
PARLIAMENT AND FINANCIAL ACCOUNTABILITY

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1 Introduction

The general question we address in this paper is whether Parliament—primarily the House of Commons—could further discourage the misuse of public funds by government. And, for cases where the government does not adequately exercise financial stewardship, as occurred in the management of the Sponsorship Program, we look at Parliament’s ability to promptly identify such cases and to investigate and publicly expose such possible misuse.¹

Establishing a legal framework for financial administration—including the annual voting of funds by parliaments—and actively holding the government to account for its performance are widely recognized as two primary responsibilities of Parliament. Most MPs believe that the

financial administration framework—legislation, such as the *Financial Administration Act*, and the Standing Orders, such as the Business of Supply and committee mandates—is generally sound.² The recent initiatives regarding whistleblower legislation and the unanimous recommendation of the Public Accounts Committee to clarify accountability for administration between Ministers and Deputy Ministers, however, illustrate ongoing efforts to update and strengthen the framework.

As for Parliament holding the government to account for financial management, MPs are less comfortable. They feel that the work of the Auditor General and the Public Accounts Committee is important and effective, but most acknowledge that their understanding of how public resources are used by government to achieve policy results is inadequate. Their understanding would be improved by a more thorough review of the Estimates, both for annual supply—providing the funds to deliver government programs—and in support of their oversight of departmental performance.

It must be recognized that the challenge of parliamentary oversight is great, owing on the one side to the continually increasing complexity and scale of government and on the other to the growing number of competing demands on the time of MPs. In addition, as the power of the Prime Minister has grown there has been an understandable tendency on the part of the public service to consider Cabinet approval as representing the ultimate endorsement. As a result, officials have come to regard gaining Parliament's approval as simply a further obstacle to be surmounted rather than as an essential step that could lead to an improvement in legislation and greater public understanding and legitimacy. Weak parliamentary oversight over a period of time has re-enforced such views.³

It is not that the weakness has not been recognized. Many steps have been taken over recent years—some by Parliament itself, others by government—to improve Parliament's performance in this area:

- Establishing the Government Operations and Estimates Committee with a mandate to guide and oversee the House Estimates review process;
- Reviewing the Estimates from two departments, selected by the Leader of the Official Opposition, in the Committee of the Whole; and,
- Improving government reporting on plans and performance, as well as enhancing web access to related departmental information.

In spite of these steps taken to improve Parliament's capacity to oversee the government's handling of public resources, the overall results have not been impressive. Members of all parties were troubled a few years ago when information on the cost of carrying out the gun control program surfaced. There was a widespread feeling among MPs that, had they seriously reviewed Estimates, they could have identified the problem earlier and pressed for cost controls. Many Members also feel that Parliament would have been able to identify and publicly expose much more quickly the financial mismanagement related to the Sponsorship Program. Thus there is scope for improvement in financial oversight by Parliament and openness to considering practical ways to do so.

To assist in answering the question of how Parliament might improve its financial oversight to further discourage misuse of public funds, this paper will provide a perspective on reasonable expectations, a descriptive summary of the parliamentary oversight mechanisms and powers—including areas for improvement identified in other studies—and an analysis of such initiatives in light of practical parliamentary dynamics. Raising practical considerations should not be interpreted as indicating pessimism regarding certain proposals. Rather, it is recognition that parliamentarians play many roles and that their resources and time are limited. They also operate within a competitive political party system. Effective initiatives, therefore, are likely to be those that are sensitive to these considerations.

2 Reasonable Expectations of Parliamentary Financial Oversight

While Parliament establishes the legal framework for financial management and provides for public oversight, it is the government—in our view—that should establish the detailed rules, procedures and incentives within the public service to provide a high level of assurance of integrity in using public resources. The government also should look for instances of misuse of public resources and promptly take effective corrective action. Parliament enters by examining and exposing incidents when the government’s approach appears to have failed.⁴ Parliament then should review the legal framework and its oversight activities to assess if they adequately discourage financial misuse.

The Sponsorship Program offers a clear case of where the government’s regime did not work adequately and where Parliament’s reaction was delayed and arguably inadequate. The investigation of the Public Accounts Committee (PAC), although clearly adequate to make the administration of the Sponsorship Program a political issue, did not have the mandate, powers and resources to investigate as deeply as has been possible under the Commission of Inquiry. Some MPs also feel that the PAC investigation was constrained by the Liberal majority on the Committee during the 37th Parliament through their rejection of certain proposed witnesses. Moreover, the visibility caused by the Committee’s review and by Question Period, although valuable, likely would not have been adequate to cause a commission of inquiry to be created without the change in Prime Ministers and an impending election—both unrelated to the Sponsorship issue. In short, there is no assurance under present parliamentary practices that future comparable instances of financial mismanagement would be exposed to adequate public review.

In addition to strengthening its identification and exposure of wrongdoing, Parliament should review, when wrongdoing is confirmed, the adequacy of its financial legislation and financial oversight practices—

does the existing parliamentary financial control framework adequately discourage financial misuse in government? In reviewing this framework, it is important to also keep in mind public policy objectives—the reason public resources are used in the first place. While proper financial administration in general complements the achievement of objectives of public policy, it also is important to note that procedures and controls, justified as in the interest of stewardship, can become excessive or misdirected.⁵ A challenge for Parliament in strengthening financial administration is to also keep in mind the value of achieving public policy purposes effectively.

The PAC has already recommended a change to the financial framework, in particular application of Accounting Officer responsibilities for Deputy Ministers. Weak Committee review of Estimates also plays a role in shaping expectations of the government regarding financial oversight. Both areas will be examined with the aim of assessing their potential to discourage misuse of public resources.

Thus, while Parliament cannot be blamed for financial misuse such as occurred in the Sponsorship Program, it should be expected to reconsider the financial framework and financial oversight practices to promote effective financial management, and publicly expose wrongdoing when it occurs.

3 Parliamentary Financial Oversight: An Overview

This section looks at financial oversight from three broad perspectives. The first identifies the different ways parliamentarians see themselves as exercising financial oversight. The second summarizes some of the key instruments of oversight—in a sense the “machinery” used. The third perspective concerns parliamentary powers of investigation and their understanding of accountability.

3.1

Parliamentary Perspectives on Financial Oversight

In a 2001/02 Parliamentary Centre study of financial oversight,⁶ sitting members of the House of Commons described their sense of their performance. Their views tended to focus on three distinct perspectives:

- *Whole of government*: total revenue and expenditure, where the Budget, Budget Papers, and the Finance Minister's Speech to the House of Commons are the principal documents;
- *Programs and departments*: departmental programs and activities, where the Estimates, departmental Reports on Plans and Priorities and Departmental Performance Reports are the principal documents; and,
- *Transactions*: the millions of individual financial transactions, documented mostly in substantial detail in the Public Accounts of Canada, and also aggregated by programs and activities in Estimates documents.

