



IMPLEMENTING ACCOUNTABILITY IN THE CANADIAN GOVERNMENT

A SAS White Paper



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EXECUTIVE SUMMARY

Improving accountability is vital in reversing the erosion of faith exhibited by Canadians in their own government institutions. The government's sponsorship of the *Federal Accountability Act* is therefore very encouraging. On December 12, 2006 Bill C-2, the *Federal Accountability Act*, received royal assent and became reality for the federal public service.

While the Act promises sweeping changes for how both politicians and public servants operate this White Paper focuses on how the Act will specifically affect public servants. In particular, it examines what needs to be done to improve accountability within the public service. The paper's central argument is that public service accountability depends on having access to reliable, relevant, accurate, and timely information. This in turn, depends on significantly improving Information Management across the bureaucracy

Before the passage of the *Federal Accountability Act*, Canada, like most Western democracies, relied on a combination of codes of conduct and explicitly-stated program outcomes and results to improve accountability. Codes of conduct – written rules stipulating what should and should not be done – were introduced first, starting in earnest in the 1970s. However, despite 30 years of rule making, codes of conduct have often failed to prevent bad behaviour. Part of the reason is because they have become bewilderingly detailed.

The alternate to rules-based approaches to preventing bad behaviour is education, skills and information. While it is impossible to write a code of conduct that will address every conceivable situation, the principles of ethical decision making can be taught. The ethical reasoning skills needed to enable people to apply these principles can also be acquired. Finally, information – reliable, relevant, accurate, and timely – must be available. Applying ethical reasoning skills to arrive at the right decision depends not just on having been empowered and having learned how to do it, it also depends on having access to all the information needed to make that decision.

Education, skills and information, combined with a commitment to designing and delivering programs based on outcomes and results that are meaningful to Canadians are therefore key. Steady progress is being made in establishing outcomes and results, but information is often lacking. This is especially discouraging given that, in many ways, the public service is a huge information gathering and producing machine. Most of what is gathered and produced, however, is effectively lost. Information Management – the disciplined, department-wide application of policies, procedures and technologies to ensure that the full value of data is realized at every stage of the information life cycle – is good or adequate in a number of departments. It is weak in most. In some, it is almost non-existent.

Improving Information Management will require action on many fronts, including changes to organizational vision, governance, accountability, processes, technologies and culture relating to departmental information. Some progressive organizations have taken the necessary steps, while others still need convincing. The progressive organizations have taken advantage of, among other things, business intelligence software to achieve significant improvements in accountability through data integration, analytic and performance management solutions.

Improving accountability at the public service level will not be done by improving Information Management alone. Education and skills, combined with a commitment to designing and delivering programs based on outcomes and results that are meaningful to Canadians, are also integral to providing Canadians with the 21st century world-class public service they want and deserve.

1. INTRODUCTION

On April 11, 2006 Prime Minister Stephen Harper followed through on a campaign promise to introduce legislation designed to make government more accountable by tabling the *Federal Accountability Act* in the House of Commons. In a follow-up news conference, the Prime Minister stated that the new law, together with the government's Accountability Action Plan, would "replace the culture of entitlement... with a culture of accountability".

On December 12, 2006 Bill C-2 the *Federal Accountability Act*, received royal assent and became reality for the federal public service. The *Act* defines sweeping changes. Among other things it:

- Revises rules regarding conflict of interest for public office holders and ministerial advisors;
- Changes the nature of political financing;
- Toughens the *Lobbyists Registration Act*;
- Creates several new entities (e.g. Parliamentary Budget Officer, Director of Public Prosecutions), and strengthens the powers of existing ones (the Auditor General); and,
- Enhances protections for public servants making disclosures of wrongdoing, and creates a Public Servants Disclosure Protection Tribunal.

■ Failure to place enough emphasis on metadata will result in problems later on, often at a great cost to the organization.

There is no doubt that the Act is changing how both politicians and public servants operate in Ottawa. This White Paper, however, will focus on how the Act will affect public servants only. In particular, it will examine what needs to be done, beyond passing this new law, to improve accountability within the public service. The paper's central argument is that public service accountability – the ability and the willingness to answer and explain – depends (by no means exclusively, but importantly) on having access to reliable, relevant, accurate, and timely information. This, in turn, depends on improving Information Management across the federal government.

