microscope

These FAA initiatives are high profile and, once fully implemented, should shine more light on the activities within government that may give rise to scandals. There are, however, several important initiatives flying below the radar screen that should significantly improve the capacity of the Government of Canada to manage its financial reporting and accounting



responsibilities, a core component of government accountability. Housed within the Treasury Board Secretariat, these are matters of particular interest and importance to CMAs.

One major initiative is the review and renewal of the financial management framework and policies that have accumulated over time within the federal government, often in response to the revelation of one scandal or another. This review was chaired by the Secretary of the Treasury Board and conducted by a committee of senior deputy ministers, including the Comptroller General of Canada, and two former chief financial officers from the private sector. Guiding the work of this committee was the goal of replacing detailed, transaction-level rules with sound principles of management accountability and transparency. As a result, the new financial management policy framework to emerge from this review will streamline the Government of Canada's financial management policies — reducing approximately 150 existing policies and guidance documents to five core policies and about 30 related directives. The successful implementation of this initiative should help senior managers cut through the large pile of rules that can hinder individual initiative and dampen the application of sound judgment.

Financial statements under review

A second key accountability initiative is the auditing of the annual financial statements of government departments by the Office of the Auditor General of Canada. Many in the private sector may be astonished that departmental financial statements have not historically been subject to an annual audit process. The current plan is to have, by fiscal year 2008-09, the financial statements of the 22 largest federal departments audited which, together with the currently-audited Canada Revenue Agency, represent about 90 per cent of the federal government's spending. Smaller departments and agencies will come on-stream over time. Deputy ministers will be required to sign off on the audited statements, thereby leading to improved accountability and transparency. Moreover, this initiative should support the decentralization of decision making in government.

Independent audit committees within government departments and the introduction of chief audit executives, both components of the Treasury Board secre-

tariat's new *Policy on Internal Audit*, represent a third key component of the plan to strengthen financial management and accountability within government. By April 1, 2009, all departmental audit committees must have a majority of external members. Members from the federal public service will be limited to the deputy heads, and associate deputy ministers and assistant deputy ministers from other departments. Independent audit committees will advise the deputy minister, challenge the departmental management team on the soundness of their internal controls, and serve as a sounding board for the deputy minister regarding management risks, including financial management and accountability.

Chief audit executives are to be independent from departmental management and operations. Reporting directly to the deputy minister, they are responsible for guiding the internal audit function of their respective departments. Furthermore, chief audit executives are expected to have

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either a Certified Internal Auditor designation or a professional accounting designation, including a CMA.

These significant initiatives are aimed at establishing a disciplined culture of accountability at the highest level of federal government departments and agencies. They also provide new opportunities for CMAs to join the federal public service in meaningful, critical roles. In order to meet its commitment to strengthen financial reporting and accountability, the Government of Canada must attract and retain highly-skilled professionals. This challenge will be made more acute by the simple fact of demographics. According to the Comptroller General of Canada, approximately 16 per cent of the government's financial officers, or some 600 people, will be eligible to retire from the public service by 2009. This is good news to CMAs with a commitment to public service.

Alan Young served as chief of staff to the president of the Treasury Board from December 2003 to July 2005.