In this study, the views of MPs were queried as to the effectiveness of their engagement in financial oversight. Members felt they had a reasonable understanding of aggregate revenues and expenditures, deficits and surpluses, as well as aggregate debt and recent trends. The Finance Committee of the House of Commons usually undertakes a major study each autumn of the issues related to the upcoming budget. Moreover, the budget and the debate on it is a major event on the annual parliamentary calendar. Such substantial parliamentary engagement at an aggregate level, however, is unlikely to shed much light on cases of misuse or wastefulness of resources in specific financial transactions or in financial management in a specific program, but it does help sensitize members to the significance of financial matters.

While parliamentarians inevitably do not have a good understanding of the millions of individual transactions, they are aware that the

Financial Administration Act provides rules to govern these transactions, that the Treasury Board has an oversight role, that the Auditor General audits them and reports to Parliament on weaknesses, and that the PAC (as well as other committees on occasion) reviews the Auditor General's Reports and recommends corrective actions to the House—which typically the House supports. On the whole, at the time we did our study in 2001/02, Members of Parliament felt that this procedure worked quite well. It is less certain that they would feel equally comfortable today.

The program level was uniformly seen as the weakest area of parliamentary financial oversight. Members often admitted—sometimes with regret—that they did not pay much attention to the Estimates, that they had only a weak idea of what level of resources was expended to achieve program results, and they did not know what financial instruments departments use to achieve their assigned results. In the series of incidents over the last few years (Human Resources Development Canada (HRDC) contributions program, gun control, sponsorship) a number of MPs apportioned at least some “contextual” blame to inadequate parliamentary oversight of program expenditures. A vigorous examination of plans, departmental budgets, and performance—they believe—would help convey to Ministers and officials that Parliament is paying attention to financial management. It also might help them to better identify the kinds of programs that are most susceptible to the misuse of public resources, and encourage them to strengthen parliamentary oversight in these areas.

Such weak parliamentary attention to the Estimates has a further negative effect on financial stewardship. It can weaken the effectiveness of those officials who, as part of their duties, seek to protect financial integrity and clear reporting of expenditures and results to Parliament and the public. Many officials whose job is related to effective governance procedures pay considerable attention to Parliament because they see

it as part of their job of serving Canadians. Weak parliamentary committee attention to the Estimates can leave those officials charged most directly with financial stewardship more vulnerable to the pressures of some program managers who see financial stewardship procedures as an impediment to the delivery of policy results. Some committees do not bother to review the Estimates.⁷ When Ministers do attend committee meetings to defend their Estimates as part of the annual supply process, committees often pursue partisan policy issues or benefits for their part of the country. Therefore, notwithstanding the formal accountability (within government) of line managers for financial regularity as well as policy results, lack of evident parliamentary committee attention to departmental plans and performance likely diminishes the influence of those officials whose duties align best with financial stewardship.

Our focus on the weakness of the House of Commons review of the Estimates does not argue that review by the PAC or the audits of the Auditor General are not important. They are, and the contribution of the PAC to financial oversight is addressed in a related paper.⁸ At the same time, departments have much greater and continuing links to the House of Commons Committee mandated to oversee their department. Accordingly, the attention of other committees to financial and performance matters is also important.

3.2

Core Instruments of Oversight

The central or core “machinery” of Canadian parliamentary financial oversight is that:

- All funds the government receives are placed in the Consolidated Revenue Fund (CRF);
- No funds can be withdrawn by government from this fund without the formal approval of Parliament;

- The annual government budget balances spending obligations in legislation, political commitments, and tax adjustments in light of economic forecasts to set a fiscal framework that provides the constraints and priorities that shape the detailed plans of departments and programs;
- Each department, within this framework, develops plans and budgets (Reports on Plans and Priorities, a part of the Estimates) which are tabled in Parliament and referred to Standing Committees for their review, ultimately providing authority—through votes on an Appropriations Bill—to the relevant Minister for one year’s funding for his/her department and agencies;
- Funds supplied during the annual parliamentary supply process provide a maximum level that can be withdrawn from the CRF to cover all activities within a vote for purposes described in the vote wording;
- Use of all funds by the government must be in conformance with the *Financial Administration Act* and Treasury Board policies based on the provisions of that Act;
- All funds must be accounted for and their use reported to Parliament through detailed financial reporting in the Public Accounts, as well as through Departmental Performance Reports, which include both financial and program results information; and
- All government financial reporting is subject to audit by the Auditor General.

The core machinery noted above likely would be characterized as very good by most experts in parliamentary financial oversight. Where there are substantial weaknesses, for example regarding the parliamentary review of the Estimates and supply, they are likely caused by the manner in which the instruments are used. To provide a more detailed context for consideration of possible improvements in the Estimates review process, the Annex to this paper summarizes the information included in the Estimates and expectations for parliamentary review.

Identifying financial misuse for the attention of Parliament within these core mechanisms depends principally on the Auditor General and PAC. Although House Committees have the power to investigate programs and their delivery, they tend to focus on legislation and policy matters. As noted in the paper by Malloy, the PAC relies mostly on reports of the Auditor General. Information on misuse in an Auditor General's report would most likely be identified in a departmental or program audit—something done typically over the cycle of several years. As illustrated in the Sponsorship Program, several years can pass between the occurrence of financial misuse and a subsequent committee review. As a result, a parliamentary investigation is likely to be hampered by changes in the Minister and many of the senior officials who would be most knowledgeable about the circumstances.

The Auditor General, MPs, and the media do receive information of financial misuse from the public and officials, and these mechanisms can lead to earlier investigations by the Auditor General or a parliamentary committee. Recent initiatives to provide additional protection for public service whistleblowers aims at strengthening this avenue for detecting misuse.

3.3

Parliamentary Powers and Accountability

Beyond procedures documented in the Standing Orders and formal legislation, there are two further factors which shape parliamentary financial oversight. The first is Parliament's powers to require the appearance of witnesses and its powers to require that the government provide documentation.⁹ The second is the formal and informal interpretations of accountability.

While there is no suggestion that parliamentary powers need to be adjusted, the recent increasing use of subpoena powers by committees,

the requirement that certain witnesses testify under oath, and the discussion in committees of the use of “contempt of Parliament” penalties have caught the attention of officials. While the use of such legal instruments are not welcomed by all parliamentarians, their use re-enforces in the minds of officials the significance of parliamentary hearings beyond the purely political consequences. It responds vividly to those officials who see Parliament as “a minor process obstacle.” Whether the use of these instruments in recent years has sufficiently redressed the balance is doubtful.