2. WHAT IS ACCOUNTABILITY?

Before attempting to determine what is needed to improve accountability, it is important to be clear about what this means.

At its root, accountability involves the expectation of behaviour that provides an account of what has happened or is happening. This is often referred to as the duty to inform and explain. Being accountable, however, does not automatically imply being personally liable, that is, accepting personal consequences and, potentially, being subject to sanctions or punishments.

This distinction, between being accountable and being liable, was explored in depth by the 1996 *Task Force on Public Service Values and Ethics* led by John Tait. According to the Task Force, whether accountability extends beyond the duty to inform and explain and into accepting personal liability depends on and what you did, or should have done or not done, given what you knew or should have known. Thus, action and knowledge both play a role in the extension of accountability into liability. Not knowing – not having reliable, relevant, accurate, and timely information – can excuse an individual from liability, but only if the information was actively concealed from the individual. Wilful blindness, or failing to put into place systems and procedures to get the information, cannot excuse an individual from liability. Individuals should therefore always strive to develop systems and procedures that allow them to extract the best information possible so that they can be effective decision-makers. Otherwise, they could be personally liable for poor decision-making and inaction.

Understanding the difference between being accountable and being liable is very important as the *Federal Accountability Act* designates deputy ministers and deputy heads as accounting officers for their respective organizations and, as such, accountable before the appropriate committee of the parliament to answer questions related to their managerial responsibilities.

3. A PUBLIC-SECTOR ONLY CONCEPT?

The government's *Federal Accountability Act* has, naturally, focussed attention on public-sector accountability. It is important to remember, however, that improving accountability is not simply an issue for the public sector. It has been an objective that private sector organizations have striven to achieve since the Enron scandal erupted in the late 1990s. Indeed, since Enron there has been a seemingly never-ending stream of news stories about private-sector executives behaving badly and enriching themselves at the expense of shareholders.

The Sarbanes-Oxley Act of 2002 was introduced to respond to this exploitative behaviour and to curb the apparent lack of accountability of top private-sector executives. The Act contains well-known provisions requiring the chief executive and chief financial officers to certify, subject to criminal penalties, the financial reports of publicly-traded companies. It was accompanied by a Securities and Exchange Commission (SEC) reform requiring the management of such companies to certify that they have established and are maintaining controls and procedures to ensure that material information concerning the company's finances is made known to them¹.

Thus, not only is accountability as important in the private sector as it is in the public sector, in both it is an essential part of the Management Lifecycle (see Figure 1 for an example of composite lifecycle that draws from both the private and the public sectors). Key elements of this lifecycle include:

- Planning for outcomes and results that are clearly defined and based on an strategic analysis of priorities;
- Assigning accountability for the achievement of outcomes and results so that a sense of ownership is established;
- Monitoring and measuring performance in a way that ensures that any required adjustments can be made at the earliest opportunity;
- Reporting on outcomes and results clearly, and linking them to the resources required to produce them; and,
- Using the resulting information to support strategic analysis, priority setting and planning.

■ Wilful blindness, or failing to put in place systems and procedures to get the information, cannot excuse and individual from liability..

¹ SEC Rules 13a-14 and 15d-14

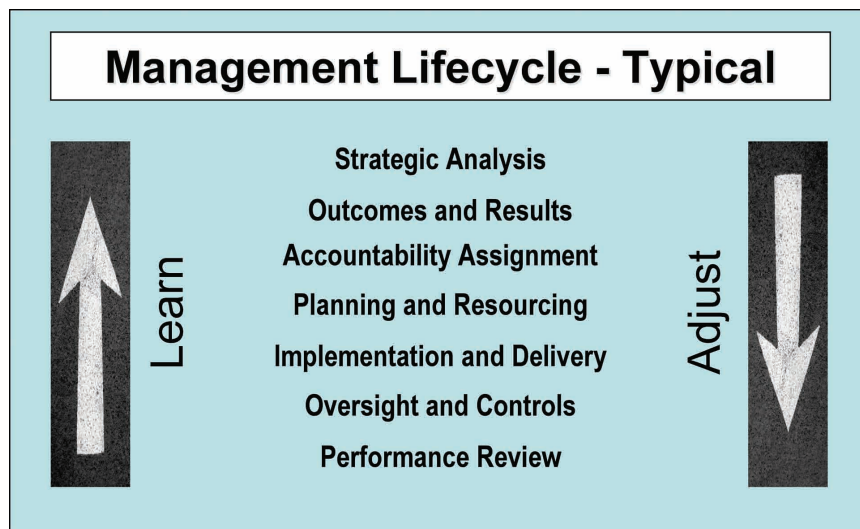


Figure 1 – Typical Management Lifecycle

This type of lifecycle is sometimes referred to as a “closed-loop” management system because it entails a continuous improvement process which adjusts/ responds to real-time feedback.

