

**From Red Tape to Clear Results**  
**The Report of the Independent Blue Ribbon Panel on Grant and Contribution Programs; December 2006**

\*\*\* **RECOMMENDATIONS only** - full report is at  
<http://dsp-psd.pwgsc.gc.ca/Collection/BT22-109-2007E.pdf>

**LEADERSHIP**

1) Our first recommendation is that the President of the Treasury Board should convey this report to the Prime Minister and that the issues it addresses be regarded as priority concerns of the government.

2) The Prime Minister should designate the President of the Treasury Board as the lead minister accountable for overseeing the reform of grants and contributions administration in the Government of Canada and for meeting announced targets.

**PRINCIPLES TO GUIDE A NEW POLICY FRAMEWORK FOR GRANTS AND CONTRIBUTIONS**

3) The current web of rules governing grants and contributions should be reviewed according to the following eight principles, with a view to rewriting the administrative policies promulgated both by Treasury Board and by departments:

a. *Intelligibility*: Rewritten policies should be readily understandable to those expected to follow them. This means fewer, more focused and more understandable rules.

b. *Clarity of results*: Rewritten policies should call for the clear and practical description of the results the program expects to achieve and of the deliverables that the recipient is expected to produce.

c. *Practicality of compliance requirements*: Rewritten policies should call for measures used in monitoring, reporting and audit to be focused on outcomes or results that are within the recipient's reasonable control.

d. *Risk-sensitivity of compliance requirements*: Rewritten policies should require that measures used in monitoring, reporting and audit distinguish between what is needed to address appropriate use of funds and other factors of interest (e.g., data collection for research or information for evaluation purposes). They should also reflect the scale of the funding, the nature of the activity being funded and the track record of the recipient.

e. *Vertical coordination of reporting requirements*: Rewritten policies should encourage the use of the recipient's normal reporting practices, using instruments employed for other purposes.

f. *Horizontal coordination of reporting requirements:* Rewritten policies should encourage reporting in ways that can contribute to the accountability requirements of all the federal programs involved. A recipient receiving funding from different programs should be able to consolidate all reporting.

g. *Reasonable cost of getting access to programs:* The cost of compliance measures for a recipient should be kept to a minimum. It diminishes the effectiveness of contribution programs when the cost of acquiring funding is a significant share of the actual funding. Compliance measures should reflect the scale of the funding.

h. *Citizen focus:* Recipients should be involved in the design and monitoring of the new grants and contributions regime.

4) In reviewing the *Policy on Transfer Payments* and associated policies and guidelines, the Treasury Board should ensure that grant and contribution funding instruments are better matched to the type of program being funded. Instead of the current multi-category spectrum of payment instruments, the panel sees a need for just three instruments:

- a. *grants* that are unconditional or that have only very limited reporting requirements;
- b. *contributions* that are project-related or are finite; and
- c. *contributions* that are for sustained service delivery and are therefore longer-term.

#### **PROGRAM DESIGN**

5) The objectives established in the funding agreement for a particular recipient should be clearly defined, realistic and determinable.

#### **SINGLE VIEW OF THE CLIENT**

6) To achieve a 'single view of the client' the Treasury Board of Canada Secretariat and concerned departments should improve horizontal coordination of program administration within and across departments.

7) The Treasury Board and its Secretariat should, to the extent practicable, and in cooperation with other orders of government, seek to harmonize federal, provincial and municipal information, reporting and audit requirements for grants and contributions.

#### **STREAMLINED APPLICATION PROCESS**

8) To improve the system for managers and recipients alike, the Treasury Board of Canada Secretariat and departments should take immediate steps to simplify and make more transparent the grant and contribution application process by reducing the number of steps, making greater use of common forms, simplifying information requirements and

using electronic technologies for submissions and follow-up communications. Where appropriate, departments and agencies should be encouraged to use trained program officers to assist applicants in understanding and accessing the system.

9) Selected lead departments and agencies, in collaboration with the Treasury Board of Canada Secretariat and recipients, should publish clear service standards for grant and contribution programs using plain language that can be understood by all parties. Service standards for selected departments should be available within 18 months, and all departments and agencies should develop service standards within three years.

## **INFORMATION SHARING**

10) The Treasury Board of Canada Secretariat should clarify with the Office of the Privacy Commissioner the privacy issues related to the sharing of recipient information among departments to ensure that relevant information about federal investments in grants and contributions is available across government. This clarification should explore such issues as use of the business number and recipient consent for information sharing.

11) The Treasury Board should modify policy development, program design and evaluation practices to ensure that evaluations measure program-related objectives and outcomes that are well-defined and realistic. Data collection and reporting requirements should be specified accordingly.

## **FUNDING**

### ***Multi-Year Projects***

12) The Treasury Board should, through its policy and decisions, encourage multi-year funding of projects where projects or activities are multi-year in nature.

13) Similarly, the Treasury Board should encourage multi-year funding of the federal granting agencies that offer multi-year funding to their own recipients.

### ***Funding Agreements***

14) The Treasury Board should encourage a reduction in the number of cost categories in funding agreements and allow recipients greater latitude to shift funds among categories.

### ***Core Funding***

15) The Treasury Board should encourage funding departments and agencies to revisit the issue of whether and under what circumstances core funding is warranted to supplement project-specific funding.

16) The Treasury Board should establish as a principle that, to the extent that the policy objective underlying the grant or contribution program is the delivery of federal

programs through a third party, funding levels should reflect the full cost of program delivery.