It should be noted that according to parliamentary rules, such powers are limited to the chamber or its committees. Therefore, with strong party discipline in majority Parliaments, a governing party can effectively restrain their use. However, to the degree that the public recognizes that the exercise of such parliamentary powers is normal, there would be a compensating political cost to a governing party that used its majority to block their use in a committee’s investigation. Such behaviour likely would become newsworthy.

Certain financial administration responsibilities are assigned to Deputy Ministers by the *Financial Administration Act* and subordinate Treasury Board policy guidance.¹⁰ It is reasonable, therefore, that there be a direct accountability relationship between Deputy Ministers and Parliament. At the same time, the supremacy of Ministers in managing departments is also highly valued, suggesting that Ministers be directly accountable to Parliament for administration. Leaving this matter unresolved in the minds of MPs, Ministers and Deputy Ministers can lead to no one feeling accountable. In addition, the actual allocation of responsibilities as between Ministers, their staff and officials differs among Ministers and among programs. Such lack of clarity is an important impediment to effective parliamentary oversight.

To help bring greater clarity, the PAC has recently recommended that Deputy Ministers be personally and permanently accountable before parliamentary committees for administrative issues, unless there is a documented communication from the Minister concerned otherwise.¹¹ This idea has been debated for many years. As a recent paper by Ned Franks has pointed out, the PAC's investigation of the Sponsorship Program illustrated that the current system often seems to leave no one accountable.¹² We will consider the PAC recommendation as an adjustment to the parliamentary financial framework and, in particular, look in the next section of this paper at how this might impact on committee review and investigations.

4 Parliamentary Practices

The attention of MPs is committed to four principal areas of activity, each of which makes substantial demands on their time: specifically the House, committees, their party caucus and their constituency. While each MP decides on his or her personal priorities among these four tasks, it is risky to ignore any one of them. Inevitably this means that the time MPs have to address each of them is limited, particularly since some Private Members are also selected to participate for one or occasionally two weeks a year in inter-parliamentary activities. In addition, for almost all MPs, travel to and from their constituencies makes a substantial additional call on their time. In short, finding time is a problem for all MPs.

It is through meetings in committee, contrasted with the House and the caucus, that Private MPs have the main opportunity to devote attention to oversight of financial management. Substantial government documentation that is referred to all committees provides a foundation for serious analysis by committees. Government departments submit detailed statements at the end of February describing the programs for which they seek funding, and committees have until the end of May to review them and to vote supply. In addition, departments also provide, each autumn, a report on their performance in relation to previously

tabled planning documents, material that is intended to provide a basis for assessing departmental achievements.

4.1

Why Committees have a Poor Record

Unfortunately, as noted in a previous section of this paper, committees have a poor record in reviewing departmental plans, performance reports and budgets. Most committees devote few meetings to the review of estimates, and some do not move to approve them, since under the Standing Orders, even if they have not been adopted by the committee, they are deemed to have been approved. Although there is no time limit for considering departmental performance reports and future plans, only a few committees turn to them and then usually to strengthen a committee report recommending modifications or additions to departmental programs.

There are a number of reasons why this has happened:

- Since the decision in 1968 that Estimates should be automatically referred to the appropriate standing committees, opposition Members have frequently set their goal on seeking reductions. They have shown negligible interest in using the opportunity to inform themselves on the operation of the department and in making proposals for changes in expenditure in future. Government Members, save for the minority Parliament of 1972-74, have used their majority to block all such moves. Although Ministers have usually been invited for one meeting in May to defend their Estimates, questioning has almost invariably had a politically partisan character. Given this situation, committees have normally chosen to direct their attention elsewhere, either to reviewing legislation (Bills referred to them have priority) or undertaking policy studies, which most Members find more stimulating and constructive;
- Committees have relatively little time, normally two sessions a week of one and a half hours each. Since the House sits for some 25 weeks

a year, the average committee can count on 75 to 85 hours of meeting time each year. Even some of this time may not be available because, by convention, the chair waits to start the meeting until one Opposition Member is present. It is, as a result, not uncommon for meetings to begin some 15 minutes late. The restriction on the number of sessions each week has two causes: a limited number of committee rooms, a deficiency that will not be overcome until the current reconstruction program on Parliament Hill has been completed, and the fact that many Private Members sit on more than one committee to ensure that their Party fills its quota on each committee. Scheduling meetings for 20 committees a week is accordingly a complex task;

- Rotating the appointment of parliamentary secretaries every two years—a practice followed by Prime Ministers Chrétien and Trudeau—usually leads at the same time to the replacement of committee chairs. (This happens because the government fills the vacancies it has created with experienced members, frequently committee chairs. The retired parliamentary secretaries in turn press for appointment to another senior position, usually to one of the chairs that has been vacated. These shifts are possible since the government advises its Members on committees whom they are to elect as chair.) This practice, when combined with changes made for a variety of reasons each year in committee membership—changes in party priorities, personal preferences, illness—means that much committee time is spent in a learning mode. As a result of this turnover in membership, particularly that of the chair, it takes time to develop mutual confidence among MPs of different parties on a committee, a condition that is essential if members are to work well together. It is also difficult for the chair to plan an effective longer term work program, which is important given the limited time that committees actually meet. Although the Paul Martin government has asserted that competent parliamentary secretaries will not be rotated, the 38th Parliament has not been in office long enough to see if committee membership and chairs will be more stable, a development that could lead to improved performance;

- Nor is the time in committee meetings when examining Estimates used effectively. The small advisory staff (usually one and occasionally two per committee) supplied by the Research Branch of the Library of Parliament provides a range of questions on which MPs in committee may draw if they wish when their opportunity to ask questions arises. Members who are especially interested in a particular program may ask their personal staff to undertake some research to equip them to ask pertinent questions. But so great are the time demands that few members—save for those who have a background in the subject—come to meetings equipped to probe deeply;
- In addition, the questioning practice in committees, based on equitable treatment of MPs from all parties, makes it difficult to achieve sustained interrogation of witnesses. When a meeting opens, a fixed number of minutes are allocated to the opposition critic, who has his or her agenda, followed by a similar amount of time for a government Member, who will often put a soft question on a totally different theme. The result is that only committees with an effective chair and continuity of membership who share policy goals can aspire to agree on a common line of questioning; and,
- Finally, the partisan nature of Parliament makes it difficult and rare for committees when examining the Estimates and departmental performance reports to pursue a shared goal. This means that committees are rarely able to concentrate questioning on a single issue and get to the bottom of it.

The interaction of these several factors results in the Estimates emerging unchanged. And because they achieve little, most MPs find time spent on the Estimates unrewarding. Not surprisingly the average MP is more interested in advocating new or expanded program activity, which means, of course, more spending.