4. PUBLIC SECTOR APPROACHES TO ACCOUNTABILITY

According to survey data compiled by Professor David Zussman for the Trudeau Foundation, 80% of Canadians trusted governments to “do the right thing” in the 1960s. Today, that level of support has fallen to less than 30%. Such findings are not confined to Canada; they are mirrored in most Western democracies².

In the face of findings like this, it is not surprising that many countries, such as those surveyed below, have taken steps to try to rebuild public confidence in government institutions. All of these efforts have had two common thrusts: the promulgation of codes designed to establish what is acceptable and not acceptable in public life; and, the strengthening or implementation of measures to ensure accountability through public reporting of outcomes and results.

² Trust in federal government hits new low: poll, CTV News Story, November 11, 2005

4.1 United Kingdom

In 1994, the United Kingdom established the Committee on Standards in Public. It led to the publication and promulgation of the *Seven Principles of Public Life*, which apply to all in public service. In 1998, this was followed up with Public Service Agreements (PSAs) which detailed the service improvements, key reforms, and much-needed modernization of public services that the government would deliver. In 2000, the PSAs were revised to be more outcome-focused, and agreements (Service Delivery Agreements) were struck with individual departments that set out what departments were expected to achieve (improvements in outcomes) with their resources. Departments report annually, via an overview and in detailed tables, on how they are performing.

4.2 Australia

Australia has a *Set of Values* and a *Code of Conduct*, both of which are set out in its 1999 *Public Service Act*. The Australian government has also introduced Service Charters for all federal agencies that deal with the public. A Service Charter is a short publication that informs clients about the agency's services, details relevant service standards, and outlines client rights and responsibilities. Agencies were required to consult with their clients and key stakeholders to help establish their charters, and must report on performance against charter commitments annually.

4.3 United States

The United States has an Office of Government Ethics. It has established standards of conduct that apply to all US government employees. As well, both the House of Representatives and the Senate have (the same) long-established codes of conduct for all government employees, including office holders, and detailed ethics manuals. There is also the well-known Government Accountability Office. The GAO is the non-partisan audit, evaluation, and investigative arm of Congress. Complementing the GAO, the *Government Performance and Results Act* (1993) shifted the focus of government decision making and accountability away from a preoccupation with the activities – such as grants dispensed or inspections made – to a focus on the results of those activities, such as real gains in employability, safety, responsiveness, or program quality. Under the Act, agencies develop multiyear strategic plans, annual performance plans, and annual performance reports. Reports are accessible through www.firstgov.gov, the US government's web portal.

■ Western democracies usually rely upon codes of conduct and explicit outcomes to improve accountability.

4.4 Canada

Canada has an independent ethics commissioner who is responsible for administering the *Conflict of Interest Code for Members of the House of Commons* and the related but separate *Conflict of Interest and Post-Employment Code for Public Office Holders*. Well before the announcement of the Federal Accountability Act, Canada had also moved on a number of initiatives to improve accountability. These included:

- The Results for Canadians Policy. This promised both qualitative (i.e. to provide better – more timely, relevant, citizen-centric, etc. – services) and quantitative (i.e. to reduce the costs of delivering the services) improvements;
- The Modern Comptrollership initiative, which is intended to provide managers with integrated financial and non-financial performance information, a sound approach to risk management, appropriate control systems, and a shared set of values and ethics; and,
- The Management Accountability Framework, which integrates strategy, people, resources, processes and measurements to improve decision-making, transparency, and accountability, and includes reporting performance information that is used for both internal management purposes, and for external accountability to Parliament and Canadians.