## **RISK MANAGEMENT**

17) The Treasury Board of Canada Secretariat should develop a risk management approach for grants and contributions that tailors the nature of the oversight and reporting requirements to the capacities and circumstances of recipients, and complements their existing reporting processes. The panel believes these conditions should include, but not necessarily be limited to, the following:

- the amount of money involved;
- the complexity of the uses to which the money is to be put (e.g., conditionality);
- the established management credibility and track record of the recipient;
- the sensitivity of the project/program; and
- the size and capacities of the recipient organization.

## **REPORTING AND ACCOUNTABILITY REQUIREMENTS**

18) The Treasury Board and departments should modify monitoring and recipient reporting requirements in the policy framework for grant and contribution programs to ensure that they are not duplicative or redundant and that they are clearly connected to a demonstrable need.

### ***Streamlined Financial and Program Reporting***

19) The Treasury Board of Canada Secretariat and departments should encourage and facilitate cross-departmental, consolidated audit planning for recipients engaged in projects funded from multiple programs. This is especially important in the case of intergovernmental contribution agreements.

### ***Accountability Documents***

20) The Treasury Board should replace the current Terms and Conditions, *Result-based Management and Accountability Framework* (RMAF) and *Risk-based Audit Framework* (RBAF) documents with simplified documents (or a single document) flexible enough to accommodate program and project differences and focused on realistic, determinable objectives. This document (or these documents) should be developed through a consultative process involving internal and external stakeholders.

## **AUDIT AND EVALUATION**

### ***Frequency***

21) Recipients should be subject to audit by the federal government no more than once a year, regardless of the number of funding agreements in place. (Exceptions would apply where a need was identified for follow-up action, e.g., forensic audits.)

### ***Risk-Based Audit***

22) The Treasury Board should encourage departments to perform a regular series of random audits, based on the annual financial cycle of the recipient organization and a department-wide risk assessment of the organization.

### ***Evaluation***

23) The Treasury Board should implement the provisions of the *Federal Accountability Act* regarding five-year reviews of the relevance and effectiveness of grant and contribution programs in a cost-effective manner such that in-depth evaluations are focussed on larger program areas, and data collection and reporting requirements are reasonable and demonstrably relevant to meaningful program evaluation.

### **FIXING BUSINESS PROCESSES**

24) The Treasury Board of Canada Secretariat, in collaboration with selected departments and agencies, should conduct a thorough review of services and processes used to deliver programs of grants and contributions. This review should reveal opportunities for improved service and efficiency as well as successful practices from other programs. The government should validate findings from this review with a limited number of departments through 'proof of concept' projects. The first wave of business process reviews and validations should be completed within three years. The findings from this review and validation would inform the longer-term implementation and program of change.

### **DATA IMPROVEMENT**

25) The Treasury Board of Canada Secretariat and the Receiver General should develop a standardized coding system to categorize grant and contribution expenditures. This will facilitate improved analysis, consistent reporting and improved horizontal management of programs.

### **POLICY FRAMEWORK**

26) The Treasury Board of Canada Secretariat and the Office of the Comptroller General of Canada should work with departments (or clusters of departments) that deal primarily with particular recipient groups to develop a differentiated transfer policy framework that defines the continuing role of the Treasury Board and its Secretariat in relation to the delegated responsibilities of the department. This process should include continuing engagement with the recipient community and a determination to achieve streamlined reporting requirements.

## **EQUIPPING MANAGERS FOR CHANGE**

27) The Treasury Board of Canada Secretariat should establish a centre of expertise in the Government of Canada, with an advisory board of departmental funders and program recipients, to assist departments in sharing best practices related to the application and administration of grants and contributions, and to promote innovation in program administration.

28) The Treasury Board should encourage government-wide training programs targeted at all relevant public servants, including program officers, comptrollers, audit and evaluation personnel, as well as senior managers responsible for the administration of transfer payment programs. Development costs should be centrally funded and programs administered by the Canada School of Public Service.

## **TECHNOLOGY**

29) The Treasury Board of Canada Secretariat should act in partnership with lead departments to improve the current system of recipient access to information about grants and contributions, including web-based notices, email alert systems, keyword search capacity, electronic application processes, electronic tracking processes (for status of project files) and improved posting of policies and guidelines.

30) The Treasury Board of Canada Secretariat should collaborate with key departments to improve the electronic interface with governments through a portal or portals (such as MERX and Strategis, which support Canadian small and medium-sized enterprises, or Grants.gov and GrantsLink which support applicants for government support in the United States and Australia, respectively). The access system could be built by expanding existing federal portals, building a new portal, or by further funding a sector portal such as the Community Non-Profit Gateway.

## **IMPLEMENTATION**

### ***A Vanguard for Change***

31) The Treasury Board of Canada Secretariat should assemble clusters of relevant departments to form a vanguard for change, starting with the business process review (recommendation 24) which includes early implementation of recommended changes. Selection of these departments should be based on:

- a. their degree of engagement in grant and contribution programs;
- b. their current capacity for change; and
- c. the preparedness and capacity of senior management to set an immediate direction for change.

## **FINANCIAL COMMITMENT**

32) The Treasury Board should create a fund to be disbursed over four years to support leadership by the Treasury Board of Canada Secretariat of the change process in government, including support for:

- a. the creation of the above-mentioned centre of expertise (recommendation 27), aimed at the identification and promotion of best practices and improvements in the grants and contributions system in government;
- b. the Treasury Board of Canada Secretariat-led Business Process Review recommended above;
- c. departmental process reviews, systems and training; and
- d. easier-to-access web portal capability that would link applicants to federal programs and also, over time, to programs operated by other levels of government.