The moment is opportune. Members of all parties, government and opposition alike, are embarrassed that they failed to discover and draw attention to the corruption in the Sponsorship Program and, prior to

that, to the excessive growth in expenditure on the gun registry. It should be possible at this time to get all-party support for specific changes in organizational support and in the way that committees work that could equip Parliament to discourage the misuse of funds within government and identify when it has occurred.

In our opinion, the oversight role of parliamentary committees can be significantly strengthened by two substantial but quite feasible changes. First, committees would have to develop more productive ways of working and reporting, and secondly, a financial analysis service would have to be created. These two proposals are linked: the introduction of either one without the other would largely nullify the potential benefit.

4.2

Financial Analysis Service

Few MPs have the previous experience needed to review and analyze the extensive and complex documentation provided by departments, and all MPs face time constraints. It therefore stands to reason that parliamentary committees need professional assistance to support them in monitoring the growing range and complexity of government programs. The Research Branch of the Library of Parliament does have a modest staff of about 100 researchers who are stretched very thin assisting the roughly 20 House and 20 Senate committees, as well as preparing research papers in response to questions from the over 400 Members of Parliament and Senators. Since committees are responsible for reviewing legislation in their field, the skills of Research Branch staff lie mainly in the social sciences and law, and not in financial and program analysis. Nor has the situation improved over the years. Indeed, it is not widely known that, as a result of steps taken in the 1990s to reduce the budget deficit, the resources actually available to the Research Branch are now significantly smaller than they were in 1993.

There are several factors that argue for greater and more specialized support for committees on review of the Estimates. The government documentation has increased in response to requests for longer term plans and more detailed information on performance and results achieved. There are now approximately 80 departments and agencies that provide reports on plans and on performance. Program delivery arrangements are becoming more complex. More programs are delivered through interdepartmental arrangements, with provinces and municipalities, with business and not-for-profit organizations, and with specially created independent organizations (for example, foundations, such as the Canada Foundation for Innovation). Many services are delivered through multiple delivery channels—in person, by telephone, through the internet, or through “one-stop” arrangements for an array of services. Such complexity helps citizens access the services they seek, but adds enormously to the complexity of administrative arrangements for their delivery. It likely also adds to the potential for ineffective use and misuse of public resources. In our view, if committees are to understand how resources are spent on programs, they require dedicated and highly specialized professional staff assistance able to advise and support them in carrying out their financial oversight of spending by departments.

For these reasons, we suggest the creation of a Financial Analysis Service within Parliament to support committees on this part of their work.¹³ It would be dedicated to understanding government programs, plans and performance, as well as the mechanisms for providing funding and reviewing performance. It therefore would best be staffed by individuals having expertise in these matters. It also should include some staff with previous experience within government in planning, preparing estimates and reporting on performance to provide a greater sensitivity to the factors and language used in public reports. With this background, the cautious language in departmental performance reports might well be more transparent to them as to areas where problems might lie.

A dedicated Financial Analysis Service should have the capacity to undertake a continuing program of analysis on a year round basis, both to explore whether there might be areas of concern and subsequently to undertake research to determine if these issues justify examination by a committee. Given this kind of back-up support, committees would have a reasonable prospect of developing a better understanding of programs and their administration over the complete cycle of planning, providing resources and reviewing performance. With this heightened understanding they could react more promptly to risks and publicly expressed concerns regarding mismanagement. Just as financial planning in government is an ongoing activity linked to policy considerations, its oversight by committees to be more effective must be sustained over the year and more strongly linked to a committee's review of policy issues and legislation. To support committees in this way—a continuing committee engagement on programs, expenditures and results—the staff needs of such a service would be substantial—probably a minimum of 20 professional staff.

In our opinion, such a service should not be provided by the Office of the Auditor General (OAG) for a couple of reasons. First, the OAG is an Agency that guards its autonomy to decide where to devote its resources. Secondly, although the OAG submits its reports to Parliament and stands ready to defend them before committees, its auditors serve as witnesses rather than committee staff. The Financial Analysis Service that we propose would be more acceptable if MPs considered it to be a service of the House of Commons.

As a unit within Parliament, it likely would be most effective if organized similar in some ways to that of the legal services of the House of Commons. Decisions on how its resources could best be distributed among committees could be taken by the Liaison Committee, which is composed of the chairs of all standing committees and some vice-chairs to preserve inter-party balance. In recent years, it has

developed a practice of evaluating requests submitted by committees for a share of the financial support it receives from the House to cover committee travel. In effect, it becomes a committee of peers evaluating the merit of requests received. It is likely that the greatest draw on its services would come from the Government Operations and Estimates Committee of the House of Commons, in view of its special responsibilities for Estimates review. To help ensure that the service is used productively by committees to strengthen financial oversight, a practice of requiring annual reports from committees of results achieved should be adopted, in effect holding committees to account for the support they received.

4.3

Improved Operations of Committees

No matter how competent the analysis undertaken by the proposed Financial Analysis Service, committees are the instrument designed by the House of Commons for actually conducting public inquiries and through them for holding government to account in a transparent manner in most financial matters.

The debate in the House and in the PAC occasioned by the Auditor General's Report and the publicity resulting from testimony before the Commission of Inquiry has generated pressure for a parliamentary response. Together these developments have the potential of motivating Members of all parties to look for effective ways to exercise financial accountability. The challenge is to establish conditions that make it possible for committees to do so.

It must be recognized that it is because results have been minimal that many MPs have shown little interest in committing their scarce time to reviewing departmental Estimates and performance reports. What could be done to change their attitude? During the minority Parliament of 1972-74, it is significant that several committees devoted considerable

time to the review of Estimates. This experience suggests that Private Members are ready to spend time if they can see results from their efforts.

Since Estimates documentation is vast and complex, we consider that a Financial Analysis Service could be a necessary support, assisting MPs to decide where to focus their attention. We believe committee dynamics could also be improved if a practice innovated by the Joint Committee on the Review of Statutory Instruments were adopted, giving committees a tool for demanding attention. The Joint Committee is responsible for reviewing regulations promulgated by government to determine whether they are consistent with the enabling legislation. If the Committee judges that a regulation is not consistent, it asks the department to amend it. If the department declines to do so, the Committee has the power to ask the responsible Minister to debate the issue in the House on a Wednesday at 1:00 o'clock for one hour. Almost invariably when this happens, the Minister directs the department to reach an accommodation with the committee. Indeed, in some 20 years, only on two occasions did a Minister decide to debate the question in the House of Commons. This likely is because Ministers face even more time pressures than Private Members. Apart from not wanting to commit time to the debate, they are also reluctant to have to find more time to inform themselves of the technical issue in dispute.