5. THE GOVERNMENT'S KEY COMMITMENTS: IMPACT ON THE PUBLIC SERVICE

As the above overview shows, attempts to improve accountability in Western democracies usually rely upon complementary initiatives to:

- Correct or enhanced democratic values and ethics by publishing codes of conduct;
- Establish explicit outcomes for public services; and,
- Provide public reporting of what is being achieved in comparison to what has been promised.

Now, given that Canada, like the others, appeared to be well on its way to implementing measures to enhance accountability prior to the unveiling of the Federal Accountability Act, it is reasonable to ask: "What does the Act add that wasn't there before?"

The Act is a complex piece of legislation. It amends nine existing laws and creates two new ones in diverse areas³. Its sweeping changes are oriented to clamping down on the activities of politicians and people closely connected to politicians. Will they also clamp down on public servants? The Prime Minister, in a March 23, 2006 speech on Accountability and the Public Service, promised that they would not. Instead, he said, the government “will not be imposing more regulations – if anything we will look to repeal ones that inhibit your effectiveness”⁴. Indeed, the Government announced on July 20th, 2006 that two new reviews were underway to help strengthen and streamline Treasury Board Secretariat policies in order to improve efficiency and accountability. The review’s recommendations are currently being reviewed by the Treasury Board President.

In passing the Act and making these commitments, the Prime Minister was espousing the underlying philosophy of Modern Comptrollership – a philosophy that entails empowering employees by enabling them to exercise greater decision-making authority and to interact more closely with clients. The Act adds a legal dimension and framework to this philosophy, creating both rights and obligations that truly implement the various accountability-related initiatives that federal government officials have undertaken in recent years. It is about working smarter for: better results, better-informed decisions, better public policies, and better service delivery.

What the Act adds is a legal dimension and framework to truly implement the various accountability type initiatives that the Federal Government officials had undertaken in recent years.

This sounds wonderful, but it entails challenges that may not be obvious at first sight.

6. CHALLENGES OF MODERN COMPTROLLERSHIP

Modern Comptrollership is not just about the sound management of resources and effective decision-making. It also entails a subtle shift in the values emphasised in service delivery. Where before there was a focus on respect for law and accountability, there is now an orientation to service to clients and customers. Of course, in adopting this new orientation one is not supposed to abandon the old one. Balancing the two, however, can be difficult.

³ *The acts it amends include the Parliament of Canada Act, the Canada Elections Act, the Access to Information Act, the Financial Administration Act and the Auditor General Act. Its new laws include a Conflict of Interest Act and the creation of a Director of Public Prosecutions.*

⁴ *Full text available from the media center at www.pm.gc.ca*

Take, for example, the problems encountered in the regulatory and inspection community. Client-service values increasingly involve inspectors in educating, persuading, and monitoring industry as well as in enforcing regulations. These responsibilities require inspectors to build a relationship of mutual trust with industry clients, and to create a collaborative atmosphere of learning and development. This dual role is considerably more complex than the old “apply-the-rules” model of public services, and introduces tensions into the relationship. It requires the inspector to make appropriate choices between the wearing a “white hat” (that is, to perform in a service role) and a “black hat” (that is, to act as an enforcer). But how does one ensure that this balance is established? Issue a set of rules with guidelines on what decisions to make in which circumstances?

The need to make appropriate choices underscores the relevance of another pillar of Modern Comptrollership – Risk Management. Now, when elected officials hear bureaucrats talk about risk management, they hope they mean it, and that they are not really referring to risky management. But how does one ensure that the former does not degenerate into the latter? Issue a set of rules with guidelines on what decisions to make under which circumstances?

As the overview of measures taken to rebuild public confidence in government institutions showed, the rules-based approach is certainly popular: most governments have ethics regimes that are based on rules and codes of conduct. The overview may have made this seem like a recent phenomenon, but it is not: senior public administrators and their counterparts in government have been actively grappling with it for at least 30 years.

Following hard on the heels of the Watergate affair in the United States and the then unprecedented public concern about ethics, the three decades since the 1970s have seen an unprecedented outpouring of ethics “rules” from all levels of government. Codes of conduct governing conflict of interest have been particularly popular, and the range of activities covered by the term “conflict of interest” has expanded considerably, as have the size of the documents associated with these codes⁵.