The power that has proved so successful for the Standing Joint Committee for the Scrutiny of Regulations could be easily extended to committees reviewing departmental estimates and performance reports. Under Standing Order 108, committees can report to the House proposing the modification of a program in the following year and asking for a written reply. If the committee is not satisfied with the Minister's response to a committee report, which has in the past frequently been the case, it could, if the Statutory Instruments procedure were extended to committees reviewing estimates, ask the Minister to defend the department's position in a one hour debate on a Wednesday at 1:00 o'clock.

This practice would offer Members of a committee some prospect that their recommendations would be adopted. If they were not, they would have the opportunity to draw attention to their proposal through the debate in the House. Both of these outcomes have the prospect of escaping from the fruitless dialogue where some opposition Members propose a reduction in the Estimates, with government members resisting any reductions. In effect, if the Statutory Instruments practice were adopted, it could stimulate a more cooperative environment in committees when they were reviewing estimates.

The recently established Committee on Government Operations and Estimates has a very broad mandate including:

- Monitoring the effectiveness of government operations;
- Monitoring the expenditure plans of departments, agencies and Crown Corporations; and,
- Reviewing the process for considering estimates.

Notwithstanding the useful work undertaken related to its Estimates mandate, it has not yet fully exercised an Estimates review oversight role. The support of the Financial Analysis Service, if it were established, would help them do so. We also suggest that the Committee might undertake an inquiry if the Financial Analysis Service were to draw attention to a possible misuse of funds or recommend that another committee should do so. To strengthen its capacity, it would be appropriate to assign it an ongoing staff drawn from the Financial Analysis Service. Members might also be appointed to the Committee for the life of the Parliament so that they would have time to learn to work well together and to gain experience.

Past experience also indicates the need to improve some of the ways that committees work. Although outsiders can point to deficiencies and suggest changes that would be helpful, the partisan dynamics and the

competitive environment among MPs of all parties mean that steps to improve working relations in committees must be worked out by Members themselves. This is particularly true of committees, since each of them has distinctive characteristics. Hence, we only point to some changes that could lead to better performance by committees.

It would make a substantial difference if committee membership was longer term than is now the norm, making it possible for MPs to remain long enough on a committee to develop cooperative relations with members of other parties on the committee and to acquire knowledge of the departments that report to their committee. The Martin government's decision to extend the appointment of effective parliamentary secretaries should also result in competent committee chairs being extended in office, a change in practice that could greatly improve the functioning of committees. British experience points to the validity of this approach. With 640 MPs in the British House of Commons, membership on policy committees is coveted and quite stable. This in turn has promoted a cooperative working environment.

It would also greatly assist if committees were able to agree on ways to use their limited time more effectively. As noted above, the interrogation procedure normally used by committees makes it almost impossible to undertake systematic questioning on critical issues. Although partisan politics will continue to be manifest in the House itself, the working environment in some committees has at times been cooperative for a number of reasons—a skilled chair who has developed good working relations with opposition members, some continuity of membership, very limited media attention, the presence of witnesses to be questioned and, frequently, spectators at meetings. This is not an area where a single set of directions can be proposed. Since the dynamics of committees differ, each one would have to experiment to determine what practices would work for them. In some instances, it might be possible to reach agreement within a committee that in certain situations,

specific MPs in each party would be recognized as lead questioners on particular topics and even given additional time.

Finally, if committees were to submit a report annually to the Liaison Committee on their performance during the past year—an established practice of the British House of Commons—we believe this experience would prompt committee members to consider ways to improve their performance. In addition, this practice should lead to cross-fertilization among committees.

4.4

Review of the Vote Structure

Parliament formally provides authority during the supply process to a maximum level of resources for specific purposes as articulated in the vote wording.¹⁴ The way government activities are grouped together for each individual vote can be an impediment to parliamentary oversight. The importance of this factor was especially vivid in the gun control debate when parliamentarians could not find how much money was spent on the program, in part because the funds had been merged for a period of time into a single vote together with funds for mainstream Department of Justice activities.

Over the years, the number of votes in the supply process has declined. The decline has had the effect of increasing the Executive's flexibility of realigning funds during the fiscal year without going back to Parliament in Supplementary Estimates for the authority to do so. This is not necessarily a bad thing. Good administration requires flexibility. Moreover, the supply process in Parliament is already burdensome. However, lack of attention on the part of Parliament and its committees to consolidation of votes on supply has effectively resulted in parliamentary oversight not being considered to be a relevant factor when the government pursued increased flexibility. The result is a weakening of parliamentary oversight.

Clearly, Members would find it advantageous if the vote on some significant programs—such as Gun Control or Sponsorship—were isolated, allowing them to monitor more easily multi-year expenditure and to compare cost and results. However, modification of vote wording and structure is a complex and time consuming procedure and would require extensive review by members of the Financial Analysis Service with departmental officials, who might be loathe to lose the flexibility afforded by the present more aggregated vote structure. This might be an initiative launched by the Committee on Government Operations and Estimates.

A related matter concerns the procedures for handling expenditure contingencies during the year. The current practice provides for contingency reserves to be established at the beginning of the year and the periodic Supplementary Estimates used for full approval of their application. Supplementary Estimates receive even less attention from parliamentarians and the media than the Main Estimates. In the view of some parliamentarians, a number of politically sensitive initiatives have been funded through this device, with consequent weak parliamentary oversight. Thus, while the current practice might serve the government's needs, it does so at the cost of weak parliamentary engagement and oversight. Addressing this weakness in parliamentary oversight would align well with the responsibilities of the Government Operations and Estimates Committee, but would require the support and expertise that the proposed Financial Analysis Service could provide.

4.5

Other Parliamentary Instruments

We have concentrated on the role of committees of the House of Commons because they offer the likeliest prospect of achieving improved parliamentary financial oversight. Debates in the House of Commons very rarely provide an opportunity to pursue financial accountability. They are usually initiated by consideration of draft legislation and focus primarily on policy rather than on administration. Within the House,

the Question Period has become the Opposition's primary weapon for attacking the government. Consequently, exchanges in that forum are not suited as an instrument for seeking clarification of administrative problems that have become public. It does, however, serve one indirect beneficial purpose. Because the process can be politically damaging, Ministers rely on their departmental officials to advise them if problems have arisen that could be the subject of damaging questions and for which they could be held accountable. Not only does the process of advising Ministers daily of points on which they might be challenged in Question Period enable them to offer a considered defense, it may also lead a Minister to give directions that the problem be corrected. The Question Period can also be credited with putting so much pressure on Prime Minister Martin after the tabling of the Auditor General's Report on the Sponsorship Program that he made the decision to establish the Commission of Inquiry.

As for Senate review of estimates, responsibility for examining reports from all departments has been assigned to its Committee on National Finance. Given the scale of the Committee's responsibility and the constitutional constraints on the Senate's powers in the field of finance, it has concentrated on undertaking studies on broad administrative principles, such as when the Royal Recommendation is required and its ongoing review of the increasing use of foundations as an instrument for pursuing public policy objectives. Some years ago, it also carried out comprehensive and impressive studies of the Department of Regional Economic Expansion (DREE) and of the Canada Employment and Immigration Commission (CEIC). Each took over two years to complete. The less partisan environment and the expertise that Senators acquire through longer term committee appointments provide a good environment for in-depth studies of program management and financial administrative practices.

Our Senate is sometimes compared to the Australian Senate, which specializes in reviewing the Estimates and holding the government to

account on financial matters. Given the demonstrated capacity of committees of the Canadian Senate to produce excellent reports on policy matters, some have wondered whether they could turn their attention to the Estimates. However, Australian Senators are elected (not appointed) by an electoral system different from that used by their House of Representatives. As a result, the Opposition often forms a majority in the Australian Senate, which can also bring down the government. These distinctive and unique characteristics that account for the power exercised by the Australian Senate have no parallel in Canada.

4.6

Parliamentary Reaction to Accounting Officer Proposal

In our opinion, a decision to clarify Deputy Ministers' responsibilities for the administration of their departments—or of specific programs, where there are variances from the departmental standard—along the lines advocated by the accounting officer proposals would help deter the development of situations such as arose out of the Sponsorship Program. Ministers clearly do not devote equal attention to all their programs, and there might well be cases where the public purpose would best be served by their engaging more directly in what would ordinarily be seen as the direct responsibility of officials. Provisions to render the apportionment of these responsibilities more transparent would not only impact on behaviour within government, but also could improve parliamentary committee review of departmental performance and their investigation of questionable financial stewardship.

Other studies have been commissioned on how Deputy Ministers might be made accountable before Parliament for the administration of their departments and on the advantages and disadvantages from the perspective of government of adopting this practice. We will not review these questions, but rather consider how Members of Parliament might react and respond if such a clarification in administrative responsibilities was introduced.

Once a program has been established and the broad policy formulated, there often remain practical decisions to be taken. Consider the Sponsorship Program. Even if there had been no corruption, a myriad of decisions had to be taken on an ongoing basis as to which events should be supported and which executing agencies should be selected. If an accounting officer approach, as interpreted here, had been adopted, it would have been necessary to document variances from standard procedures, including those relating to the involvement of the Ministers and their staff. Committee access to such information would likely have reduced somewhat the inter-party acrimony in the Public Accounts Committee investigation and the time committee members devoted to debating such questions. While in our parliamentary system, it is unrealistic to expect that MPs will not seek political party advantage in their parliamentary activity, any improvement in clarity by the government of responsibilities would reduce the opportunities for such committee activity and improve the value of their investigations and reports. Moreover, if committees feel, for example, that greater involvement of a Minister, or his/her political staff, adds to the risk of financial misuse in a specific program, they could use such a factor in deciding where to focus the time they allocate to such matters.

4.7

An Improved Appointments Process?

Some observers have suggested that increased parliamentary input into the process for appointing heads of Crown Corporations and agencies could result in appointments that would have greater all-party credibility. Before Prime Minister Martin had been elected to that office, as part of his campaign for overcoming what he had called the “democratic deficit,” he had spoken in favor of having senior appointments to the Supreme Court and other government agencies reviewed by parliamentary committees. Consistent with his undertaking, during this 38th Parliament, committees have been given the opportunity to

interview a number of nominees for senior positions before the nomination has been made. But it cannot be said that there is a high level of satisfaction with the process.

The wish of MPs to review appointments in committee is undoubtedly prompted by United States practice. The proposal first surfaced in Parliament in the report of the McGrath Committee in 1985. It had recommended that committees be able to interview senior appointments. Although the Conservative Government of Prime Minister Mulroney agreed to the request, it declined to accord to committees the power to approve or reject candidates, and in many instances, committees only had an opportunity to interview candidates after they had already been appointed. In this circumstance, committees were not enthusiastic about their limited new power, and it was used infrequently.

The first test of the concept during the Martin government occurred after the election but before the Speech from the Throne. Parliament was not yet in session. Two Justices of the Supreme Court having retired and with the same-sex marriage case pending, it was deemed important to appoint two new Justices quickly. A special committee of MPs of all parties was formed, but the government decided that rather than have the two nominees appear before the committee, the Minister of Justice would make the case for them. Not surprisingly, the atmosphere in the meeting was testy and the Conservative Party members of the committee were especially critical of the process. The two government nominees were appointed nevertheless soon after.

The impression left by committee review of two other appointments during the 38th minority Parliament has revealed the limitations and difficulties of the process. Bernard Shapiro, formerly Deputy Minister of the Department of Education in the Government of Ontario, the head of the Ontario Institute for Studies in Education and latterly

Principal of McGill University, appeared before a committee prior to his appointment as Ethics Commissioner to the House of Commons and received unanimous all-party approval. However, less than a year into office, he has been strongly criticized by all three Opposition parties, who called for him to resign because of dissatisfaction with—in their opinion—his tardy and cautious findings on two issues, one involving former Minister Judy Sgro and the other on the Gurmant Grewal affair. The criticism he has faced appears to stem from the fact that he had not adequately taken into account the contentious nature of the current Canadian Parliament.

The second case involved Glen Murray, the former mayor of Winnipeg and an unsuccessful Liberal candidate in the last election from that city. During hearings in the House Committee on the Environment and Sustainable Development to consider his nomination to chair the National Round Table on the Environment and the Economy, he was attacked quite viciously by members of the three opposition parties. His appointment was challenged as a pay off for having resigned as mayor to run for the Liberal Party. The Committee report to the House of Commons following the hearing called for his name to be withdrawn and another candidate proposed. The Prime Minister disregarded the report and appointed Murray as chair of the Round Table. The Committee retaliated by reducing the Estimates of the Privy Council Office by the amount of the salary being paid to Murray. Throughout the discussion in committee, Murray's capacity for the office was never considered. His Liberal connections were the only subject of concern.

These different experiences confirm that under the current practice even those whose nomination has been fully endorsed by a committee will have limited shelter from criticism. It seems clear that in the final analysis how the incumbent performs in office is the critical factor, but that obviously cannot be determined until sometime after the appointment. A principal concern of the opposition invariably appears

to be the nominee's past connection with the government. Thus, the recent appointment of Yves Côté as Ombudsman for the armed forces was criticized by the opposition because of his past service in the bureaucracy, including in the Department of National Defence. Would he exercise independent judgment, it was asked. But Shapiro appears to have stumbled owing to lack of experience with Parliament. There is obviously a need for balance between independence and experience of the environment where the appointee will be working.