However, there are several problems with trying to ensure good behaviour with rules-based approaches. The first is that most people simply do not know the official rules. After all, who could reasonably be asked to keep up with 30 years of them? Formal surveys bear this out. In January 2000, the Treasury Board Secretariat informed deputy ministers that most public servants had not heard of the *Task Force on Public Service Values and Ethics*, and had not participated in nor were aware of discussions related to it.

Second, rules-based approaches do not capture the complexity of ethical dilemmas themselves, which often involve conflicts between different categories of ethics⁶. In such cases, even if the rules are known and well-understood, they provide little in the way of practical guidance.

■ **Most people simply do not know the “official” rules. Who could be expected to keep up with 30 years of them?**

⁵ For example, the United Kingdom’s *Volume 1, A Summary of Guidance, which is self-described as “short, concise and we hope user-friendly” has 70 pages.*

⁶ *Conflicts between organizational ethics and personal ethics are a common source of problems.*

Third, and perhaps most importantly, rules-based approaches do not reflect the reality of work in modern public-service institutions. In the 40 years since the publication of the Glassco Commission Report, the nature of work in Canadian federal government organizations has changed dramatically. Back in those days, working in the public service meant applying the rules. All transactions had to be approved by the centre, and individual departments had almost no delegated authority whatsoever. Of course, the range of services provided to Canadians by the federal government was much narrower, so that a highly-centralized mode of operations was feasible.

Since then, not only has the range of public services expanded greatly, the entire philosophy and style of service delivery has been turned on its head. Now, departments have significant delegated authority, and individuals working in them have considerable decision-making power. As a result of sustained efforts to improve the quality of their services, public organizations have been attempting to reduce the burden of rules and bureaucratic process. In their place, they rely much more on discretion, judgement, flexibility and local adaptability.

7. THE ROLE OF INFORMATION MANAGEMENT

If rules-based approaches do not ensure good behaviour nor can deal with flexibility and adaptability, what is left? The alternative is education, skills and information. While it is impossible to write a code of conduct or a set of values and ethics guidelines that will address every conceivable situation that presents an ethical dilemma, the principles of ethical decision making can be taught. The ethical reasoning skills and competencies needed to enable people to apply these principles can also be acquired⁷. Finally, information – reliable, relevant, accurate, and timely information – must be available.

Information is particularly important. Managing risk and applying ethical reasoning skills to arrive at the right decision depends not just on having been empowered and having learned how to do it, it depends on having access to all the information needed to make that decision. If decision-makers do not have such access, they may not be able to make a decision or they may make a poor decision. While this decision may be the best that could be made at the time, it may not be the best that could have been made.

Now, we are not suggesting that the successful implementation of Modern Comptrollership requires omniscience. There is no such thing as perfect information. However, improvements are certainly possible. For example, despite over twenty years of attempts to improve the timeliness of financial information available to managers, there are still many departments that lack accurate information on “burn rates” when they conduct their half-year reviews. They are therefore unable to reallocate funds internally to ensure that they are used where they are needed most (or even that they are all actually used in program delivery so that they do not lapse).

■ The alternative to rules-based accountability is: education, skills and information.

⁷ It should be noted that “Values and Ethics” is now one of the four core competencies sought and assessed in the recruitment of Canadian public service executives

Accountability without information is like justice without laws. How can we expect public service managers to willingly assume responsibility for their decisions and actions and be truly accountable if they do not have access to reliable, relevant, timely and accurate information? If they do not have access to information about past decisions, similar cases, etc? In fact, the need for proper information goes beyond accountability. How can we operate, develop policies, or implement programs without proper information? We cannot.

The good news is that much of the information needed for effective decision-making already exists: the public service is a huge information gathering and producing machine. Unfortunately, most of what is gathered and produced is effectively lost. Information Management (IM) – the disciplined, department-wide application or policies, procedures and technologies to ensure that the full value of information is extracted from it at every stage of the information life cycle – is good or adequate in several departments. It is weak in most, and almost non-existent in some

In order to ensure that the government leverages its rich information sources, best practices in Information Management should be widely shared, and departments that are considered to be “pockets of excellence” should become a benchmark for others. A benchmark IM architecture will typically be made up of⁸:

- **IM Vision** – A senior management articulated statement of the value of IM to and in the organization, and that fosters a common understanding of the manner in which IM supports the department’s business;
- **IM Governance** – The policies, authorities, and accountabilities that enable management control within the organization;
- **IM Culture** – The collection of beliefs, attitudes, and customs that characterize the organization’s business processes, and that add up to “the way things are done here”;
- **IM Strategies and Plans** – The extent and quality of strategic, business and operational plans for IM, and the linkages between plans, costs, benefits, resources and controls;
- **IM Resources** – The human and financial capital (and operating monies) in the organization that would allow it to take on new or enhanced commitments;
- **IM Competencies** – The collective expertise, ability and attainment (“know how”) resident in the organization;
- **IM Practices** – The day-to-day activities that people in the organization habitually perform when dealing with information; and, last but not least,
- **IM Infrastructures** – The hardware, software and systems supporting the organization’s business processes.

■ **Accountability without information is like justice without laws.**

⁸ *This view of IM Architecture was developed while one of the authors was a CIO in the federal public service. It is an extension of the IM Capacity Check developed by Library and Archives Canada.*

Achieving and sustaining such an IM architecture requires information to be treated as a valued program/service delivery asset and product with clearly defined responsibility and accountability for managing it. All persons working for the Government of Canada use information in the conduct of their duties and should understand how they contribute to its value; what is expected of them; how their performance will be measured, and how they will be held accountable for their role in defining, creating, using, and providing information.

To fully institutionalize this level of understanding, departments need to create CIO positions that are direct reports to the Deputy Minister. Otherwise, the CIO will not be a full participant in the executive decision making process and will not be seen as a key business player who can forge value-adding partnerships with the department's other senior executives. If this cannot happen, the necessary changes to implement the vision, governance and culture components of the architecture will not occur. Government departments are starting to recognize this, and several have taken the necessary steps to create true Chief Information Officers. Most remain unconvinced – they fail to see the value of a fully enabled IM architecture.

What is appropriate for each department has to be decided by each department, though it is hard to envisage avoiding user-friendly access to comprehensive, accurate and timely information in any organization committed to accountability.

8. SAS TECHNOLOGIES AS AN ENABLER

SAS technologies have made it possible for governments around the world to achieve significant improvements in accountability by filling the common gaps in IM architectures. SAS has integrated the expertise from compliance implementations across all industry sectors (anti-money laundering, BASEL II, fraud detection) into software capabilities that uniquely address the demands of accountability.

SAS solutions are based on the SAS® Enterprise Intelligence Platform; a modular technology platform that integrates with and extends the value of existing systems while setting the stage for new levels of enterprise intelligence not previously possible. The components that are key to supporting accountability are:

- Data Integration which provides high-performance capabilities to map the complex relationships of data from various sources ensuring that comprehensive and decision appropriate views of from an integrated and reliable source;
- Analytics which use proven techniques to uncover the underlying patterns in the information to create an environment where the decisions of the past can be used to predict, adjust and improve the outcomes of the future;
- Performance Management which integrates information from policy, program delivery, finance and human resources and maps the complex relationships between strategies, projects, results and outcomes and provides a unified view for executives and managers to understand the impact their decisions.

Effective delivery of these capabilities creates an information flow that transcends organizational silos and shifts the focus from reviewing the activity of the past to effecting outcomes of the future.

9. CONCLUSIONS AND WAY FORWARD

Improving accountability and transparency is vital to reversing the erosion of the faith of citizens in their public institutions that has occurred over the last 30 years. The Federal Accountability Act clearly leads the way and provides the legislative framework needed to fully implement key public services initiatives such as Modern Comptrollership and the Management Accountability Framework.

In conclusion, leadership and change at the public service level, on the following thrusts, will improve accountability and ultimately lead to a restoration of faith, amongst Canadians, in their public service:

- Commitment to program design based on outcomes and results that are meaningful to Canadians;
- Education of employees at all levels and the development of ethical reasoning skills and competencies; and,
- Improvement of Information Management, including ensuring that decision makers and service providers have information and the required toolset to access and manipulate it.

Implementing these changes will not be easy and will take time since they have many facets at both the political and public service levels. Information Management may not be the most important change element, but without it progress will be constrained. The ability and the willingness of public servants at all levels to answer and explain decisions and actions related to the policies, programs and, most importantly, services for Canadians depends on their having access to reliable, relevant, accurate, and timely information.



**THE
POWER
TO KNOW.**

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