In the current political environment, there is probably no alternative to continuing with the present practice where candidates are questioned in committee, following which the government proceeds to make the appointment. As for appointments to the Supreme Court, the importance of that office is such that some new and plausible system for selecting Justices of the Supreme Court should be developed.

All of this suggests it is essential that, before candidates' names are made public for possible review by a parliamentary committee, the government follow a careful and rigorous process of selection. In effect, review by a committee is an opportunity for MPs to expose to the public the qualifications of candidates, their links to the government and to particular interests, the process by which they were selected, and sensitize the candidates to parliamentary interests—including their responsibility for financial stewardship. While the experience to date shows that committee review has delivered on few of these opportunities, this is an area that could have potential if handled carefully.

5 Summary of Recommendations and Conclusions

While Parliament cannot reasonably be seen as a cause of the financial mismanagement exposed in meetings of the Commission of Inquiry, we believe that improved financial oversight by the House of Commons would both promote improved financial stewardship by the government and also help identify more promptly instances of mismanagement

and misuse of resources. Parliamentarians from both governing and Opposition parties acknowledge the need for such improvement. Recognizing the weakness, however, does not lead directly to successful corrective measures. Parliamentarians work in a very complex institution subject to many external pressures and must take care to balance career, party and constituency interests. Moreover, although the resources to support their work in constituencies have been increased, financial support for their work in committees has actually diminished in the last decade. The proposals summarized in this section are presented with these factors in mind.

Based on our experience, research and consultation, we propose that the Commission consider four key steps to strengthen parliamentary oversight of financial management. They all are linked to committees of the House of Commons, the fora that can best allocate the necessary time and priority to credible financial oversight. Three steps are directly related to the Estimates review process:

- Creating a Financial Analysis Service;
- Strengthening the Estimates review role of committees, with particular attention to the Government Operations and Estimates Committee; and,
- Initiating an ongoing review of the vote structure, with an early look at Supplementary Estimates.

A further suggestion is related to strengthening the clarity and transparency of accountability for financial administration in departments and agencies to help focus committee investigations on understanding what actually occurred and identifying responsibility.

5.1

Financial Analysis Service

The creation of a team of specialists in financial planning and performance reporting serving the Government Operations and Estimates Committee and the Estimates review of other committees of the House of Commons is a key step in helping Parliament play its financial oversight roles. Such an organizational unit would not simply await requests for service from committees but would undertake a continuing program of analysis, prepare briefing material on Estimates for all committees, and develop and deliver related training/orientation materials. The Financial Analysis Service would also support all committees in any investigations related to financial management. Finally, it would assist the Government Operations and Estimates Committee when undertaking special studies, such as related to supplementary Estimates, and assist the Liaison Committee in tracking the effectiveness of committee financial oversight.

5.2

Strengthening House Committees

The Government Operations and Estimates Committee has a strong mandate regarding Estimates oversight, which it should pursue more vigorously. The previous proposal should help it do so. In addition, we believe that the Liaison Committee needs to become more active, particularly in managing the support to be provided to committees by the Financial Analysis Service. But it is particularly important that all House of Commons committees with Estimates review responsibilities should upgrade their performance in this role. There is considerable literature on improving committee effectiveness, which each committee should consider carefully. In addition, we suggest that the Government Operations and Estimates Committee explore the feasibility of extending to committee review of Estimates the power accorded to the Joint Committee on Statutory Instruments to require, when a committee

feels that government's response to its report is inadequate, that the Minister debate the issue raised by the committee in the House on a Wednesday at 1:00 o'clock for one hour. Such an adjustment would add an incentive for committees to review Estimates more vigorously.

5.3

Ongoing Review of Vote Structure

The authority to spend money through the supply process depends on the groupings of activities included in a single vote and the wording in the vote as to the purpose of the spending. While the government needs a degree of flexibility to organize the financing of its activities as it sees fit, Parliament should be equally engaged in this process to ensure parliamentarians can reasonably understand the groupings of activities, the results identified for them, and how the resources applied would reasonably lead to the results promised. Working with the government on the continuing update of the vote structure would require the engagement of each committee, but also the attention of a focal point such as the Government Operations and Estimates Committee. It would also benefit from the expertise that could be provided by the Financial Analysis Service.

We also propose a related study of Supplementary Estimates. While the current practice might satisfy the government's need for flexibility to deal with unexpected urgencies, it does not provide for adequate parliamentary review or public transparency. Such a study should examine ways to provide a more balanced approach.

5.4

Clarifying Administrative Accountability

The fourth suggestion is related to the proposal of the Public Accounts Committee that Deputy Ministers should be designated as accounting officers for their departments. In addition to the value within the public service from such a step in clarifying administrative accountability,

it could improve parliamentary committee investigation of specific incidents or questionable financial stewardship. From the perspective of parliamentary oversight, much time and inter-party acrimony is directly related to a difficulty in identifying who is in the best position to explain such incidents. In our political system, it is unrealistic to expect parliamentarians not to seek political party advantage. However, the proposed improvement in clarity of accountabilities by the government could reduce the opportunities for unproductive committee partisanship.

5.5

Conclusions

We believe that these four initiatives would strengthen parliamentary financial oversight by significantly enhancing the understanding by MPs of how government uses public resources to achieve policy results. Such improved understanding and committee attention is likely to reinforce the government's own initiatives to strengthen financial oversight. In addition, parliamentarians and committees, with the assistance of the Financial Analysis Service, would be in a much better position to identify areas of activity where the risks of mismanagement are higher, enabling them to direct increasing attention to those areas. If the accounting officer idea were adopted by the government in a way that clarifies administrative responsibilities of Ministers and officials in specific cases, investigations by committees when questionable situations had arisen would likely become more focused on finding out what had actually happened.

While we believe that this package of initiatives would make a noticeable difference, we are not arguing against other changes in Parliament. For example, we raised the issue of the adequacy of investigative powers of the Public Accounts Committee, particularly during periods of majority government, but have not looked at the matter because that

committee is being examined in another study. Nor have we proposed any specific actions for earlier identification of misuse of public resources, such as might be encouraged by effective whistleblower legislation. These might well be useful steps to take. While we have stressed the need for effective House committees that have the organization and resources to exercise financial oversight and to detect some misuse of resources, it must be recognized that different instruments will be effective in different situations. To use the vernacular, there are different ways of catching flies.

Annex:

Parliamentary Review of Estimates and Supply

The Estimates—a package of government documentation—grew out of the need for Parliament to approve the Crown’s access to public funds to deliver its programs. The parliamentary process leading to the annual approval of those funds—known as the “business of supply”—is based on government proposals and documentation to justify those proposals. This process can be traced back to Confederation and earlier. Although both the Estimates and the supply process have evolved, their history provides a useful context to understanding current practices and the kinds of changes that might be considered without adjusting their fundamental roles. Two changes over the years are particularly relevant.

First, as government became more complex, it instituted a government-wide budget, initially largely for improved internal financial discipline. The budget related the government’s legislative obligations and its political commitments to economic conditions in the country. Such analysis provides a basis for decisions on tax increases or decreases, on total spending, and on surpluses or deficits. Much of this information is now tabled in Parliament as the Budget or in the Budget Papers. Decisions on total spending are based on forecasted costs of statutory programs (those financial commitments funded through authority in statutes—that is, those not funded through annual supply), the need to cover interest on aggregate government debt, and government priorities regarding its programs and activities. In response to the institution of a government budget, the Estimates have evolved from an earlier relatively straightforward estimate by Ministers of the cost of their mandated activities, to providing information affected by government priorities and the need to fit resource requests into the overall government financial framework. The Estimates, arguably, have become the reality check for government policy pronouncements. In other words, if one wants to know what the government is doing and what it plans to do, the Estimates should be an excellent place to look.

Second, in view of the historical importance of the people's elected representatives approving the funds spent by the Crown, structured procedures were set up and time allocated in the Committee of the whole to permit a thorough review before the funds were granted. While the purpose was to provide funds, supply in effect was a major instrument in holding the government to account. Ministers had to satisfy their parliamentary colleagues before supply was granted. However, during the Pearson governments of the 1960s the opposition began to approve supply on a monthly basis only. To circumvent this problem, following inter-party negotiations, a new procedure was put in place in 1968 under which the appropriate Estimates were referred each March to the relevant standing committees, which were given three months to review them. In part, these changes were seen as providing greater expertise and much more time to deal with the expanding content of the Estimates. As a *quid pro quo*, the government gained the assurance of getting supply through the House on time. Many observers and participants at the time saw these changes as offering the prospect of strengthening the financial oversight role of the Estimates review.

While committee review has weakened, as noted in the paper, documentation in the Estimates has expanded. Each department and agency now prepares, in addition to the core estimates for one or more supply votes, a Report on Plans and Priorities. These reports, which are now submitted in March, outline both forecasted expenditures and expected results from those expenditures for each of the upcoming and two additional years. They are expected to justify the need for forecasted expenditures or unexpected changes in the level of expenditures. In addition, each department and agency submits a Performance Report in the fall, usually about the time the Standing Committee on Finance begins its pre-budget deliberations and consultations. These reports describe performance related to past plans and are expected to explain any variances from those plans. As part of

the Estimates, they are automatically referred to the relevant committee. Departments also provide references to more detailed information accessible on their website or elsewhere. Documentation has expanded for another reason. The Estimates, as a disciplined and regular reporting instrument for each department, provide a convenient vehicle for other parliamentary reporting requirements. Considerable related reporting required by Parliament is now incorporated in these reports. For example, the Agriculture and Agri-Food Canada Performance Report includes its Annual Report of the Department of Agriculture as required by the *Department of Agriculture Act* and the annual report required by the *Farm Income Protection Act*.

The Estimates, accordingly, provide extensive and updated information on the government's use of public resources. Unfortunately, more documentation on government plans and performance cannot, by itself, be equated to improved accountability, a relationship requiring the engagement of both parties. The House of Commons committees have not been actively engaged in specifying the information that they wish to receive or in defining the activities to be included in each supply vote. Moreover, committees seem not to pay attention to the financial oversight role throughout the year, nor are they linking the planning and performance information in the Estimates to their policy studies. There are exceptions. The Public Accounts Committee regularly reviews the Auditor General's annual Reports on Plans and Priorities and Reports on Performance. The Standing Committee on National Defence and Veteran's Affairs, during the 37th Parliament, linked their supply work with their policy study. A few other committees have recently instituted more rigorous review of the Estimates as part of the spring supply process. Nevertheless, the potential financial oversight value of the Estimates documentation and provisions in Parliament for its review is now far from being realized.

Endnotes

- ¹ Other papers in this package address specific related matters, such as the Public Accounts Committee, the *Financial Administration Act*, Access to Information, whistleblower legislation, and a proposal that deputy ministers be made accountable for departmental administrative decisions. Accordingly, we address the question more broadly, identifying other specific areas that we believe are relevant to the central questions posed.
- ² Assertions in this paper regarding views of MPs are based on the authors experience over the last 30 years in working with and interviewing Members on related matters. Colleagues at the Parliamentary Centre also reviewed drafts of this paper.
- ³ See Peter Dobell and Martin Ulrich, *Building Better Relations*, Occasional Papers on Parliamentary Government, Number 13, May 2002 for an assessment of relations between officials and House of Commons committees.
- ⁴ As we have seen in the case of the Sponsorship Program, this might also lead to the establishment of a commission of inquiry.
- ⁵ Over the last twenty or more years, governments in most OECD countries have undertaken initiatives to sharpen their focus on results and serving citizens, in part by streamlining administrative rules and procedures (reducing “red tape”). It might well be that the need for such streamlining was, in part, caused by the accumulation of additional rules and procedures in responses to earlier incidents of misuse.
- ⁶ Peter Dobell and Martin Ulrich, “Parliament’s Performance in the Budget Process: A Case Study,” IRPP Policy Matters, (May 2002).
- ⁷ For example, only the Public Accounts Committee has regularly reviewed a departmental Performance Report and that was of the Office of the Auditor General, a parliamentary agency.
- ⁸ Jonathon Malloy, “The Standing Committee on Public Accounts: Report to the Commission of Inquiry into the Sponsorship Program and Advertising Activities,” Department of Political Science, Carleton University, August 24, 2005.
- ⁹ See Derek Lee, *The Power of Parliament’s Houses to send for Persons, Papers and Records: A Sourcebook on the Law and Precedent of Parliamentary Subpoena Powers for Canadian and Other Houses*, (Toronto: The University of Toronto Press, 1999).
- ¹⁰ See Peter Aucoin and Mark D. Jarvis, *Modernizing Government Accountability: A Framework for Reform*, Canada School of the Public Service, 2005 for a comprehensive look at the core ideas and how they are applied in the government of Canada.
- ¹¹ Public Accounts Committee, House of Commons, Canada, *Governance in the Public Service of Canada: Ministerial and Deputy Ministerial Accountability*, (Ottawa, May 2005).
- ¹² C.E.S. Franks, *Ministerial and Deputy Ministerial Responsibility and Accountability in Canada*, A Submission to the Public Accounts Committee of The House of Commons, January 17, 2004.
- ¹³ The Aucoin and Jarvis paper referenced earlier proposes an alternative approach—an independent parliamentary agency—to providing certain of the services we are proposing.
- ¹⁴ In other cases, such as major transfer programs, specific authority is contained in statutes. The Estimates documentation includes this related information and committee review is not constrained to look only at matters related to annual supply.

